

SPECIAL COMMITTEE REPORT

Spec. Com. Rep. No. 1

Your Committee on Credentials begs leave to report that it has examined the Certificates of Election of the Senate of the Fifteenth Legislature of the State of Hawaii, Regular Session of 1989, and finds that the following persons have been legally elected and are fully qualified to sit as members of the Senate.

The newly elected senators whose respective terms of office will expire November 6, 1990 are:

Eighth Senatorial District

MIKE McCARTNEY

Twenty-Second Senatorial District

ELOISE Y. TUNGPALAN

The newly elected senators whose respective terms of office will expire November 3, 1992 are:

First Senatorial District

ANDREW LEVIN

Second Senatorial District

RICHARD M. MATSUURA

Fourth Senatorial District

MAMORU YAMASAKI

Ninth Senatorial District

STANLEY T. KOKI

Tenth Senatorial District

MARY GEORGE

Eleventh Senatorial District

DONNA R. IKEDA

Twelfth Senatorial District

STEVE COBB

Fourteenth Senatorial District

ANN KOBAYASHI

Fifteenth Senatorial District

MARY-JANE McMURDO

Eighteenth Senatorial District

MILTON HOLT

Twentieth Senatorial District

RICHARD S.H. WONG

Twenty-First Senatorial District

NORMAN MIZUGUCHI

Twenty-Third Senatorial District

MIKE CROZIER.

Signed by Senators Hagino, Aki and George.

CONFERENCE COMMITTEE REPORTS

Conf. Com. Rep. No. 1 on S.B. No. 107

The purpose of this bill is to replace obsolete military titles in section 134-34, Hawaii Revised Statutes (HRS), relating to national emergencies.

The bill replaces the current military titles with a generic designation: "and the senior United States military commander in the State or in the absence of the commander a duly designated representative". Using the generic title obviates the need for future changes to this statute should the military effectuate organizational or military title changes.

Your Committee has amended the bill to require that the senior United States military commander be headquartered in the State. The purpose of this requirement is to ensure that a more senior officer who is temporarily in the State but headquartered in another jurisdiction would not be allowed to exercise the discretion provided in section 134-34, HRS.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 107, 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. 107, S.D. 1, H.D. 1, C.D. 1.

Senators Blair, Aki, McMurdo and George.
Managers on the part of the Senate.

Representatives Tom, Metcalf, Baker, Takamine, Taniguchi and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 2 on S.B. No. 1622

The purpose of this bill is to require the Department of Education to establish a school inspection program to ensure a high level of sanitation, safety, maintenance, upkeep, and care of the general physical appearance of the public schools consistent with public health and safety standards.

Specifically, the program shall include the utilization of checklists which reflect basic standards, the involvement of students, teachers, and parents, and regularly scheduled announced inspections and unannounced inspections of restrooms, cafeterias, locker rooms, and classrooms.

Your Committee amended this bill by:

- 1) Deleting the words "teachers, and" from page 2, line 8 and inserting the words "and staff" to include the involvement of teachers and other school personnel in this program;
- 2) Making technical, nonsubstantive amendments by deleting the words "as well as" on page 2, line 9 and inserting the word "and"; and deleting the comma after the word "inspections" on page 2, line 10;
- 3) Deleting "on the school campus" and including "school grounds" and "other facilities" on page 2, lines 10 and 11 to clarify and expand the list of campus facilities subject to inspections; and
- 4) Changing the effective date of this measure from "July 1, 1989" to "upon its approval."

Your Committee is concerned about the costs associated with the mandated activities proposed by this bill. Accordingly, the Superintendent of Education is requested to determine and inform the legislature as to the resources needed to implement the school inspection program and the status of the program. In addition, the Superintendent shall implement the school inspection program to the extent feasible under available resources.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1622, 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. 1622, S.D. 1, H.D. 1, C.D. 1.

Senators B. Kobayashi, McCartney and Koki.
Managers on the part of the Senate.

Representatives Tam, Shon, Apo, Lee, Stegmaier and O'Kieffe.
Managers on the part of the House.

Conf. Com. Rep. No. 3 on H.B. No. 390

The purpose of this bill is to exclude as income or resources any restitution made to Japanese-Americans interned during World War II in determining eligibility for public assistance.

Your Committee decided to amend the definition of heirs that was included in the Senate draft of the bill, to specify those heirs named in the federal Civil Liberties Act as being recipients of payments when an eligible individual is deceased. Your Committee added language to exclude from consideration, restitution payments to eligible surviving spouses, surviving children or surviving parents.

Your Committee has further amended this bill to correct a technical drafting error.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 390, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 390, S.D. 1, C.D. 1.

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

Representatives Arakaki, Ihara Jr., Kawakami, Kotani, Leong and Liu.
Managers on the part of the House.

Conf. Com. Rep. No. 4 on H.B. No. 1845

The purpose of this bill is to consolidate major statutory provisions regarding the management and operation of county/state hospitals into one new chapter in the Hawaii Revised Statutes and to create a division of community hospitals within the department of health.

Your Committee upon further consideration has made the following amendments to H.B. No. 1845, S.D. 2:

- (1) Amended Section 1, page 1, of the bill by deleting, lines 15-20; and
- (2) Amended Section 2, page 3, (3), of the bill by deleting lines 16 and 17 and replacing it with "Adopt, amend, and repeal bylaws and rules, governing the conduct of its affairs and the performance of the powers and duties granted to or imposed upon it by law;" and
- (3) Amended Section 2, page 4, (7), line 21, by adding "bylaws" and by adding on page 5 (13), line 14, the word "rules."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1845, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1845, S.D. 2, C.D. 1.

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

Representatives Shon, Souki, Chang, Ihara Jr., Leong and Liu.
Managers on the part of the House.

Conf. Com. Rep. No. 5 on H.B. No. 917

The purpose of this bill is to expand the "Operation Nightingale" program beyond a pilot program and to extend the program to fiscal year 1990-1991.

Although there has not been a formal evaluation of the success of "Operation Nightingale", the Department of Health has indicated that the Department is encouraged by the recent result on the number of nurses in the program passing the required examinations of the State board of nursing. Your Committee believes that the apparent success is a result of the close attention and control of the Department of Health in conducting the program. Your Committee further finds that, while the bill provides the Department of Health with flexibility by allowing the Department to contract out for services, the existing program in the manner currently conducted by the Department of Health should be maintained to the extent possible and practicable.

Your Committee, upon further consideration, has made the following amendments to H.B. No. 917, H.D. 2, S.D. 2:

- (1) Amended Section 1, page 4, of the bill by retaining, with some modifications, the provisions of Section 2 of Act 212, Session Laws of Hawaii 1988, that were deleted by the bill as received;
- (2) Amended Section 1, page 4, line 13, of the bill by deleting the word "pilot";
- (3) Amended Section 1, page 4, line 14, of the bill by inserting the phrase "and operate";
- (4) Amended Section 1, page 4, line 14 and line 15, of the bill by deleting the phrase "with the assistance of the University of Hawaii,";
- (5) Amended Section 1, page 4, line 19, line 20, and line 21, of the bill by deleting the phrase "Notwithstanding any law to the contrary, the "Operation Nightingale" program shall continue and be expanded to enable"; and
- (6) Amended Section 1, page 4, line 21, of the bill by deleting the word "to" and inserting the word "shall"; and
- (7) Amended Section 1, page 6, line 11, of the bill by deleting the phrase "at the time this Act takes effect".

Your Committee has also made technical, nonsubstantive amendments to the bill for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 917, 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. 917, H.D. 2, S.D. 2, C.D. 1.

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

Representatives Shon, Leong, Duldulao, Kawakami and Liu.
Managers on the part of the House.

Conf. Com. Rep. No. 6 on S.B. No. 690

The purpose of this bill is to allow the Department of Transportation to perform emergency roadway work and repair utility lines, when the expenditure is more than \$4,000 but less than \$10,000, without going through the formal state advertisement and bid process. These provisions would take effect on approval, and be repealed on July 1, 1994.

Your Committee amended the bill by replacing the word "road" with "roadway" on page 2, line 1 of the bill, and changing the repeal date to July 1, 1991.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 690, 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. 690, S.D. 1, H.D. 2, C.D. 1.

Senators Blair, Aki, McMurdo and George.
Managers on the part of the Senate.

Representatives Bybee, Souki, Kotani, Tajiri and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 7 on H.B. No. 1847

The purpose of this bill is to enhance the ability of the Department of Health to protect the public from HIV infection, AIDS related complex (ARC), and AIDS by amending the conditions under which medical records and information may be gathered by the Department. The bill clarifies that private health practitioners may release medical records of patients with HIV infection to the Department of Health and also clarifies the law on reporting confidential information in order that the State may comply with Federal reporting requirements. The bill also amends the informed consent section of the statutes, Section 325-16, Hawaii Revised Statutes.

Your Committee, upon further consideration, has made the following amendments to H.B. 1847, H.D. 2, S.D. 2:

- 1) In Section 3 of the bill, which amends Section 325-16 (b), Hawaii Revised Statutes, we have reaffirmed the original language of the statute dealing with patients "incapable of giving consent prior to testing"; and
- 2) In the same paragraph, we have added the phrase "and the health care worker" in two places to assure that when an HIV test is performed on a patient, the worker's rights are protected as well as the patient's. Specifically, the language now states that a health care worker, who may have been exposed to the blood or bodily fluids of a possibly infected patient, must be informed in a timely manner when a test on the patient has been performed and must be provided the opportunity to obtain the test results and appropriate counseling.

Your Committee has further amended this bill to correct technical drafting errors.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1847, 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. 1847, H.D. 2, S.D. 2, C.D. 1.

Senators Menor, Levin, Crozier and Reed.
Managers on the part of the Senate.

Representatives Shon, M. Ige, Duldulao, Kawakami, Leong, Metcalf and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 8 on H.B. No. 1685

The purpose of this bill is to allow an aggrieved person to petition an agency for reconsideration of a determination that an environmental impact statement (EIS) is or is not required.

This bill requires that upon publication of the agency determination in the Office of Environmental Quality Control Bulletin, the aggrieved person has twenty days to petition the agency for reconsideration. This bill, as received, also requires the agency to respond to reconsideration requests within twenty days. In addition, judicial proceedings for review of EIS determinations must be initiated within ten days after the public has been notified.

This bill has been amended to require the agency to respond to reconsideration requests within thirty days of the receipt of the petition instead of twenty days. Your Committee finds that ten additional days are necessary to provide agencies enough time to carefully evaluate petitions and supporting evidence before issuing reconsideration determinations.

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

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

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

Conf. Com. Rep. No. 9 on S.B. No. 379

The purpose of this bill is to set statutory restrictions on persons riding in pickup trucks.

Under this bill, persons would be prohibited from standing in the bed or load-carrying area of any motor vehicle commonly known as a pickup truck while the vehicle is in operation. This bill would also prohibit operators of pickup trucks from operating the vehicles and owners of pickup trucks from permitting the vehicles to be operated with a passenger seated in the bed or load-carrying area of the pickup truck unless: 1) there is no seating available in the cab; 2) the side racks are securely attached and the tailboard is securely closed; 3) the passengers are seated on the floor of the bed and there is no attempt to control any unlash cargo in the bed. Trucks used for business purposes which are subject to regulation by state agencies would be exempted from these restrictions.

Violators would be subject to a fine of \$25 for each violation but would not be guilty of a violation for which points are assessed pursuant to Section 286-128, Hawaii Revised Statutes.

Your Committee upon further consideration has amended the bill by deleting the phrase ", nor shall the owner thereof permit it to be operated," from lines 8 and 9 on page 1 of the bill. The effect of this amendment is to make only the operator of the pickup, rather than both the operator and owner, liable for violations when the operator and the owner is not the same person.

Your Committee has further amended the bill by making nonsubstantive language and style changes 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. 379, 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. 379, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Oshiro, Metcalf, Bybee, Yoshimura and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 10 on H.B. No. 692

The purpose of this bill is to authorize the Department of Agriculture to transfer funds among the agricultural products revolving fund, the agriculture loan revolving fund, and the aquaculture loan revolving fund.

Before granting permanent authority to transfer moneys, your Committee finds that it should retain its prerogative to first review the manner in which the moneys are being transferred between the different revolving funds. Accordingly, your Committee has amended this bill by:

- (1) Inserting the sentence, "This authority to transfer moneys shall expire three years after the approval date of this Act", on page 2, line 4; page 3, line 4; and page 4, line 4 of the bill; and
- (2) Making technical, non-substantive changes necessary in order to itemize the proviso language for each revolving fund.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 692, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 692, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 11 on H.B. No. 1198

The purpose of this bill is to ensure the effective control of agricultural pests in this State by authorizing the Department of Agriculture (DOA) to enter private property, with proper notice, for eradication purposes. Under this bill, DOA would establish criteria and procedures for the designation of such pests, including emergency rules in case of an incipient infestation.

Your Committee reviewed certain unclear terminology contained in this bill, and upon further consideration, has amended H.B. No. 1198, H.D. 1, S.D. 1, by:

- (1) Deleting the term "related organisms" on page 2, line 23, and page 3, line 4, and replacing it with "mites";
- (2) Deleting the term "abbreviated notice" on page 3, line 14, and replacing it with "a minimum of forty-eight hours", and deleting the phrase "it finds practicable" on page 3, line 15; and
- (3) Inserting the number 3 to identify Section 141-3 on page 1, lines 7 and 10.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1198, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1198, H.D. 1, S.D. 1, C.D. 1.

Senators Ikeda, Aki and Reed.
Managers on the part of the Senate.

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

Conf. Com. Rep. No. 12 on H.B. No. 711

The purpose of this bill is to amend the statutory provisions relating to exemptions from compulsory school attendance.

Specifically, the bill proposes to do the following:

- (1) Repeal the exemption in cases where a competent tutor is employed or where a child has graduated from a vocational school;
- (2) Authorize the Superintendent of Education or a representative, rather than the Department of Education, to excuse a child who is suitably employed and is at least fifteen years old;
- (3) Allow the Superintendent's representative to approve an alternative educational program;
- (4) Add an exemption to mandatory attendance when the school principal is notified of the intent to provide home education; and
- (5) Require employers of children who are excused in order to work to notify the school within three days upon termination of the child's employment.

Your Committee upon further consideration has amended the bill by substituting the phrase "to home school" for the phrase "to provide home education" on line 21 of page 2 since "home school" has been commonly used to refer to this approach to education.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 711, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 711, S.D. 1, C.D. 1.

Senators B. Kobayashi, McCartney and Koki.
Managers on the part of the Senate.

Representatives Tam, Metcalf, Bybee, Lee, Tom and Hemmings.
Managers on the part of the House.

Conf. Com. Rep. No. 13 on H.B. No. 435

The purpose of this bill is to strengthen Section 291C-131, Hawaii Revised Statutes, regarding the transportation of loads. This bill adds rocks and boulders to the types of loads that must be covered during transport by tarpaulins, canopies, or other materials to prevent the load from escaping. In addition, this bill provides that vehicles transporting loads consisting of dirt, sand, or gravel would not have to cover their loads if the load, where it contacts the sides, front, and rear of the cargo container area, remains twelve inches below the upper edges of the cargo container area, and if the load does not extend, at its peak, above any point on a horizontal plane equal in height to the top of the side, front or rear part of the cargo container area that is the least in height.

Your Committee finds that loads consisting of rocks and boulders would be difficult to restrain using tarpaulins and canopies. However, your Committee finds that should loads consisting of rocks, stones, and boulders be prohibited from extending above any point on a horizontal plane equal in height to the top of the side, front, or rear part of the cargo container area that is the least in height, the potential for the spilling of rocks, stones, and boulders onto highways would be reduced significantly.

Your Committee, upon further consideration, has made the following amendments:

- 1) Requiring that vehicles transporting granular loads consisting of dirt, sand, or gravel: a) cover their loads with a cargo net, tarpaulin, canopy, or other material designed to cover the load to prevent the load from escaping the vehicle; or b) load the material such that the load, at its peak, does not extend above any point on a horizontal plane equal in height to the top of the side, front, or rear part of the cargo container area that is least in height.
- 2) Removing the bill's amendment to present statutes which would have required loads consisting of dirt, sand, or gravel to be covered unless the load, where it contacts the sides, front, and rear of the cargo container area, remained twelve inches below the upper edge of the cargo container area.
- 3) Prohibiting the transportation of loads consisting of rocks, stones, or boulders if the load, at its peak, extends above any point on a horizontal plane equal in height to the top of the side, front, or rear part of the cargo container area that is least in height.
- 4) Minor, technical amendments in the interests of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 435, 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. 435, H.D. 1, S.D. 1, C.D. 1.

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

Representatives Oshiro, Bybee, Hirayama Jr., Horita and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 14 on H.B. No. 821

The purpose of this bill is to facilitate the disposal of abandoned vehicles. This bill also provides for the removal of any vehicle left unattended for more than forty-eight hours without the proper authorization of the owner or custodian of the property.

Your Committee finds that it is often not cost-effective to have an independent appraiser determine whether the value of an abandoned vehicle is less than the threshold set by statute to allow for the disposal of the vehicle without public auction. Since independent appraisers normally charge a fee of approximately \$50.00 per vehicle, and the value of the vehicle sold is often less than \$50.00, the vehicles often do not cover the expense of hiring an independent appraiser.

Your Committee also finds that under present circumstances a vehicle reported as abandoned receives a citation after 24 hours and does not get towed until 48 hours after receiving the citation. Within 5 working days after the tow, a certified letter is sent to the registered and legal owner of the vehicle. The owner is then given 20 additional days to claim the vehicle from the tow contractor. The entire process, from issuing a citation until the vehicle is auctioned, may take from 50 to 60 days, during which time the owner may claim the vehicle. Vehicles which are sold at auction are held at holding areas on the average of 50 days, taking up expensive storage space.

Your Committee further finds that private owners continue to face difficulty with legally removing abandoned vehicles from their property. These owners are not authorized to remove the vehicles no matter how long they have been abandoned if no signs prohibiting parking have been posted. Your Committee agrees that this is a growing problem that needs to be legislatively addressed. Your Committee finds, however, that the Attorney General's office has advised that towing vehicles left in areas where no notices prohibiting parking have been posted infringes on the owner of the vehicle's right to due process.

Your Committee has amended this bill by eliminating the need for an independent appraiser to determine whether the value of an abandoned vehicle is less than the threshold set by statute to allow for the disposal of the vehicle without public auction. Your Committee has further amended this bill to delegate such authority to the director of finance or an authorized representative.

Your Committee, after counsel with the Attorney General's office, has further amended this bill by removing the suggested amendments to Section 290-11, Hawaii Revised Statutes, that would have permitted the disposal of vehicles left unattended for more than 48 hours in areas where no notice is posted. Your Committee has further amended this bill by deleting Section 6 which contained a severability clause.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 821, 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. 821, H.D. 2, S.D. 1, C.D. 1.

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

Representatives Oshiro, Metcalf, Bybee, Yoshimura and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 15 on H.B. No. 1827

The purpose of this bill is to authorize the Department of Transportation to regulate the transportation of hazardous materials, hazardous wastes, hazardous substances, and etiologic agents by motor carriers. It further requires that the Department of Transportation adopt the hazardous materials regulations established by the United States Department of Transportation and permits inspection by enforcement personnel appointed by the Director of Transportation.

Your Committee, upon further consideration, has amended this bill by:

- 1) Requiring that the fire department of the county in which an intrastate transfer of explosives is to occur be notified;
- 2) Establishing that the police department and the fire department in which an intrastate transfer of explosives is to occur are to be given a forty-eight hour minimum advance written notice; and
- 3) Changing the word "section" to the word "part" on page 9, line 18 of the bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1827, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1827, S.D. 1, C.D. 1.

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

Representatives Oshiro, Shon, Metcalf, Andrews and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 16 on H.B. No. 1920

The purpose of this bill is to amend Section 291-35, Hawaii Revised Statutes, to decrease the maximum allowable axle load and wheel load on vehicles traveling on any public road, street, or highway. This bill also amends the present formula used for determining the maximum allowable total gross weight imposed on interstate highways by any group of two or more consecutive axles on a vehicle or combination of vehicles.

Your Committee finds that reducing the maximum allowable axle and wheel loads on motor vehicles will reduce the stress imposed on the State's highway facilities and thereby substantially increase the life of the pavement structure.

Your Committee upon further consideration has made the following amendments to H.B. No. 1920, H.D. 1, S.D. 1:

- (1) The present formula, $W = 500\left(\frac{LN}{N-1} + 12N + 36\right)$, used for determining the maximum allowable total gross weight imposed on interstate highways by any group of two or more consecutive axles on a vehicle or combination of vehicles, has been retained;
- (2) In Section 291-35(3), retained the existing statutory language without the S.D. 1 amendments; and
- (3) Technical, nonsubstantive changes in the interests of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1920, 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. 1920, H.D. 1, S.D. 1, C.D. 1.

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

Representatives Oshiro, Bybee, Hirayama Jr., Horita and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 17 on S.B. No. 1799

The purpose of this bill is to amend Chapter 92F, Hawaii Revised Statutes (HRS), the Uniform Information Practices Act (Modified), to ensure its smooth implementation when it takes effect on July 1, 1989.

Your Committee has made the following amendments to the bill:

- (1) Two new sections in the original bill were consolidated and restructured into one new section in Part II of Chapter 92F, HRS, which clarifies that when an agency denies a person access to a government record, the person may appeal the denial to the Office of Information Practices (OIP) as an alternative and optional method of appeal but without prejudice to the person's right to appeal directly to circuit court. Exhaustion of administrative remedies is not required before appealing a denial of access to government records to the court.
- (2) A proposed new section in Part III of Chapter 92F, HRS, will clarify that for an individual who is denied access to that individual's own personal record, appeal to the OIP is also an alternative to appealing to circuit court. The section was amended to make consistent the alternative appeal methods for access denied to individuals as to their own personal records, under Part III of Chapter 92F, HRS, and the alternative appeal methods for access denied as to government records about others, under Part II of Chapter 92F, HRS.
- (3) The bill was amended to remove the proposed statutory provisions of a ninety-day time limitation for the filing of an appeal to the OIP concerning denial of access to a government record. The bill was also amended to set, instead of the previously proposed time limitation of ninety days, a limitation of two years, within which a person can bring a civil action to compel disclosure of a government record after a denial of a request for access. This time limitation, as amended, is consistent with the two-year limitation, established in Part III of Chapter 92F, HRS, and further clarified in the bill, within which an individual can bring a civil action to compel disclosure of that individual's own personal record after a denial of a request for access.
- (4) The House draft of the bill had added a codified time schedule for the progressive completion by all agencies of their respective public records reports required under Chapter 92F, HRS. The bill was amended to remove the time schedule from the statutory provision and to make the time schedule a provision in the session laws. This amendment would eliminate the need to later repeal a codified time schedule at some time after the agencies' full completion of their public records reports. Your Committee retained in the bill the requirement that each government agency supplement or amend its public records report annually.
- (5) The bill was also amended to remove recommendation of criminal prosecution from the functions of the OIP and to make the effective date of the act on July 1, 1989, when the remaining Chapter 92F, HRS, goes into effect. The bill was also amended to make technical and nonsubstantive changes for purposes of clarity, style and form.

The bill retains the provisions clarifying the OIP's rulemaking authority and the OIP's placement within the Department of the Attorney General for administrative purposes only. The OIP's rulemaking authority, as clarified in this bill, would ensure uniformity in the rules which all agencies will follow, without the need for all agencies to hold separate

administrative hearings on rules adoption. The bill also clarifies that administrative review by the OIP on an agency denial of access is an informal dispute resolution procedure and is exempt from the contested case requirements of Chapter 91, HRS.

Your Committee wishes to emphasize that while a person has a right to bring a civil action in circuit court to appeal a denial of access to a government record, a government agency dissatisfied with an administrative ruling by the OIP does not have the right to bring an action in circuit court to contest the OIP ruling. The legislative intent for expediency and uniformity in providing access to government records would be frustrated by agencies suing each other.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1799, 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. 1799, S.D. 1, H.D. 1. C.D. 1.

Senators Blair, Aki, McMurdo and George.
Managers on the part of the Senate.

Senator George did not sign the report.

Representatives Metcalf, Amaral, Hagino, Hiraki and Anderson.
Managers on the part of the House.

Representative Amaral did not sign the report.

Conf. Com. Rep. No. 18 on S.B. No. 99

The purpose of this bill is to establish a Hawaii Health Registry that will gather data on morbidity and mortality in Hawaii and to fund several studies on various environmental factors that may be posing health risks to Hawaii's people.

The original purpose of this bill as passed by the Senate was to repeal Section 322-5, Hawaii Revised Statutes, which gives the Department of Health the authority to compel the prison superintendent or the chiefs of police to "cause" prisoners to aid the Department in the removal of nuisances or causes of sickness.

Your Committee has amended this bill by deleting the provisions calling for funding of the health studies and by re-incorporating the bill's original purpose. As amended, then, this bill authorizes the establishment of the Hawaii Health Registry within the Department of Health and repeals the statutory authority to use prisoners to remove nuisances or causes of sickness.

Your Committee finds that the Hawaii Health Registry will be an invaluable storehouse of information pertaining to causes of illness and death in Hawaii that will be able to provide data necessary for future epidemiological studies and legislation. A good example of how the Hawaii Health Registry will operate is in the area of potential dangers from sugar cane burning.

Preliminary studies have suggested that sugar cane burning produces biogenic silica, which may be linked to lung disease. Also, a 1986 sampling detected the presence of traces of chlorofluorocarbons and pesticides in cane smoke. As a result of these two findings and a growing concern within the scientific community regarding the potential hazards associated with cane burning, a blue ribbon panel headed by a member of the University of Hawaii's School of Public Health has called for funding of a study to assemble comprehensive data on the nature of pollutant emissions from cane burning, how these emissions are transported throughout the environment including estimates of human exposure, and predictions on the likely impact of cane burning on human health. The Hawaii Health Registry would serve both as a source of data for preparation of this study and as a means of dissemination of the study once it is completed.

Your Committee further finds that repealing Section 322-5, which provides the statutory authority to use prisoners to remove nuisances or causes of sickness, is warranted because it is an obsolete section that was enacted in 1869 and has since fallen into disuse. Removal or clean up of hazardous or toxic substances should only be attempted by persons specifically trained in these tasks.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 99, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 99, H.D. 2, C.D. 1.

Senators Yamasaki, Levin, Mizuguchi, McMurdo and George.
Managers on the part of the Senate.

Representatives Shon, Kawakami, Chang, Ihara Jr., Leong and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 19 on S.B. No. 56

The purpose of this bill is to add a new section to the insurance laws that establishes procedures for the handling of premium waiver claims in the event of total disability of the named insured.

This bill provides that when an insurance policy contains a rider for the waiver of insurance premiums in the event of the total disability of the insured, the waiver shall last for the length of the disability or for the period specified in the rider. To qualify for the waiver, the insured must submit a certificate from the insured's physician that attests to the insured's condition and states how long the condition will last or is expected to last.

If the insurer does not agree with the diagnosis of the insured's doctor, the insurer may order a second test, at the insurer's expense, but must abide by the results of that second diagnosis in order to determine total disability and waiver of premium benefits to be provided. If the insured, in turn, does not agree with the benefits that the insurer agrees to provide, the insured may appeal to the Insurance Commissioner.

Once an insured has been determined to be totally disabled, the insurer may not require further certification of the disability more than once in any three calendar years unless there is evidence of changed circumstances.

This bill also provides that if an otherwise legitimate claim for a premium waiver is filed after expiration of the grace period established in the policy, the insurer shall refund any premiums paid after the date the premium waiver would have been effective if the claim had been filed timely as long as the insured can show a good faith reason for the late filing.

Your Committee has amended this bill by making one non-substantive change to correct a typographical error. On page 2, line 22 the phrase "more often that" is replaced by the phrase "more often than".

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 56, 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. 56, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Hirono, Hiraki, Shon, Amaral and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 20 on S.B. No. 967

The purpose of this bill is to amend certain provisions of Chapter 467, Hawaii Revised Statutes, relating to the granting, suspension, and revocation of licenses issued to real estate brokers and salespersons.

Specifically, this bill: 1) provides that when the real estate recovery fund is used to settle a claim or satisfy a judgment against a licensed real estate broker or salesperson and the license is terminated, the person shall not be eligible to receive a new license for two years from the effective date of the termination; 2) clarifies the requirements for application to take the real estate broker licensing examination; 3) makes it unlawful for any person to file a false statement or document with the real estate commission's designated testing agency; and 4) replaces certain gender specific terminology with gender neutral language.

Your Committee amended this bill by inserting language allowing the real estate commission to suspend or revoke a license when the licensee obtains or causes to be obtained, directly or indirectly, any licensing examination or licensing examination question for the purpose of disseminating the information to future takers of the examination for the benefit or gain of the licensee.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 967, 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. 967, S.D. 1, H.D. 1, C.D. 1.

Senators Blair, McCartney, Nakasato and Koki.
Managers on the part of the Senate.

Senator Nakasato did not sign the report.

Representatives Hirono, Metcalf, Amaral, Hagino, Hiraki and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 21 on S.B. No. 1385

The purpose of this bill is to clarify and update several statutes relating to the practice of podiatry.

Specifically, the bill (1) replaces the term "podiatry" with the term "podiatric medicine" wherever it appears in Chapter 463E, Hawaii Revised Statutes; (2) refines and clarifies the definition of podiatric medicine; and (3) requires persons practicing podiatric medicine or using the titles "D.P.M." or "Doctor of Podiatric Medicine" to be licensed.

Your Committee has amended this bill by repairing paragraphs (8), (12), (13), and (15) of Section 463E-6(a) which were inadvertently misquoted.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1385, 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. 1385, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Hirono, Shon, Hayes, Hiraki, Takamine and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 22 on H.B. No. 1236

The purpose of this bill is to provide tenants who receive public assistance an option to establish a new due date for rent payments under the Landlord-Tenant Code.

Under present law, rent is payable at the beginning of the month unless otherwise agreed. Most leases require rent to be paid on the first day of each month, and provide for the assessment of a late charge if payment is not made within five days thereafter. Such rules may create a hardship for public assistance recipients. Your Committee understands that the volume of public assistance checks necessitates a staggered schedule for mailing, and many recipients receive their checks after the fifth day of the month. Consequently, they may incur late fees through no fault of their own.

This bill would allow a public assistance recipient an option to establish a new rent due date by making a one-time prorated payment to cover the period between the original due date and the newly established date. The new date would be the due date for the remainder of the landlord-tenant relationship.

Upon further consideration, your Committee has amended this bill by specifying that the option is available when the rental agreement requires that the rent be paid "on or before the third day after the day" on which the public assistance check is usually received. This is consistent with other language of this bill which states that the new date shall exceed by more than three days, excluding Saturdays, Sundays, and holidays, the date on which checks are mailed. Your Committee has also deleted an unnecessary comma after the word "rental" on page 2, line 6 of H.B. No. 1236, H.D. 1, S.D. 1.

Your Committee finds that this bill represents a solution which will be fairer to public assistance recipient tenants, and not overly burdensome to landlords.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1236, 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. 1236, H.D. 1, S.D. 1, C.D. 1.

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

Representatives Hirono, Amaral, Hiraki, Shon and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 23 on H.B. No. 1635

The purpose of this bill is to add a provision to Section 431:13-103(a)(7)(H), Hawaii Revised Statutes, which would allow an applicant for insurance an opportunity to obtain results of a test for a human immunodeficiency virus ("HIV") infection. Under this bill, the confidentiality of the test results would be maintained as provided by Section 325-101, Hawaii Revised Statutes.

Currently, Section 431:13-103(a)(7)(H), Hawaii Revised Statutes, does not prohibit an insurer from obtaining and using the results of a test, satisfying the requirements of the insurance commissioner, if it was taken with the consent of an insurance applicant. This section does not address, however, whether the applicant may obtain the results of his or her test for an HIV infection.

Upon further consideration, your Committee has amended this bill to change the phrase, "any applicant for insurance who is subjected to HIV testing. . ." to read, "any applicant for insurance who is tested for HIV infection . . ." The phrase, "subjected to" inaccurately suggests that an applicant may be tested without consent. Your Committee has also added a phrase which requires that the applicant be afforded the opportunity to obtain the test results "within a reasonable time after being tested."

Your Committee has also considered, but declines to adopt a provision which would amend Section 431:13-103(a)(7)(E), Hawaii Revised Statutes, so as to make it an unfair and deceptive practice to refuse to insure, refuse to continue to insure, or limit the amount of coverage available to an individual because of his or her sexual orientation. The necessity of such a provision may be obviated by rules which your Committee understands are currently being drafted by the Insurance Commissioner, concerning the implementation of existing laws relating to HIV testing.

Technical, nonsubstantive amendments have also been made to this bill for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1635, 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. 1635, H.D. 1, S.D. 1, C.D. 1.

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

Representatives Hirono, Hiraki, Shon, Takamine and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 24 on S.B. No. 1818

The purpose of this bill is to clarify that the maximum recovery for damages under the contractors recovery fund for a single contract is \$12,500, regardless of the number of persons injured.

The bill also clarifies the definition of "person injured" by including owners or lessees of real property who contract with a duly licensed contractor for the construction of their own private residences on their real property, and deletes an obsolete provision relating to license renewal fees.

Your Committee has amended this bill by clarifying on page 2, line 1, that "person injured" also means "injured person" for the purposes of Chapter 444, Hawaii Revised Statutes. Your Committee has also made a technical change which has no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1818, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1818, H.D.1, C.D. 1.

Senators Blair, Matsuura, Tungpalan and Koki.
Managers on the part of the Senate.

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

Conf. Com. Rep. No. 25 on H.B. No. 1535

The purpose of this bill is to allow a licensed contractor entering into a contract involving home improvements to make the disclosure required by Section 444-25.5, Hawaii Revised Statutes, in either the contract itself, or a separate form.

This bill would also require that the owner's signature be obtained on the contract or separate form containing the disclosure. The disclosure must contain all lien rights of all parties performing under the contract, and an explanation as to the owner's option to demand bonding on the project. The disclosure must be printed in at least 12 point type.

This bill would delete the current provision requiring that disclosure be made in a separate form in at least 12 point type, that the owner's signature be obtained on the form, and that the form be approved by the contractors license board.

Upon further consideration, your Committee has amended this bill so as to retain the current provision concerning disclosure on a separate form approved by the board. A new provision has been added allowing contractors the option of making the disclosure in his or her written contract, provided that the disclosure appears on the first page, and is printed in at least 14 point type. Your Committee believes that this amendment will resolve both contractors' concerns about extra paper-work caused by the separate form requirement, and the public's interest in fair and effective disclosure.

Your Committee suggests that the board review the nature, requirements, and appropriateness of the disclosures which it currently requires of its various licensees. It has been brought to the attention of your Committee that current disclosure requirements vary significantly among licensees.

Your Committee has also made technical, nonsubstantive amendments to the bill for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1535, 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. 1535, H.D. 1, S.D. 1, C.D. 1.

Senators Blair, McCartney, Nakasato and Koki.
Managers on the part of the Senate.

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

Conf. Com. Rep. No. 26 on S.B. No. 496

The purpose of this bill is to amend the Residential Landlord-Tenant Code, Chapter 521, Hawaii Revised Statutes, to (1) provide greater flexibility in the return of security deposits by a landlord to a vacating tenant upon termination of a rental agreement, and (2) provide greater flexibility for a tenant who must vacate premises when a month-to-month tenancy rental contract is terminated by the tenant's landlord.

Section 521-44(c), Hawaii Revised Statutes, mandates that security deposits be returned by certified mail, return receipt requested, and be postmarked before midnight of the fourteenth day after the date of the termination of the rental agreement. This bill deletes the requirement that the security deposit be sent by certified mail, return receipt requested, and instead establishes "acceptable proof of mailing," or "an acknowledgement by the tenant of receipt," within the fourteen-day limit as presumptive proof of compliance with Section 521-44(c).

Section 521-71(a), Hawaii Revised Statutes, currently mandates that a landlord or tenant must give a written notice of at least twenty-eight days before termination of a month-to-month tenancy rental contract. Your Committee finds, however, that there is no consistent understanding about rent payment obligations when a twenty-eight day notice of termination is given by either the landlord or the tenant. This lack of specificity often results in misunderstandings between the landlords and the tenants.

This bill amends Section 521-71(a) to permit the tenant to vacate the unit at any time prior to the termination date when notice is given by the landlord, by paying prorated rent for the days the tenant occupies the unit. This allows a tenant greater flexibility in finding a new dwelling unit. When the tenant gives the termination notice, the tenant would be responsible for full payment through the twenty-eighth day.

Your Committee has made one non-substantive change to his bill for the purpose of clarity. The phrase "if there is an acknowledged receipt by the tenant within the fourteen-day limit" has been replaced by the phrase "if there is an acknowledgement by the tenant of receipt within the fourteen-day limit" in SECTION 1 of the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 496, 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. 496, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Hirono, Hiraki, Oshiro, Yoshimura and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 27 on S.B. No. 1823

The purpose of this bill is to amend the laws relating to regulation of travel agencies (Chapter 468K, Hawaii Revised Statutes).

Specifically, this bill does the following:

- (1) Allows the Director of Commerce and Consumer Affairs to fine, suspend, or revoke a license for any cause prescribed by Chapter 468K, or for violation of rules adopted thereunder, and to refuse to grant a license for any cause which would be grounds for revocation or suspension of a license;
- (2) Allows recovery from the Travel Agency Recovery Fund by order of a court of competent jurisdiction in the state;
- (3) Clarifies provisions relating to the trustees' subrogation to the rights of judgment creditors to whom the trustees have paid a sum from the Travel Agency Recovery Fund;
- (4) Establishes additional grounds for disciplinary action including misrepresentation of a material fact in an application for issuance or renewal of a license and failure to satisfy a judgment arising from services or materials rendered in the conduct of business as a travel agency or sales representative; and
- (5) Allows the Director to refuse to issue a license, or to revoke or suspend the use of an existing license of any person who has been an officer, director, or partner of a corporation or partnership whose travel agency business license is revoked or suspended, if the person participated in the acts or omissions which caused the revocation or suspension of the corporation's or partnership's license.

Your Committee finds that these provisions are necessary to protect the consuming public through more effective regulation of travel agencies.

Your Committee has amended this bill by deleting Section 1 and by making several nonsubstantive technical and language changes, including reformatting of Sections 468K-1.5 and 468K-5(e), for the purposes of clarity, style, and conformance with recommended drafting technique.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1823, 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. 1823, S.D. 1, H.D. 1, C.D. 1.

Senators Blair, Chang, McCartney and Koki.
Managers on the part of the Senate.

Representatives Hirono, Amaral, Hiraki, Shon and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 28 on S.B. No. 83

The purpose of this bill is to create an Aloha health corps.

Your Committee on Conference finds that the establishment of an Aloha health corps is consistent with the Aloha Spirit and will benefit not only our Pacific neighbors but Hawaii as well.

Your Committee has amended this bill by:

- (1) Clarifying that the scope of the Aloha health corps activities includes Hawaii as well as other Pacific islands, with conforming amendments throughout the bill;
- (2) Substituting, on page 5, line 13, the phrase "shall have experience in domestic and international health programs" for the phrase "shall have training and experience in foreign relations;"
- (3) Adding, on page 6, line 10, VISTA and "other domestic health efforts" to the list of those with whom the director of the Aloha health corps shall work cooperatively;
- (4) Inserting a new paragraph (6) on page 6, line 18, to read:

"Provide opportunities to incorporate Aloha health corps volunteers and trainees in ongoing health programs to serve the State of Hawaii; opportunities for returning volunteers to continue volunteer service in Hawaii; and opportunities for other volunteer efforts to support Hawaii's public health programs;"

- (5) Modifying the provision governing compensation of Aloha health corps volunteers by deleting the phrase "by stipend or otherwise supported from non-state funds" on page 7, line 16, and by deleting the comma and the word "including" and inserting a period and the phrase "Foreign-bound volunteers also shall be provided with" after the word "training" on page 7, line 19; and
- (6) Making minor language changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 83, 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. 83, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Shon, Leong, Ihara Jr., Tam and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 29 on S.B. No. 1360

The purpose of this bill, as received by your Committee, is to amend Section 201E-221, Hawaii Revised Statutes, relating to restrictions on the transfer of dwelling units purchased from the Housing Finance and Development Corporation. The major proposed changes include: (1) providing for full disclosure of any subsidy provided by the HFDC at the beginning of the sales contract for the sale of the unit by the HFDC, including the amount of subsidy, a description of the cost items which constitute the subsidy, and conditions of the subsidy; (2) limiting the accrual of interest costs on the subsidy to thirty years; and (3) allowing for the payment of the subsidy and the interest accrued before the transfer of the unit. This bill would apply to all purchasers of dwelling units sold pursuant to Act 105, Session Laws of Hawaii, 1970, as amended, and is to take effect retroactive to June 19, 1970.

Your Committee notes that the provisions relating to disclosure of the subsidy has been placed in subsection (d) of Section 201E-221 and therefore, is not subject to the waiver provisions in subsection (b) of that section.

Your Committee has made a nonsubstantive technical amendment to the bill by underscoring the "(3)" on line 1, page 4 of the bill as received (line 6, page 7 of the bill as amended) as it is new material.

Your Committee has further amended this bill to include the provisions of H.B. No. 1861, H.D. 1, which was passed unanimously by the 1989 State Legislature and sent up to the Governor for his approval. H.B. No. 1861, H.D. 1 amends section 201E-62, Hawaii Revised Statutes, to provide that the federal income limits imposed by the Tax Reform Act of 1986 will be used as a basis for setting Hula Mae income limits. The bill also proposes to delete the asset requirements for eligible buyers.

In its review of H.B. No. 1861, H.D. 1, however, the Department of Taxation discovered that the citation referenced in the bill was incorrect, and the Department recommended that the Governor disapprove the measure. S.B. No. 1360, S.D. 1, H.D. 1, C.D. 1 includes all of the provisions of H.B. No. 1861, H.D. 1, except that the incorrect citation has been corrected.

More specifically, H.B. NO. 1861, H.D. 1 states in pertinent part: "The income of an eligible borrower shall not exceed the income limit imposed by the Internal Service pursuant to section 103 (a) of the Internal Revenue Code of 1954, as amended." This has been corrected to read: "The family income of an eligible borrower shall not exceed the income requirements of section 143 (f) of the Internal Revenue Code of 1986, as amended."

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1360, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1360, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Hayes, Amaral, Duldulao, Leong and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 30 on H.B. No. 188

The purpose of this bill is to protect consumers against fraudulent acts by credit repair organizations.

This bill would prohibit any person from:

- (1) Soliciting or inducing the payment of consideration based on false representations that the person can erase, correct, repair, alter, or otherwise modify an accurately reported credit history;
- (2) Soliciting or inducing the payment of consideration for referral of another person to a credit granting entity, knowing or having reason to know that the other person will be granted credit, if at all, in substantially the same terms as those available to the general public;

- (3) Making or advising a person to make misleading statements about their credit worthiness to a credit reporting agency or a credit granting entity; and
- (4) Providing advice or assistance with regard to any of the foregoing activities.

The bill would make any violation of its provisions on unfair or deceptive act or practice under Section 480-2, Hawaii Revised Statutes.

Upon further consideration, your Committee has amended this bill to clarify that its prohibitions apply only to dealings with a "consumer", which is defined as "a natural person acting in their own personal capacity". This amendment is intended to make it clear that the bill does not address transactions in which the party being solicited, induced or counseled is a business entity.

Technical, nonsubstantive amendments have also been made to this bill for the purposes of style and clarity.

Your Committee believes that this bill will help protect consumers from credit repair organizations which falsely represent that they have the ability to alter accurate credit reports. A credit repair organization that charges a fee for services which it cannot deliver does a disservice to individuals already experiencing financial problems.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 188, 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. 188, H.D. 1, S.D. 1, C.D. 1.

Senators Blair, Chang, Hagino, McCartney and Koki.
Managers on the part of the Senate.

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

Conf. Com. Rep. No. 31 on H.B. No. 1906

The purpose of this bill is to establish a state health insurance program within the Department of Health, funded through legislative appropriations, to ensure basic health insurance coverage for Hawaii residents currently without such coverage.

Your Committee finds that while Hawaii is the only state with a statutorily mandated prepaid healthcare program and has a broad-based Medicaid program, there remains a significant number of individuals who lack any form of health insurance coverage. This bill would establish a means through which these "gap group" individuals would have access to health insurance coverage. Your Committee is convinced that adoption of the State Health Insurance Program will place Hawaii in a leadership position in the nation in addressing the problem of medical indigency.

It is your Committee's intent that the program focus on basic coverage for preventive and primary care. Such care would include, but not be limited to, prenatal care, childhood immunizations, mammograms, pap smears, and primary outpatient care. An additional goal of the program is to provide for optimal coverage for inpatient care, by encouraging providers to compete in developing attractive alternatives.

The Department of Health in its development of financing mechanisms is urged to look at the broad range of possibilities including, but not limited to, fee-for-service payments, capitation, or preferred provider type arrangements.

The Department is expected to hire one or more consultants to assist it in the design and implementation phase of the program. The Committee urges the Department to make every effort to hire consultants with a strong consumer orientation.

Your Committee upon further consideration has made the following amendments to H.B. 1906, H.D. 1, S.D. 2:

- (1) In Section 1 of the bill, Section -6, page 6, entitled "Reporting, continued funding", we have added language mandating the Department to report to the Legislature "on or about October 1, 1989" on its progress in implementing the act. We have specified four areas which we wish them to include in their report.
- (2) In the same section, we have added a paragraph mandating that the purchase of insurance shall not proceed without the formal approval of the Governor and a review by the Legislature during the 1990 Regular Session. The Legislature is empowered to opt for withholding funding by means of a Concurrent Resolution which would have to be passed within thirty days after completion of the implementation plan or March 1, 1990 whichever occurs last;
- (3) We have added a new Section 2 of the bill which includes the required language on the exceeding of the state general fund expenditure ceiling. The subsequent sections have been re-numbered; and
- (4) In the appropriation section (now Section 3), your Committee has retained the \$4,000,000 for fiscal year 1989-1990 with the proviso that not more than \$1,000,000 be released in that year for planning and designing of the program. Your Committee has added an appropriation of \$10,000,000, or so much thereof as may be necessary, for fiscal year 1990-1991.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1906, 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. 1906, H.D. 1, S.D. 2, C.D. 1.

Senators Yamasaki, Levin, A. Kobayashi, Fernandes Salling, Hagino, Ikeda, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki.
Managers on the part of the Senate.

Representatives Shon, Souki, Arakaki, Baker, Kotani, Leong and Marumoto..
Managers on the part of the House.

Conf. Com. Rep. No. 32 on H.B. No. 1822

The purpose of this bill is to transfer the functions, personnel, and property of the Hawaii State Coordinating Council on Deafness (HSCCD) from the Department of Human Services to the Department of Health. In addition, it clarifies Section 374D-4, Hawaii Revised Statutes, which deals with the responsibility of the Council for payment of interpreter services.

Your Committee finds that the transfer to the Department of Health is appropriate because two organizations similar to the HSCCD, which serve the disabled population, are in the Department of Health: the Commission on the Handicapped and the State Planning Council on Developmental Disabilities. The transfer of the HSCCD will strengthen all three programs by consolidating the focus of the needs of all disabled persons through better planning and coordination.

In Section 2 of the bill we have left intact the language of the Senate draft which indicates that the payment of interpreter services "may" include transportation and per diem. This payment would usually cover costs of air transportation for an interpreter if one is unavailable on a particular island. If an interpreter is available, however, reimbursement for their transportation and per diem expenses would usually be unnecessary. However, in certain cases, for example on the Big Island, land transportation costs may be significant. Thus, retaining this flexible language will enable reimbursement to be decided on a case by case basis. In addition, it is your Committee's understanding that detailed rules governing the hiring, selection and payment of volunteers are being developed by HSCCD.

Your Committee has amended this bill by adding the required spending ceiling language as a new Section 4 of the bill. The subsequent sections have been re-numbered.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1822, 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. 1822, H.D. 1, S.D. 1, C.D. 1.

Senators McMurdo, Levin, Matsuura, Mizuguchi and George.
Managers on the part of the Senate.

Representatives Shon, Tam, Souki, Arakaki, Leong and Liu.
Managers on the part of the House.

Conf. Com. Rep. No. 33 on S.B. No. 59

The purpose of this bill is to strengthen and clarify the provisions against discrimination in Chapter 515, Hawaii Revised Statutes, and to bring existing State law into conformance with recently enacted federal legislation.

Upon further consideration, your Committee has amended the bill by deleting Sections 2, 3, and 7 of the bill, and by amending Section 4 by deleting references to older persons in the section. Your Committee amended the bill further by amending Sections 5 and 6 thereby reinstating current statutory language referring to people possessing a physical handicap.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 59, 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. 59, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 34 on S.B. No. 269

The purpose of this bill is to make it a deceptive trade practice to add any additional charge of more than 4.167 percent to the list or posted price of goods or services, or more than 5.256 percent as a transient accommodations tax, pursuant to a representation that the charge constitutes the collection of a state tax.

Your Committee finds that it is appropriate to require that the rate of tax added at the point of sale accurately reflect the rate of tax provided by statute.

Your Committee has amended this bill by rewording the new paragraph proposed for addition to Section 481A-3(a) as follows:

"(8) Represents that the amount of tax due pursuant to chapter 237 or 237D is in excess of the amount of tax payable by the person; provided that in representing the amount of tax, the percentage by which the amount of the tax is calculated may be rounded up to the nearest one thousandth of one per cent; provided further that the amount of the tax shall be rounded to the nearest cent."

This language has been agreed upon by the Tax Department, the Department of Commerce and Consumer Affairs, the Department of Business and Economic Development, and the Tax Foundation, and clarifies the intent of your Committee that any amount added by a retailer to the purchase price of a product or service, and represented on the sales receipt or otherwise as being state general excise tax, be a true representation of the rate of tax provided by law.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 269, 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. 269, S.D. 1, H.D. 1, C.D. 1.

Senators Blair, Ikeda and Tungpalan.
Managers on the part of the Senate.

Representatives Hirono, Bellingier, Cachola, Hiraki and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 35 on S.B. No. 864

The purpose of this bill is to amend Chapter 486N, Hawaii Revised Statutes, pertaining to health clubs, to provide greater protection to buyers of health club contracts from prepayment losses.

This bill establishes a new section within Chapter 486N that requires any health club contract to be paid in installments. No more than twenty percent of the contract price may be made payable initially and the balance must be paid in equal monthly installments over the term of the contract.

This bill also amends Section 486N-8, Hawaii Revised Statutes, to prohibit the unexpired, aggregate term of any health club contract and any extensions or renewals thereof from exceeding thirty-six months and to prohibit all automatic renewal clauses.

Finally, this bill amends Section 486N-10, Hawaii Revised Statutes, by deleting subsection (e), which currently allows a health club to maintain a fidelity bond for the benefit of injured buyers rather than depositing into escrow the funds received from the sale of membership contracts before the health club becomes fully operational.

Your Committee finds that this bill affords an appropriate amount of protection for the consumer while posing minimal hardship to the health club operator. Your Committee wishes to emphasize that nothing in this bill shall be construed as interfering or otherwise limiting a health club's right to enforce an acceleration clause in a contract upon a consumer's default.

Your Committee has amended this bill to specify that only health club contracts for terms in excess of one year must be paid in installments.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 864, 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. 864, S.D. 1, H.D. 1, C.D. 1.

Senators Blair, Matsuura, McCartney and Koki.
Managers on the part of the Senate.

Representatives Hirono, Amaral, Hiraki, Yoshimura and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 36 on S.B. No. 1948

The purpose of this bill is to extend Chapter 464, Hawaii Revised Statutes, which regulates professional engineers, architects, surveyors, and landscape architects, to December 31, 1995.

Chapter 464 is currently scheduled to be repealed on December 31, 1989.

The bill also requires licensing of these professionals, rather than registration; clarifies terminology; enlarges the Board of Registration of Professional Engineers, Architects, Surveyors and Landscape Architects from fourteen to fifteen members and requires five years of experience to be a board member; requires that practitioners possess a history of honesty, truthfulness, financial integrity, and fair dealing; and allows persons penalized under Section 464-10 to appeal the Board's decision to the circuit court.

Your Committee finds that continued regulation of professional engineers, architects, surveyors, and landscape architects would be in the public interest.

Your Committee has amended this bill as follows:

- (1) Provided that the Board shall have fourteen members, with at least four professional engineers, three professional architects, two professional surveyors, two professional landscape architects, and three public members, and provided for protection of the incumbency of members who are actually serving as of the effective date of this measure;
- (2) Deleted the word "license" on page 28, line 3 and reinserted the word "certificate" as provided in the current text of Section 464-11;

- (3) Added a requirement that the Board of Professional Engineers, Architects, Surveyors and Landscape Architects report to the 1990 Legislature on optional requirements for professional experience, both in addition to and in lieu of relevant academic education, for qualification to take required examinations;
- (4) Required the Board and the Department of Commerce and Consumer Affairs to report to the 1990 Legislature on the idea of assigning responsibility for the professions to two boards, one governing engineers and land surveyors and the other governing architects and landscape architects; and
- (5) Made technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1948, 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. 1948, S.D. 1, H.D. 1, C.D. 1.

Senators Blair, McCartney, Tungpalan and Koki.
Managers on the part of the Senate.

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

Conf. Com. Rep. No. 37 on S.B. No. 1851

The purpose of this bill is to clarify Section 286-106, Hawaii Revised Statutes, to ensure that an original driver's license remains valid for a full two-year or four-year period.

This bill would eliminate ambiguities that presently exist in the statute relating to the expiration of a driver's license.

Your Committee upon further consideration has amended the bill by deleting the maximum time limits imposed on lines 6-7 (five years) and lines 10-11 (three years) on page 1 of the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1851, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1851, H.D. 2, C.D. 1.

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

Representatives Oshiro, Metcalf, Souki, Yoshimura and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 38 on S.B. No. 1005

The purpose of this bill is to transfer the administration and enforcement of motor and other vehicle inspections from the Department of Transportation to the counties.

The bill would amend Section 286-27, Hawaii Revised Statutes (HRS), pertaining to permits to operate official inspection stations, transferring that function to the counties and requiring that the counties be reimbursed for the costs incurred in providing these services.

Upon further consideration, your Committee has amended the bill to amend Section 286-50, HRS, to allow any bona fide resident of Hawaii to register an out-of-state vehicle if certain requirements are met and by updating statutory references to identification numbers on vehicles by substituting the term "vehicle identification" for the term "serial or engine and factory" numbers throughout Section 286-50.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1005, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1005, H.D. 2, C.D. 1.

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

Representatives Oshiro, Metcalf, Bybee, Yoshimura and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 39 on S.B. No. 661

The purpose of this bill is to amend Chapter 348E, Hawaii Revised Statutes, by (1) changing the title of the Commission on the Handicapped to the Commission on Persons with Disabilities, and changing the related terminology within the chapter, to reflect current terminology and federal mandates and (2) clarifying the scope of the Commission's planning activities and its ex officio representation.

Your Committee on Conference finds that this bill makes necessary changes and clarifications in Chapter 348E, Hawaii Revised Statutes.

Your Committee has amended this bill by amending Section 348E-3(3), Hawaii Revised Statutes, on page 4, following line 2, by adding "; to the extent that" and on page 4, line 3, by changing the word "would" to the word "do." Your Committee also has amended this bill by making minor technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 661, 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. 661, S.D. 1, H.D. 1, C.D. 1.

Senators Levin, Blair and Reed.
Managers on the part of the Senate.

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

Conf. Com. Rep. No. 40 on S.B. No. 1885

The purpose of this bill is to amend Section 188-29, Hawaii Revised Statutes, by establishing a minimum mesh size allowed for traps made with rigid or stiff material and to repeal Section 188-29(a)(8), thus eliminating a redundancy covered by another section of law, i.e. the length of a bullpen trap.

Presently, the fish net and trap law requires a two-inch minimum mesh size to allow smaller size fish to escape. Nets and traps made of cotton, nylon, linen or other soft and flexible materials can be stretched to meet the minimum mesh requirement. However, plastic lobster traps and plastic coated wire fish traps are rigid and stiff and cannot be stretched without damaging the mesh.

Your Committee has amended the proposed new subsection (b) by making enforcement of the minimum mesh size for rigid material traps effective upon approval for new users, but also providing a phasing out period of five years for owners of existing non-conforming traps if those traps are registered with the Department of Land and Natural Resources by October 1, 1989.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1885, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1885, H.D. 1, C.D. 1.

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

Representatives Bunda, Apo, Honda, Say and O'Kieffe.
Managers on the part of the House.

Representative Apo did not sign the report.

Conf. Com. Rep. No. 41 on S.B. No. 1433

The purpose of this bill is to ensure that alternative and experienced providers are considered when providing a cost-effective relay system which allows deaf and hearing-impaired persons to fully utilize telephone service.

Section 269-16.6, Hawaii Revised Statutes, requires the Public Utilities Commission (PUC) to implement a program to achieve twenty-four-hour operator-assisted telephone relay services for the deaf and hearing-impaired not later than July 1, 1989. The PUC has been directed to require every utility currently providing local telephone service to file a schedule of rates and charges reflecting the provision of such relay services.

This bill:

- (1) Authorizes the PUC to investigate the availability of experienced providers of relay services for the deaf and hearing-impaired;
- (2) Authorizes the PUC to award contracts to the best qualified providers for relay services provided after July 1, 1992, taking into consideration cost, quality, experience, and other factors;
- (3) Requires every telephone public utility to contract with this provider under terms approved by the PUC, if the PUC determines that the relay service can be provided in a cost-effective manner; and
- (4) Requires relay services to be provided from July 1, 1989 to June 30, 1992, by every telephone public utility providing local service; provided that the PUC and the providers can agree on terms and conditions.

Your Committee finds that a technologically advanced and cost-effective dual party relay service for the hearing- and speech-impaired, as a matter of equal access, is of major importance to the State of Hawaii.

Your Committee recognizes that it is in the interest of the community to have consumer advisory input to oversee the effectiveness of the TDD relay service and to ensure that the needs of the TDD users are adequately addressed by the service provider. Your Committee also believes that this oversight function is consistent with the role of the state coordinating council on deafness and recommends that the council establish a subcommittee for this purpose and to assess and monitor quality of service issues such as:

- (1) Response time;
- (2) Availability of adequate operators;
- (3) Hours of service; and
- (4) Public awareness of the TDD service.

Furthermore, your Committee urges the council to include in this subcommittee persons with hearing or speech impairments and interested persons from the community-at-large as well as the TDD service provider to ensure maximum communication among all parties.

Your Committee finds the PUC should proceed with its investigation to meet the July 1, 1989 implementation deadline.

Your Committee has amended this bill by authorizing the PUC to require all providers of relay services to maintain a separate accounting for the costs of relay services.

Your Committee intends that if the PUC solicits bids for relay services, it will require bidders to divulge the costs used to develop the bid price, and that the commission will keep these cost estimates confidential and use them to determine that all costs to provide the service are included and reasonable.

Your Committee has also made technical, nonsubstantive changes for stylistic purposes only.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1433, 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. 1433, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Hirono, Hiraki, Shon, Oshiro and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 42 on H.B. No. 1217

The purpose of this bill is to provide the final matching funds for the design and construction of the Center for Applied Aquaculture.

Your Committee has amended H.B. No. 1217, H.D. 3, S.D. 2, to comply with statutory and constitutional requirements by providing the reasons why and the amount and rate by which the appropriation contained in this bill exceeds the state spending limit.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1217, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1217, H.D. 3, S.D. 2, C.D. 1.

Senators Ikeda, Yamasaki, A. Kobayashi, Solomon and George.
Managers on the part of the Senate.

Representatives Bunda, Fukunaga, Bellinger, Hashimoto, Kanoho, Say and O'Kieffe.
Managers on the part of the House.

Representative Hashimoto did not sign the report.

Conf. Com. Rep. No. 43 on H.B. No. 977

The purpose of this bill is to add a new section to chapter 237, Hawaii Revised Statutes, to provide that the amounts received by hotel operators from the hotel owner as reimbursement of sums paid by the operator for employee wages, payroll taxes, insurance, premiums and benefits are not taxable under that chapter. The bill also eliminates the annual renewal and payment of fees for general excise tax licenses and provides for a one-time \$50 licensing fee for all new and current licensees.

Your Committee has amended this bill by deleting all sections relating to the renewal and payment of fees for general excise tax licenses and to the one-time licensing fee payment for all new and current licenses, and by amending the effective date to remove all references to these sections. Your Committee finds that H.B. No. 876, which eliminated the annual renewal and payment of fees for general excise tax licenses and provided for a one-time licensing fee for all new and current licenses, has already passed the Legislature and been sent to the Governor.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 977, 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. 977, H.D. 2, S.D. 1, C.D. 1.

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

Representatives Cachola, Souki, Bybee, Hirayama Jr., Horita and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 44 on H.B. No. 744

The purpose of this bill is to allow medical doctors and osteopathic physicians to practice acupuncture, if they are certified by their respective boards as qualified to practice acupuncture. For such practitioners, certification would

provide an alternative to the requirement of a license to practice acupuncture under Chapter 436E, Hawaii Revised Statutes.

Your Committee is aware of concerns expressed by the medical and osteopathic boards as to their lack of the knowledge and expertise necessary to make rules regarding certification of acupuncture practitioners. These concerns should be allayed by the bill's provision that rules for certification be adopted jointly by the board of acupuncture, the board of medical examiners, and the board of osteopathic examiners.

This bill would delete the current provision of Section 436E-4, which exempts dentists, medical doctors and osteopathic physicians from the requirements of the acupuncture law if they are certified by their respective boards as qualified to practice acupuncture. Based on testimony previously presented by the Board of Dental Examiners, your Committee believes that dentists should be required to meet the licensure requirements enforced by the Board of Acupuncture under Chapter 436E.

Your Committee has amended this bill by changing its effective date from "on approval", to "July 1, 1990". This will allow the affected boards time to adopt the necessary certification rules and procedures.

Technical, nonsubstantive amendments have also been made to this bill to correct typographical errors.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 744, 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. 744, H.D. 1, S.D. 1, C.D. 1.

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

Representatives Hirono, Bellinger, Hiraki, Shon and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 45 on H.B. No. 219

The purpose of this bill is to extend the beauty culture law, Chapter 439, Hawaii Revised Statutes, to December 31, 1995, with certain amendments to improve the regulation of this profession in Hawaii.

Under this bill, Chapter 439, Hawaii Revised Statutes, would be amended so as to:

- (1) Require licensing rather than certification of beauty operators and cosmetology schools;
- (2) Require that at least one member of the Board of Cosmetology be from a neighbor island;
- (3) Change the experience requirement for instructor-trainees from three years as a registered beauty operator, to one year;
- (4) Change the active service requirement for instructor applicants from three years as a registered beauty operator in the State or another jurisdiction with substantially equivalent standards, to one year;
- (5) Recognize beauty training obtained in another jurisdiction which is substantially equivalent to the training available in this State;
- (6) Allow an applicant who fails an initial examination administered under Chapter 439 to file another application with the professional testing service which prepares and provides the examinations, rather than with the Board;
- (7) Delete the provision of Section 439-17, Hawaii Revised Statutes, that allows the Board to waive the requirement that the registered managing operator of a beauty shop have practiced in the State for at least one year, upon a showing of hardship created by the requirement, and equivalent experience;
- (8) Require filing of an application together and fees upon the transfer ownership, change in beauty shop name, and relocation of a beauty shop;
- (9) Require schools of cosmetology to be licensed by, rather than registered with, the Board; and
- (10) Expressly require that all schools have sufficient equipment and adequate facilities as prescribed by the rules of the Board.

Upon further consideration, your Committee has amended this bill by deleting its purpose provision, Section 1. This provision no longer accurately states the various amendments which have been made to the bill. Remaining sections of the bill have been renumbered accordingly.

Your Committee also considered a proposed amendment which would have deleted subsection (c), Section 439-3, Hawaii Revised Statutes, which requires that Board members disclose their respective affiliations, if any, with schools teaching any of the classified occupations, and adhere to the standards of conduct of Chapter 84, Hawaii Revised Statutes. Under the proposed amendment, a provision would have been inserted which would prohibit Board members from membership or affiliation with any school teaching any of the classified occupations. Your Committee understands that the current disclosure requirement was imposed two years ago, and believes that it therefore is premature to alter the existing provision.

Technical, nonsubstantive amendments have also been made to this bill to correct typographical errors.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 219, 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. 219, H.D. 1, S.D. 1, C.D. 1.

Senators Blair, Chang, Hagino, McCartney and Koki.
Managers on the part of the Senate.

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

Conf. Com. Rep. No. 46 on H.B. No. 958

The purpose of this bill is to appropriate an unspecified sum to the agricultural loan revolving fund created under Section 155-14, Hawaii Revised Statutes, and to authorize the Department of Agriculture (DOA) to issue a loan of an unspecified amount to qualified farmers on the Hilo-Hamakua coast in the County of Hawaii.

Your Committee's deliberations focused on the need to:

- (1) Clearly specify that the loans are to be made for the emergency condition; and
- (2) Establish a minimum interest rate for class "D" emergency loans under the DOA's agricultural loan program.

Upon further consideration, your Committee has amended H.B. No. 958, H.D. 1, S.D. 1, by:

- (1) Changing the purpose of the Act to reflect the emergency situation;
- (2) Inserting a new Section 2 that amends Section 155-8(c), Hawaii Revised Statutes, by:
 - (a) Establishing 3 per cent as the minimum interest on class "D" loans instead of maintaining 3 per cent as a ceiling. Your Committee has replaced the word "exceed" with the phrase "be less than" so that lines 23-24 of page 2 read: "Interest on class "D" loans shall not be less than three per cent a year"; and
 - (b) Fixing the interest rate on class "F" loans from a variable rate to six per cent a year by replacing the phrase "two per cent less than the rate charged by the appropriate farm credit bank for similar type loans" on line 16 of page 2 with the phrase "six per cent a year". This is consistent with the amendments made in S.B. No. 538, S.D. 2, H.D. 1, C.D. 1;
- (3) Inserting a new Section 3 to comply with constitutional and statutory requirements stating the reasons, amount, and rate by which the appropriation in this bill exceeds the State spending limit;
- (4) Renumbering succeeding Sections for consistency;
- (5) Specifying in the renumbered Section 4, the sum of \$8,500,000 appropriated out of the general revenue of the State of Hawaii in fiscal year 1989-1990 to the agricultural loan revolving fund to be used for purposes of class "D" loans;
- (6) Specifying in the renumbered Section 6, the standard Ramseyer provision regarding bracketing and underscoring for amendment of existing statutes; and
- (7) Making technical, non-substantive changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 958, 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. 958, H.D. 1, S.D. 1, C.D. 1.

Senators Yamasaki, Ikeda, Hagino, Matsuura, Solomon and Koki.
Managers on the part of the Senate.

Representatives Honda, Souki, Bellinger, Say, Tajiri and O'Kieffe.
Managers on the part of the House.

Conf. Com. Rep. No. 47 on H.B. No. 911

The purpose of this bill is to provide for the treatment of incarcerated sex offenders in need of sex abuse education and treatment programs in six community correctional centers.

Your Committee on Conference has met and agreed on new appropriation levels of \$323,000 for fiscal year 1989-1990 and \$311,000 for fiscal year 1990-1991. The appropriations for each center are:

- 1) \$12,500 in FY1989-90, and \$12,500 in FY1990-1991 for Hawaii Community Correctional Center;
- 2) \$45,000 in FY1989-90, and \$36,000 in FY1990-91 for Kulani Community Correctional Center;

- 3) \$12,500 in FY1989-90, and \$12,500 in FY1990-91 for Maui Community Correctional Center;
- 4) \$150,000 in FY1989-90, and \$147,000 in FY1990-91 for Oahu Community Correctional Center;
- 5) \$12,500 in FY1989-90, and \$12,500 in FY1990-91 for Kauai Community Correctional Center;
- 6) \$45,000 in FY1989-90, and \$45,000 in FY1990-91 for Halawa Correctional Facility;
- 7) \$36,000 in FY1989-90, and \$36,000 in FY1990-91 for a Clinical Director; and
- 8) \$9,500 in FY1989-90, and \$9,500 in FY1990-91 for a statewide assessment of the program.

A new section stating the reason why and the amount and rate by which the appropriations contained in this bill exceed the state spending limit has been added to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 911, 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. 911, H.D. 2, S.D. 2, C.D. 1.

Senators Yamasaki, Mizuguchi and Koki.
Managers on the part of the Senate.

Representatives Arakaki, Metcalf, Fukunaga, Amaral, Chang, Leong and Liu.
Managers on the part of the House.

Conf. Com. Rep. No. 48 on S.B. No. 1140

The purpose of this bill is to create a Works of Art Revolving Fund and to repeal Section 103-8, Hawaii Revised Statutes.

The bill would require the deposit of one percent of state funded appropriations for capital improvements allotted for the construction cost element; provided that the transfer only applies to appropriations that are designated for the construction or renovation of State buildings.

The bill would also repeal Section 103-8, Hawaii Revised Statutes, to delete inconsistencies posed by the creation of a new section in the law pertaining to art in State buildings.

Upon further consideration, your Committee has amended the bill by creating a Works of Art Special Fund instead of a Works of Art Revolving Fund. Your Committee has amended the bill further by adding a new section that would change the reference to Section 103-8, in Section 9-4, HRS, to appropriately redirect the reference to the newly created section.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1140, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1140, H.D. 2, C.D. 1.

Senators Yamasaki, Tungpalan, Fernandes Salling, Hagino and George.
Managers on the part of the Senate.

Representatives Taniguchi, Fukunaga, Horita, Lee and Hemmings.
Managers on the part of the House.

Conf. Com. Rep. No. 49 on S.B. No. 625

The purpose of this bill is to allow the Department of Agriculture to insure or participate in all classes of loans made under Chapter 155, Hawaii Revised Statutes (HRS).

Presently, Sections 155-5 and 155-6, HRS, which authorize the Department of Agriculture to insure or participate in agricultural loans only apply to qualified farmers. This bill will include new farmer program borrowers under the provisions of participating or insured loans.

Your Committee has amended the bill by amending Section 155-9 to clarify that qualified farmers refers to qualified "new" farmers. This amendment restores the bill, in part, to its original form.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 625, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 625, H.D. 1, C.D. 1.

Senators Ikeda, Aki and Reed.
Managers on the part of the Senate.

Representatives Honda, Bellinger, Isbell, Say and Hemmings.
Managers on the part of the House.

Conf. Com. Rep. No. 50 on H.B. No. 360

The purpose of this bill is to encourage foster children to continue their education beyond secondary school by extending the period during which they are eligible for foster board allowances.

Specifically, to continue to be eligible for foster board allowances beyond the age of majority, this measure requires the foster child to be twenty-three years old or younger and attend an accredited institution of higher education. In addition, the bill also amends Section 346-16, Hawaii Revised Statutes, by adding a definition of "institution of higher education" to include any institution which requires a high school diploma or equivalency certificate for enrollment, or any college, university, vocational, or technical school and further amends the same section by making technical changes to the definition of "foster boarding home" for purposes of clarity.

Your Committee has amended this bill by adding the required spending ceiling language as a new Section 3 of the bill. Subsequent sections have been renumbered.

Your Committee, upon further consideration, has amended this measure by decreasing the period of eligibility to age twenty-one.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 360, 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. 360, H.D. 2, S.D. 2, C.D. 1.

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

Representatives Arakaki, Fukunaga, M. Ige, Kawakami and Liu.
Managers on the part of the House.

Conf. Com. Rep. No. 51 on S.B. No. 1128

The purpose of this bill is to broaden the authority of the counties to regulate ohana zoning.

Currently, Section 46-4(c), Hawaii Revised Statutes, requires the counties to adopt reasonable standards to allow the construction of two single-family dwelling units on any lot where a residential dwelling unit is permitted, provided that county requirements are met and public facilities are adequate to service the additional units.

This bill would allow, rather than require the counties to adopt ohana zoning and would give the counties the authority to determine whether ohana units would have a negative impact on the neighborhood where they are proposed. The bill would also require applicants to submit a notarized statement stating that no recorded covenant or deed restriction prohibits the construction of a second dwelling on their property.

Upon consideration, your Committee deleted the entire substance of Section 46-4(c), HRS, except for the provision on page 1, lines 3-5, which allows each county to adopt reasonable standards for ohana zoning.

Your Committee finds that the bill, as amended, will give the counties the necessary discretion to decide whether or not ohana zoning will be permitted.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1128, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1128, H.D. 1, C.D. 1.

Senators Crozier, Solomon and Reed.
Managers on the part of the Senate.

Representatives Hayes, Amaral, M. Ige, Ihara Jr. and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 52 on S.B. No. 1376

The purpose of this bill is to amend the means by which a bank is required to notify a mortgagor of his right to discontinue a mortgage life insurance policy when the initial period of free coverage ends, if such coverage is not a condition for obtaining the mortgage, and to expand the requirement of notification to include savings and loan associations, industrial loan companies, credit unions, and casualty insurance companies.

Currently, banks are required to send each insured mortgagor, at least four weeks prior to the expiration of the period of free coverage, a yes/no check-off form in which the mortgagor may indicate a desire to continue or discontinue the mortgage life insurance after the free period has ended. Failure by the mortgagor to provide the form shall result in the automatic termination of the mortgage life insurance policy upon expiration of the free period. There are no similar provisions in the current law for savings and loan associations, industrial loan companies, credit unions, and casualty insurance companies.

This bill would require all of these institutions to send a written notice advising each mortgagor of the right to cancel the insurance, the requirements for effecting such cancellation, and that premiums will be charged for the insurance unless it is cancelled. The notice to each insured mortgagor shall be sent at least four weeks prior to the expiration of the period during which the insurance is provided without charge.

Your Committee amended this bill by making several technical, nonsubstantive amendments for the purpose of style and clarity, and to correct drafting errors.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1376, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1376, H.D. 1, C.D. 1.

Senators Blair, Chang, McCartney, Tungpalan and Koki.
Managers on the part of the Senate.

Senators Chang and Tungpalan did not sign the report.

Representatives Hirono, Andrews, Bellinger, Hiraki and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 53 on S.B. No. 1814

The purpose of this bill is to create a new article in the Insurance Code, Chapter 431, Hawaii Revised Statutes, to include provisions applicable to motorcycle and motor scooter insurance.

Presently, motorcycle and motor scooter liability insurance requirements are found in Article 10C, Part V, of the Insurance Code, which the bill would repeal. Article 10C refers to motor vehicle insurance, and the creation of a separate article for motorcycle and motor scooter insurance will clarify the distinction between the two types of insurance. Further, this arrangement will clarify that the requirements of the no-fault law and its benefits do not apply to motorcycles or motor scooters. This bill also amends Article 10C as necessary.

In general, the creation of Article 10G of the Insurance Code, as contemplated by this bill, would:

- 1) Prohibit the driving of a motorcycle or motor scooter upon any public street, road, or highway unless it is insured under a liability policy as provided in the bill;
- 2) Establish licensing or permit prerequisites for obtaining such coverage;
- 3) Provide that tort liability is not abolished with respect to accidental harm incurred in or arising out of a motorcycle or motor scooter accident, and state the circumstances under which a cause of action for tort claims exist;
- 4) Require the operator of an insured motorcycle or motor scooter to carry a proof of insurance card, to be exhibited to a law enforcement officer upon demand;
- 5) Allow the insurance commissioner to assess and levy a drivers' education fund underwriters' fee and provide that fund fees shall be expended by the University of Hawaii Community College Employment Training Office for the operation of a drivers' education program for operator of motorcycles, motor scooters or similar vehicles;
- 6) Establish penalties for violation of this Article;
- 7) Authorize the Insurance Commissioner to adopt rules pursuant to Chapter 91, Hawaii Revised Statutes, to carry out the purposes of this Article;
- 8) Establish rules for ratemaking, administration, and for rate review by an aggrieved person; and
- 9) Establish requirements for insurance policies covering motorcycle and motor scooters.

Your Committee has made several amendments to this bill as outlined below.

- 1) A provision permitting self-insurance of motorcycles and motor scooters has been added to Section 1 of the bill as §431:10G-103, and subsequent provisions in Section 1 have been renumbered. Your Committee finds that since motorcycle and motor scooter liability insurance is a mandated insurance, self-insurance should be an option to conventional liability insurance. The proposed provision will permit governmental entities and other motorcycle and motor scooter owners to self-insure, provided certain conditions are met.
- 2) For purposes of clarity, the provision regarding the drivers' education fund underwriters' fee has been amended by deleting the reference to "similar vehicles" on page 5, line 4 since the phrase does not appear to add anything to the definitions already found in Section 286-2, Hawaii Revised Statutes.
- 3) Subsection (d) requiring the insurance commissioner to make rules for the execution and distribution of the drivers' education fund on page 5, lines 14-16 was deleted since the bill contains a provision enabling the commissioner to adopt necessary rules to implement the statute.
- 4) Subparagraph (2)(B) of §431:10G-201 regarding consideration of profits and contingencies on page 6, lines 18-20 was deleted because it reiterates language found in the preceding subparagraph (2)(A).
- 5) Subparagraph (2)(E) of §431:10G-201 regarding consideration of national or regional experience and expenses on page 7, lines 10-13 was deleted and subparagraph (2)(A) and (2)(C) were amended to take into consideration country-wide expenses and loss experience in computing motorcycle and motor scooter rates. S.B. No. 1814, S.D. 1, H.D. 1 provided for consideration of national experience and expenses only when those factors would serve to reduce rates. Your Committee believes that to limit the use of country-wide data by motorcycle insurers to those instances where it would reduce rates is impractical since the experience pool in Hawaii is relatively small. This amendment brings the motorcycle rating law in line with the casualty rating law found in Article 14 of the Insurance Code, which provisions govern the making of liability rates in general.
- 6) Section 5, which would eliminate the reference to operators of motorcycles and motor scooters from the list of persons ineligible to receive payment of no-fault benefits on page 14, lines 20-23 and page 15, lines 1-10, was deleted from the bill and subsection sections have been renumbered. The law as currently stated in §431:10C-

305(d) clearly excludes operators of motorcycles or motor scooters from no-fault benefits. Your Committee finds that it was not the original intent of S.B. No. 1814 to substantively change the law regarding the parties eligible for no-fault benefits, and therefore the proposed amendment is unwarranted and should be deleted.

7) Several technical, nonsubstantive amendments have been made throughout the bill for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1814, 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. 1814, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Hirono, Bellinger, Hiraki, Yoshimura and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 54 on S.B. No. 846

The purpose of this bill is to reiterate the rights of students to express themselves in the public schools.

Under this bill, no expressions or publications by students shall (1) be deemed to be indicative of school policy, or (2) subject any school official to civil or criminal liability.

Your Committee heard testimony in support of this measure from the Department of Education and a private school teacher and finds that the Department's internal policy recognizes the rights of students to personal and academic freedom. Consistent with this policy, this bill expressly recognizes the right of public school students to freedom of expression.

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

Your Committee wishes to make clear, however, that rights and responsibilities go hand in hand and that students are and should be held to the responsible exercise of their right to freedom of expression. Schools are special institutions in which mutual respect and cooperation are essential to a productive and successful learning environment. The right to free expression does not allow for disruptive activity which adversely affects the learning environment and the opportunity to be educated.

This bill does not change or diminish the discipline or enforcement powers of any state agency, including schools.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 846, 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. 846, S.D. 1, H.D. 1, C.D. 1.

Senators B. Kobayashi, McCartney and Menor.
Managers on the part of the Senate.

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

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 55 on S.B. No. 910

The purpose of this bill is to require the Department of Education to implement a voluntary statewide early education plan by the 1994-1995 school year, to be delivered by private providers whenever possible.

The Department would adopt standards for curriculum, facilities, teacher training, and methods for encouraging the involvement of parents and guardians. Provision would also be made for parents and guardians who opt for home care to utilize childhood education resources.

Your Committee finds that early education is an integral component of the comprehensive plans being developed to strengthen and improve our statewide educational system.

Your Committee has amended this bill as follows:

- (1) Provided that the Department shall develop a plan for quality voluntary early education which shall be fully implemented and available statewide to all eligible children no later than January 1, 2000;
- (2) Defined early education as a developmentally appropriate early childhood development and education program for children from birth to age eight;
- (3) Provided that the quality early education plan shall focus on children from ages four up to six years;
- (4) Provided that standards and criteria shall be adopted by the Board of Education, rather than the Department of Education, and shall provide the basis upon which the early education plan shall be developed;

- (5) Provided that the Department shall work with college level education programs as well as the Department of Health, the Office of Children and Youth, early education organizations, parents of young children, and other appropriate organizations in developing the plan;
- (6) Provided that the plan shall include a timetable and implementation schedule, approved by the Board, to be submitted to the Governor and the Legislature; costs for delivery of early childhood services, including how costs can be shared between the public and private sectors; and an assessment of training and certification capacity of teachers including assurances by teacher training institutions to recruit and graduate qualified staff for early childhood education; and
- (7) Provided that the Department shall submit its initial plans to the 1990 Legislature and a final plan, which shall include implementation recommendations and costs, to the 1991 Legislature.

Your Committee has also made some nonsubstantive language, formatting, and other technical changes for the purposes of clarity and style.

In approving this measure, your Committee strongly emphasizes the need for dialogue and cooperation between the University of Hawaii College of Education and other college education programs in Hawaii to recruit and graduate qualified professionals for early childhood education programs. Quality early childhood education, as envisioned by all concerned parties, cannot be realized and implemented without a sufficient pool of trained and certified personnel to work in the field.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 910, 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. 910, S.D. 1, H.D. 1, C.D. 1.

Senators B. Kobayashi, Hagino and McCartney.
Managers on the part of the Senate.

Representatives Tam, Arakaki, Kawakami, Shon, Stegmaier and Liu.
Managers on the part of the House.

Conf. Com. Rep. No. 56 on S.B. No. 1870

The purpose of this bill is to establish school/community-based management of Hawaii's public schools.

School/community-based management would provide for decisions to be made at the school level utilizing input from the persons directly affected, and would allow and encourage school-initiated methods of achieving statewide educational goals established by the Board of Education.

Specifically, the bill would mandate the Department of Education, through the Board of Education and the Superintendent of Education, to formulate policies including criteria and procedures to determine which schools shall participate in the system and proceed to initiate the system. A selection panel would recommend which schools should be selected. The Board would formulate policy and exercise sufficient control to define a common set of educational goals and standards for measuring the efforts of each participating school towards achieving the goals.

To help facilitate this system, state agencies that may be required to act under state law on matters affecting individual schools would be required to waive otherwise applicable policies, rules, or procedures when requested to do so by a participating school unless the state agency can justify denial within thirty days. The Board would adopt procedures necessary to process waivers, and waivers to collective bargaining agreements would be processed and approved as provided in collective bargaining agreements governed by Chapter 89, Hawaii Revised Statutes.

Your Committee finds that Hawaii's centralized school system will eventually undergo some form of reorganization so that we may effect appropriate and substantive improvements in our educational system. School/community-based management will be an essential ingredient of any such reorganization.

After careful consideration, your Committee has amended this bill as follows:

- (1) Deleted "business" from page 1, line 19 and added "and organizations" between the words "members who" on page 1, line 20. The word "organizations" in this context refers to businesses, unions, civic organizations, and anyone else or any other entity which might have or feel a sense of ownership in the school/community-based management system, and is not intended to polarize any segments of the community;
- (2) Added the following to the end of line 4, page 2: "Based on research, experts believe that educational reform efforts will be most effective and long lasting when carried out by people who feel a sense of ownership and responsibility for the process";
- (3) Deleted the language relating to waivers and selection of initial participants provided on page 3, lines 8-17, and inserted the language from the S.D. 1, page 3 line 10 to page 4, line 4 which references waivers by state agencies to rules, policies, and procedures that would otherwise proscribe or limit the schools' ability to achieve excellence. The insertion also provides for the Board of Education to establish a plan and a process for local management for all schools beginning with procedures to select initial participants. Initial participants are to be considered demonstrations of the feasibility of the concept and a step towards restructuring the school system;
- (4) Clarified on page 5, line 15 that a waiver shall be granted to policies, rules, or procedures of other state agencies which affect an individual school and its school community. Your Committee intends that an individual school

cannot be considered as separate from the community comprised of individuals, families, organizations, etc., of which it is an integral part;

- (5) Clarified that waivers shall apply to collective bargaining agreements as provided for in all relevant collective bargaining agreements negotiated pursuant to Chapter 89;
- (6) Authorized the Board of Education to adopt rules to implement school/community-based management; and
- (7) Made technical changes which have no substantive effect.

Your Committee on Education concurs with the intent and purpose of S.B. No. 1870, 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. 1870, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Tam, Apo, Bybee, Honda and O'Kieffe.
Managers on the part of the House.

Conf. Com. Rep. No. 57 on H.B. No. 1902

The purpose of this bill is to clarify and strengthen the Coastal Zone Management (CZM) Act, Chapter 205A, Hawaii Revised Statutes (HRS), by adding new sections and amending existing ones to clarify the roles and responsibilities of the affected agencies participating in the implementation of the Act, the enforcement of shoreline setbacks, specific penalties in development violations, and criteria for granting variance applications.

Your Committee has amended this bill as follows:

- (1) By amending the penalty provision in Section 205A-32, HRS, to clarify the language and by providing that any person who is violating parts II or III of Chapter 205A, HRS, shall be liable for a civil fine not to exceed \$1,000 a day for each day in which the violation exists;
- (2) By further amending Section 205A-32, HRS, by adding a new subsection (c) for better organization of the section;
- (3) By amending the proposed paragraph (6) of Section 205A-44, subsection (b), HRS, to insure that this exemption applies only to publicly owned facilities and not private ones;
- (4) By amending the proposed paragraph (8), Section 205A-46, subsection (a), HRS, by deleting the phrase "that are not clearly in the public interest" and adding "which will neither adversely affect beach processes nor artificially fix the shoreline." The deletion of the phrase eliminates the redundancy with paragraph (7) of this proposed subsection and the new language clarifies which private facilities may be granted a variance due to hardship;
- (5) By adding a new paragraph (9) to Section 205A-46, subsection (a), HRS, to provide that private facilities or improvements that may artificially fix the shoreline will only be granted a variance if hardship to the applicant due to shoreline erosion is likely to occur without the variance and, further, that the authority may impose conditions to prohibit any structure seaward of the existing shoreline unless it is clearly in the public interest;
- (6) By deleting Section 18 of this bill since Chapter 205A, HRS, currently directs the Office of State Planning to perform such activities; and
- (7) By making other 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. 1902, 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. 1902, H.D. 1, S.D. 1, C.D. 1.

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

Representatives Andrews, Hiraki, Isbell, Stegmaier and O'Kieffe.
Managers on the part of the House.

Conf. Com. Rep. No. 58 on S.B. No. 544

The purpose of this bill is to provide the Governor with the power, through executive order, to suspend transfers, in whole or in part, from the Highway Special Fund if the Director of Transportation determines that the transfer of funds would result in the Fund's inability to cover its authorized expenditure. This bill also provides for the proper actions to be taken by the Governor should such a problem occur.

Your Committee has amended the bill by adding a new subsection to Section 36-31, Hawaii Revised Statutes, to more clearly accomplish the intent of this measure.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 544, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 544, H.D. 2, C.D. 1.

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

Representatives Oshiro, Souki, Baker, Kotani and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 59 on H.B. No. 1549

The purpose of H.B. 1549, H.D. 1, S.D. 2 is to amend Section 206X-5 of the Hawaii Revised Statutes to clarify and broaden the discretion of the Waikiki convention center authority in approving a convention center development plan. Presently, Section 206X-5 limits the authority's consideration to a hotel/condominium mix of either (i) no hotel unit and not more than 1,200 condominium units, or (ii) 800 hotel units and 950 condominium units. Your Committee on Conference has received testimony from the authority and information regarding the convention center projects in Singapore, Taipei and Hong Kong. Based upon this information and the testimony from the authority, we believe that limiting the Waikiki convention center project only to the two hotel/condominium combinations is too restrictive and may hurt the chances for developing and operating a successful convention center facility in Waikiki.

Your Committee has heard testimony from the authority requesting an amendment to Section 206X-5 to allow the authority the flexibility to consider a convention center development plan that will have a greater emphasis on hotel units rather than condominium units. The authority, based on its study and investigation of modern convention center projects in Asia, have found that the modern trend for convention center projects is to locate hotel units within the convention center complex. This will make the convention center facility more operationally efficient and more attractive to the conventioners that would be utilizing the facility. For example, on average the convention center complexes in Singapore, Hong Kong and Taipei have more than 2,000 hotel units within their convention center complexes.

Furthermore, by decreasing the number of condominium units and increasing the number of hotel units, we believe that the project will increase its employment potential. Your Committee has received testimony that the present Land Use Ordinances of the City and County of Honolulu require less parking for hotels than for condominium units--the present LUO requires one parking stall for each condominium unit in the Waikiki area while the parking requirement for hotels is one parking stall for every four hotel units. Thus, this is an additional reason for this Committee's action to amend the present law to give the authority the flexibility to negotiate with the private developer a convention center development plan that will have a greater emphasis on hotel units rather than condominium units.

Thus, your Committee has amended this bill to allow for four different alternative mixes of hotel and condominium units for the Waikiki convention center project. The four alternatives are as follows: (i) not more than 2,500 but not less than 2,000 hotel units with not more than 550 but not less than 450 condominium units; (ii) not less than 2,800 hotel units and no condominium unit; (iii) not more than 1,200 condominium units and no hotel unit; and (iv) not more than 1,200 but not less than 800 hotel units with not more than 950 and not less than 800 condominium units. With respect to the minimum number of hotel and condominium units for each of the four alternatives, your Committee has provided for the lowering of the minimum numbers of such hotel/condominium units upon the mutual agreement between the authority and the private developer.

This bill, as amended, does not change the height limitation of 400 feet on the buildings in the project, nor does it change the limitation on the aggregate leasable floor area of 450,000 square feet for the commercial, retail and office space in the project, as clarified by the testimony presented to your Committee, nor does it change the limitation on the aggregate floor area of 2,000,000 square feet for the hotel and condominium units in the project.

Your Committee has further amended subsection 206X-5(b)(2) of the Hawaii Revised Statutes to clarify that the condominium and hotel dwelling units referred to in said subsection are further described in subsection 206X-5(b)(3).

Your Committee has also received testimony in favor of the proposed amendment from the Hawaii Hotel Association.

Your Committee has further amended this bill to permit public officers or employees of the State to be members of the Waikiki convention center authority. Your Committee has received testimony from the Waikiki convention center authority on this issue and we believe that it would be in the best interest of the project to allow the possibility of having public officers or employees as members of the authority.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1549, 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. 1549, H.D. 1, S.D. 2, C.D. 1.

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

Representatives Cachola, Souki, Hirayama Jr., Okamura, Say and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 60 on H.B. No. 81

The purpose of this bill is to appropriate \$135,000 for fiscal year 1989-1990 and \$98,600 for fiscal year 1990-1991 to establish an international tourism consulting center and clearinghouse within the office of state planning. The center's responsibilities would include providing assistance and promotion of Hawaii business' professional skills and expertise in tourism and coordinating the resources of Hawaii's educational institutions in providing tourism-related research and training services in the Pacific and Asian region.

Your Committee has amended Section 1, page 2, and Section 3, page 3 to place the center in the Department of Business and Economic Development. Your Committee feels that the Department of Business and Economic Development is better equipped to administer the operations of the center than is the Office of State Planning. A new section stating the reasons why and the amount and rate by which the appropriations contained in this bill exceed the state spending limit has also been added to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 81, 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. 81, H.D. 1, S.D. 1, C.D. 1.

Senators Holt, Ikeda, A. Kobayashi, McCartney and George.
Managers on the part of the Senate.

Representatives Cachola, Souki, Tom, Baker, Hirayama Jr., Kotani and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 61 on H.B. No. 79

The purpose of this bill is to appropriate funds to conduct a study of the impact of an increasing visitor and resident population on the carrying capacity of the State's infrastructure to the year 2011.

Your Committee finds that the State's resources will be subject to great strain as the resident and visitor populations continue to increase and compete for limited resources. The State's environment, utilities, land, zoning, and other systems may be endangered if the State's growth patterns are not properly examined.

Your Committee agrees that it is necessary to take immediate action to determine if the State's carrying capacity can absorb projected growth.

However, your Committee finds that a study of carrying capacity is a major undertaking and should be developed in a phased manner, and the methodology tested in a specific growth area before the study is undertaken on a statewide basis. Therefore, your Committee has amended this bill by limiting the study to the development of methodology and the conduct of a limited study in a specific area, such as the Kapolei/West Beach area, in order to begin to look at infrastructure needs and test the methodology.

Your Committee has amended the bill to appropriate \$75,000, in fiscal year 1989-90. The sum appropriated shall be expended by the Office of State Planning. Additionally, a new section was added stating the reasons why the amount and rate by which the appropriation contained in this bill exceeds the state spending limit to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 79, 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. 79, H.D. 1, S.D. 1, C.D. 1.

Senators Holt, Ikeda, A. Kobayashi, McCartney and George.
Managers on the part of the Senate.

Representatives Cachola, Horita, Baker, Kotani and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 62 on H.B. No. 1544

The purpose of this bill is to appropriate funds to transport the Lady Timarau, or a replica, to the Hawaii Maritime Museum. Your Committees finds that recognizing activities which demonstrate the spirit of modern-day maritime pioneers is in the best interest of the State.

To comply with constitutional and statutory requirements, your Committee has amended this bill by adding a new Section 3 stating the amount and rate by which the appropriations contained in this bill exceed the state expenditure ceiling and the reasons for exceeding the ceiling. Subsequent sections of the bill have been renumbered accordingly.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1544, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1544, S.D. 2, C.D. 1.

Senators Tungpalan, Fernandes Salling, Hagino, McMurdo and Reed.
Managers on the part of the Senate.

Representatives Cachola, Souki, Bybee, Duldulao, Hirayama Jr., Yoshimura and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 63 on S.B. No. 1344

The purpose of this bill is to take prompt, strong, local action to decrease the amount of chlorofluorocarbons (CFCs) from escaping into the atmosphere by prohibiting over-the-counter sales of refrigerants, raising the standards of repair facilities, and promoting recovery and recycling of CFCs in Hawaii.

It is also the intent of your Committee that in adopting rules for this bill, the Office of Consumer Protection, the Motor Vehicle Repair Industry Board, and the Contractors License Board require all businesses that service air conditioners to purchase refrigerant recovery and recycling equipment in order to receive or renew their business license registration.

The rules adopted by the Department of Health, the Office of Consumer Protection, the Motor Vehicle Repair Industry Board, and the Contractors License Board should require that all equipment meet the Air Conditioning and Refrigeration Institute's purity standards for recovered and recycled refrigerants or similar standards to ensure that only equipment of the highest quality are utilized.

The United States Environmental Protection Agency intends to closely monitor progress toward recycling of CFC refrigerants and intends to develop mandatory regulations requiring recycling in all service shops by 1992 if needed.

Your Committee has amended the definition of "refrigerant recovery and recycling equipment" by deleting the disjunctive language for clarification purposes.

Your Committee has also changed the effective date of this bill to January 1, 1991. Your Committee finds that a two-year phase-in of the recovery equipment requirement is sufficient to allow equipment manufacturers time to properly service the demand.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1344, 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. 1344, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Andrews, Kanoho, Hiraki, Bellinger and O'Kieffe.
Managers on the part of the House.

Conf. Com. Rep. No. 64 on S.B. No. 667

The purpose of this bill is to require the Department of Land and Natural Resources (DLNR) to conduct public hearings before state lands are designated into the natural area reserve system.

The bill would require a twenty-day notice for hearings, and would also apply to lands set aside for the reserve system by executive order. The bill also appropriates \$4,000,000 for the natural area reserve fund and requires a more detailed annual report addressing the DLNR's management plan.

Your Committee has amended the bill by:

- (1) Clarifying the types of state land that may be designated into the reserve system;
- (2) Identifying the types of state or private land that may be designated as a natural area reserve and included in the natural area reserve system; and
- (3) Deleting the \$4,000,000 appropriation to the natural area reserve fund, and the purpose and finding clause (SECTION 1 of the bill) which refers to the appropriation.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 667, 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. 667, S.D. 1, H.D. 2, C.D. 1.

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

Representatives Andrews, Souki, Apo, Isbell, Lee, Stegmaier and Hemmings.
Managers on the part of the House.

Conf. Com. Rep. No. 65 on S.B. No. 1914

The purpose of this bill is to repeal Chapter 342, Hawaii Revised Statutes, relating to environmental quality, and enact seven new chapters on air pollution; water pollution (including coastal waters, sewage, wastewater treatment); noise pollution; solid waste pollution; hazardous waste (including generators, transporters, storage and disposal); underground storage tanks; and used oil transport, recycling and disposal.

Upon further consideration, your Committee has amended the bill as follows:

1) On page 18, line 4, mandating that the open burning control rules shall be enforced by any duly authorized police officer or employee of the Department of Health as well as police officers. In light of this change, a section has been added to the session laws only, asking the Department of Health to submit a report on the progress of implementing the use of police officers to enforce the "open burning" section of this law.

2) On page 88, line 10, noise variances are allowed for school activities. School activities has been defined for the purposes of this section.

3) On page 175, line 11, the section establishing a leaking underground storage tank fund has been put back into the bill as it was inadvertently deleted in the House draft.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1914, 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. 1914, S.D. 1, H.D. 1, C.D. 1.

Senators Ikeda, Hagino and Reed.
Managers on the part of the Senate.

Representatives Andrews, Shon, Metcalf, Bellinger, Kanoho and Hemmings.
Managers on the part of the House.

Conf. Com. Rep. No. 66 on S.B. No. 1871

The purpose of this bill is to make numerous technical amendments to the Insurance Code.

The bill would correct section references, punctuation errors, and add sections and phrases that were inadvertently omitted during its recodification. The bill would also amend several provisions pertaining to Medicare Supplement policies pursuant to recent federal legislation.

Your Committee finds that this housekeeping measure is necessary to maintain continuity within the Insurance Code.

Upon further consideration, your Committee has amended the bill by making nonsubstantive amendments to correct typographical errors, to correct a section reference on page 29, line 19, and to make technical changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1871, 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. 1871, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Hirono, Hiraki, Metcalf, Oshiro and Cavasso.
Managers on the part of the House.

Representative Metcalf did not sign the report.

Conf. Com. Rep. No. 67 on H.B. No. 796

The purpose of this bill is to increase the fines and penalties for violation of the provisions of Chapter 431, Article 10C, Hawaii Revised Statutes, concerning motor vehicle insurance.

Currently, under Section 431:10C-117(a)(2), Hawaii Revised Statutes, any person subject to Article 10C in the capacity of the operator, owner or registrant of a motor vehicle in this State or registered in this State, who violates a provision of the article, is subject to a citation by the police department and a fine of not less than \$100 nor more than \$1,000. This bill would increase the maximum fine under Section 431:10C-117(a)(2), Hawaii Revised Statutes, to \$5,000.

Current law also provides that if a person is convicted of not having a no-fault policy in effect at the time of the citation issued, the person will be fined \$100 for the first offense and a minimum of \$400 for each subsequent offense. This bill would increase the foregoing sums to \$1,000 and \$3,000, respectively. This bill would also add a provision suspending the driver's licenses of the driver and registered owner of a car for one year, for a subsequent offense of driving without a valid no-fault policy.

Further, this bill would require a person convicted of not having a no-fault policy in effect at the time the citation was issued, to surrender the license plates of the uninsured motor vehicle to the appropriate county director of finance. If the person fails to surrender the license plates within ten days, the police would remove and impound the plates. The registered owner would be subject to an additional fine of between \$300 and \$500 and would be barred from reclaiming the plates or obtaining new ones unless proof of insurance is shown. If such proof is shown, the plates could be reclaimed upon paying a \$100 fee. All fines so collected would be transmitted to the appropriate county director of finance to defray the county's costs of administering the license plate surrender program.

Upon further consideration, your Committee has deleted the provision for the license plate surrender program. Your Committee questions the propriety of requiring collected fines to be transmitted to the counties. Your Committee understands that because of the level of county involvement which the program would require, the City and County of Honolulu, Department of Finance has reservations about implementing this program if it would not receive the revenue collected from the fines.

Your Committee understands that nearly twenty percent of Hawaii's drivers are uninsured. The stiffer penalties proposed by this bill, as amended, should convince many uninsured drivers that it is not worth the risk to continue operating their motor vehicles in violation of the law.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 796, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 796, S.D. 1, C.D. 1.

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

Senator Nakasato did not sign the report.

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

Conf. Com. Rep. No. 68 on H.B. No. 1597

The purpose of this bill is to clarify and expand the definition of "specialty contractor" under the contractors law, Section 444-7, Hawaii Revised Statutes.

A specialty contractor is currently defined in Section 444-7 (d), Hawaii Revised Statutes, as "a contractor whose operations as such are the performance of construction work requiring special skill and whose principal contracting business involves the use of specialized building trades or crafts." This bill would amend Section 444-7 (d) by expressly listing electrical, drywall, painting and decorating, landscaping, flooring, carpet laying, plumbing, and roofing work as examples of special skills.

Upon further consideration, your Committee has amended this bill by expanding the phrase, "carpet laying" to read, "carpet laying by any installation method." Your Committee seeks to clarify that the requirement for licensure as a carpet laying contractor shall include a person who installs carpet using the tackless strip method.

Your Committee believes that this bill will help resolve disputes as to the type of work covered by the term, "specialty contractor."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1597, 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. 1597, H.D. 1, S.D. 1, C.D. 1.

Senators Blair, McCartney, Nakasato and Koki.
Managers on the part of the Senate.

Senator Nakasato did not sign the report.

Representatives Hirono, Cachola, Hiraki, Oshiro and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 69 on H.B. No. 1887

The purpose of this bill is to allow industrial loan companies to establish loan solicitation offices, in addition to fully licensed branch offices, upon the written approval of the Commissioner of Financial Institutions.

This bill would add two new sections to Chapter 408, Hawaii Revised Statutes. The first of these sections would:

- (1) Set forth application requirements, criteria for the Commissioner's approval of a loan solicitation office, and criteria for withdrawal of approval;
- (2) Specify physical requirements for a loan solicitation office;
- (3) Specify the limited activities in which a loan solicitation office may engage;
- (4) Allow the Commissioner to impose conditions regarding the identification and conduct of a loan solicitation office;
- (5) Prohibit a company licensed under Chapter 408 from establishing a loan solicitation office outside of the State; and
- (6) Make a loan solicitation office subject to examinations under Chapter 408, and require records, books and original loan documents to be maintained at the licensee's main office in the State.

The other new section which this bill would add to Chapter 408, Hawaii Revised Statutes, concerns the construction of the chapter. This section would require that the chapter "be interpreted liberally to ensure the safety and soundness of industrial loan companies" licensed under Chapter 408. It would further direct interpretation of the chapter:

[So as] to prohibit industrial loan companies from engaging in other state regulated businesses not specifically authorized by law for an industrial loan company or other activities which are not customary or closely related to the business of an industrial loan company as determined by the commissioner.

Upon further consideration, your Committee has deleted the statutory construction provision from the bill. Your Committee believes that the provision may be overbroad and may produce unintended results.

Your Committee has further amended this bill to correct technical drafting errors.

Your Committee believes that this bill will help to fulfill the credit needs of the community, particularly in areas that do not have access to financial institutions. Loan solicitation offices may provide smaller industrial loan companies with a means to determine whether a need exists for a full-service branch office in certain communities.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1887, 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. 1887, H.D. 1, S.D. 1, C.D. 1.

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

Senator Nakasato did not sign the report.

Representatives Hirono, Amaral, Hiraki, Yoshimura and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 70 on H.B. No. 748

The purpose of this bill is to strengthen and clarify the licensing and certification requirements under Chapters 453 and 463E, Hawaii Revised Statutes, relating to medicine and surgery, and podiatry.

Specifically, this bill would:

- (1) Add a new section to Chapter 453, Hawaii Revised Statutes, Part II, relating to emergency medical services personnel. This section would specify when these professionals must reregister with the Board of Medical Examiners, set forth the requirements for reregistration, provide for the automatic termination of a certificate that has been forfeited for one renewal term, and provide that a license so terminated cannot be restored and requires a new application for licensure;
- (2) Clarify that physicians licensed under the limited and temporary license provisions of Section 453-3, Hawaii Revised Statutes, are exempt from the physician assistant certification requirement;
- (3) Specify when a certified physician assistant must reregister with the Board of Medical Examiners, set forth the requirements for reregistration, provide for the automatic termination of a certificate that has been forfeited for one renewal term, and provide that a license so terminated cannot be restored and requires a new application for certification;
- (4) Provide for automatic termination of a license issued under Chapters 453 or 463E, Hawaii Revised Statutes, that has been forfeited for one renewal term, and provide that a license so terminated cannot be restored and requires a new application for licensure; and
- (5) Authorize the Board of Medical Examiners to impose special conditions for licensure under Chapter 453 or 463E, Hawaii Revised Statutes, if the applicant has a history of medical discipline in his or her respective field, or reveals a physical or mental condition that would constitute a cause for disciplinary action.

Upon further consideration, your Committee has amended H.B. No. 748, H.D. 1, S.D. 1, as follows:

- (1) Eliminated redundancies in Sections 453E-5 and 453-6, Hawaii Revised Statutes, by amending these sections to require reregistration with the Board "no later than January 31, of each even numbered year", instead of "biennially in each even-numbered year, not later than January 31"; and
- (2) Clarified the circumstances under which conditional licensure under Chapter 453, Hawaii Revised Statutes, is permissible, by replacing the phrase, "if the applicant has a history of medical discipline" with the phrase, "[i]f disciplinary action related to the practice of medicine has been taken against the applicant in any jurisdiction that would constitute a violation under this section. . ."

A comparable amendment has been made with respect to the provision for conditional licensure under Chapter 463E, Hawaii Revised Statutes.

Technical, nonsubstantive amendments have also been made to this bill to correct typographical errors, and for stylistic purposes.

Your Committee finds that these amendments will strengthen the ability of the State to protect the general public through appropriate licensure and certification of medical personnel.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 748, 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. 748, H.D. 1, S.D. 1, C.D. 1.

Senators Blair, McCartney, Nakasato and Koki.
Managers on the part of the Senate.

Senator Nakasato did not sign the report.

Representatives Hirono, Andrews, Hayes, Hiraki and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 71 on S.B. No. 1230

The purpose of this bill is to provide further regulation of the motor vehicle repair industry by:

- 1) Requiring all motor vehicle mechanic apprentices/trainees and motor vehicle helpers to register with the Motor Vehicle Repair Industry Board;

- 2) Requiring all motor vehicle mechanic apprentices/trainees and motor vehicle helpers to be assigned to, and to the be responsibility of, a certified motor vehicle mechanic;
- 3) Requiring that each registered and certified mechanic be assigned no more than five apprentices/trainees or helpers; and
- 4) Allowing a motor vehicle repair dealer thirty days to replace a terminated mechanic who has been assigned mechanic apprentices/trainees or helpers, in order to reassign the apprentices/trainees or helpers.

Your Committee has amended this bill on page 1, line 8-10 by deleting the requirement that motor vehicle mechanic apprentices/trainees and motor vehicle helpers register with the Motor Vehicle Repair Industry Board.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1230, 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. 1230, S.D. 1, H.D. 1, C.D. 1.

Senators Blair, Hagino, Nakasato and Koki.
Managers on the part of the Senate.

Representatives Hirono, Andrews, Hiraki, Amaral and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 72 on H.B. No. 1299

The purpose of this bill is to appropriate funds to support and promote: (1) the Hawaii International Film Festival; (2) the film industry of Hawaii; (3) local motion picture and video productions; and (4) financial incentives to major film production companies to produce films in the State.

However, your Committee is informed that funding levels to meet the purposes of items (1) and (2) mentioned above have been included in the budget. Your Committee was also informed that the third item relating to local motion picture and video productions have been partially funded in the budget, and it is the intent of your Committee to provide complete funding for this endeavor.

Relatedly, the bill has been amended by:

- (1) Deleting all reference to the Hawaii International Film Festival
- (2) Deleting appropriations for the promotion of the film industry in Hawaii
- (3) Deleting appropriations for financial incentives to major film production companies seeking to produce films in the State by defraying their expenses.
- (4) Appropriating a supplementary \$125,000 for FY 1989-1990 for the production of a series of 30-minute educational and informational video productions which promote Hawaii's international role.
- (5) Inserting a new section stating the reasons why and the amount and rate by which the appropriation contained in this bill exceed the state spending limit to comply with constitutional and statutory requirements.
- (6) Other technical nonsubstantive amendments have also been made to the bill for purposes of style and clarity.

This bill expresses your Committee's intent to support our local film and video industries, as well as to support the expansion of our State's international role.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1299, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1299, S.D. 2, C.D. 1.

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

Senator George did not sign the report.

Representatives Tom, Say, Ihara Jr., Isbell, Kotani and Marumoto.
Managers on the part of the House.

Representative Isbell did not sign the report.

Conf. Com. Rep. No. 73 on H.B. No. 1860

The purpose of this bill is to create a special fund to allow the High Technology Development Corporation to operate and manage its revenue-producing projects, including the Kaimuki Technology Enterprise Center, Hawaii Ocean Science and Technology Park, the Manoa Innovative Center, and the Maui Research and Technology Center.

Your Committee has deleted Section 2 of the bill and renumbered Sections 3, 4, and 5 accordingly.

Your Committee has amended Section 3 of this bill to clarify that the board of directors shall appoint a single management advisory committee for each industrial park and project governed by the board.

Your Committee is concerned about expanding the purview of the corporation to include management of film production facilities on an on-going basis. A new Section 5 has been added to allow management of film production facilities for one year, from July 1, 1989 to June 30, 1990. The corporation should develop a strategic and business plan to clearly define its focus before expanding its responsibilities.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1860, 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. 1860, H.D. 1, S.D. 1, C.D. 1.

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

Representatives D. Ige, Souki, Fukunaga, Isbell, Stegmaier and O'Kieffe.
Managers on the part of the House.

Conf. Com. Rep. No. 74 on H.B. No. 913

The purpose of this bill is to replace the \$60 across-the-board level of care payment for residents of adult residential care homes with a graduated schedule of payments according to level of care and facility type.

Your Committee on Conference has agreed to the following rates:

- 1) For Facility Type I
 - a) Level of care I, not less than \$70,
 - b) Level of care II, not less than \$105, and
 - c) Level of care III, not less than \$145; and
- 2) For Facility Type II
 - a) Level of care I, not less than \$124,
 - b) Level of care II, not less than \$105, and
 - c) Level of care III, not less than \$145.

Your Committee has amended the bill to include the following appropriation amounts: \$3,175,389 for fiscal year 1989-90 and \$3,334,158 for fiscal year 1990-91.

Your Committee has also amended the bill by adding a new section stating the reason why and the amount and rate by which the appropriations contained in this bill exceed the state spending limit, to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 913, 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. 913, H.D. 2, S.D. 1, C.D. 1.

Senators Yamasaki, McMurdo and Koki.
Managers on the part of the Senate.

Representatives Arakaki, Souki, Duldulao, Leong, Shon and Liu.
Managers on the part of the House.

Conf. Com. Rep. No. 75 on H.B. No. 64

The purpose of this bill is to establish a special fund to be known as the Long Term Care Service Development Fund, administered by the Executive Office on Aging, to promote the establishment, reorganization, or expansion of businesses and nonprofit corporations offering community-based long term care services. The bill also requests a study on how private sector providers can participate in the provision of these services and provides for training and business plan development.

The bill also appropriates \$1,000,000 of general revenue to be deposited in the Hawaii Capital Loan Program, administered by the Department of Business and Economic Development, to encourage private sector activity in long term health care.

Your Committee on Conference has agreed on appropriations of \$1,000,000 in fiscal 1989-1990 for (1) the Long Term Care Service Development Fund, (2) training and assistance in business plan development, (3) a study to recommend long term care business development methods and perform analysis of the community-based long term care industry and (4) staffing and operating expenses; and \$1,000,000 for the Hawaii Capital Loan Program in fiscal 1989-1990.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 64, 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. 64, H.D. 2, S.D. 2, C.D. 1.

Senators McMurdo, A. Kobayashi, Aki, Levin and George.
Managers on the part of the Senate.

Representatives Ihara Jr., Souki, Chang, Duldulao, Kawakami, Leong and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 76 on H.B. No. 902

The purpose of the bill is to establish the Hawaii Tourism Commission to be responsible for the entire range of the State's tourism-related activities, including:

- (1) Contracting for and coordination and administration of tourism promotion, advertising, and marketing;
- (2) Demographic and other tourism-related research;
- (3) Identification and promotion of job training and educational opportunities in the visitor industry; and
- (4) Analysis of the needs and concerns of the counties with respect to tourism.

Your Committee on Conference has amended the bill to restore the original intent of H.B. 902, requiring the Department of Business and Economic Development to prepare biennial tourism marketing plans that include:

- (1) Identification and evaluation of tourism needs;
- (2) Goals and objectives;
- (3) Statewide promotional efforts and programs;
- (4) Target markets; and
- (5) Measures of effectiveness.

The biennial tourism marketing plan is to be submitted with the executive budget request.

This bill also mandates that the Department:

- (1) Establish procedures to select and evaluate statewide tourism promotion projects for which all statewide tourism promotion contracts, including the Hawaii Visitors Bureau, will be required to follow;
- (2) Develop criteria to assess the benefits and effectiveness of the marketing plan; and
- (3) Submit annual reports to the Legislature.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 902, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 902, S.D. 1, C.D. 1.

Senators Holt, Ikeda and George.
Managers on the part of the Senate.

Representatives Cachola, Hirayama Jr., Tajiri, Tom and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 77 on S.B. No. 370

The purpose of this bill is to establish a condominium management recovery fund and a condominium management education fund.

The condominium management recovery fund would cover condominium association losses that cannot be recovered from the managing agent's fidelity bond, the association's fidelity bond, or the person or persons causing the loss.

The condominium management education fund would be used for educational purposes including financing or promoting education and research in condominium management, condominium registration, and real estate; improvement and more efficient administration of condominium associations; and expeditious and inexpensive procedures for resolving condominium association disputes.

Associations with six or more apartments would pay \$2 for each apartment to the Department of Commerce and Consumer Affairs for calendar year 1990, and thereafter the annual fee would be prescribed by rules. The contributions would be allocated between the two funds on a fifty-fifty basis. In addition, developers would be required to pay \$5 into the condominium management education fund for each apartment in their development.

Your Committee has amended this bill by deleting the condominium management recovery fund and providing that all contributions, investments, and other provisions that previously applied to both funds or to the condominium management education fund shall be applicable solely to the condominium management education fund.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 370, 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. 370, S.D. 2, H.D. 2, C.D. 1.

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

Representatives Hirono, Metcalf, Horita, Hiraki, Kotani, Shon and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 78 on H.B. No. 1156

The purpose of this bill is to appropriate funds to establish a pilot state capitol tours and information services program and to establish an interim committee to determine the scope of this program.

Your Committee finds that the sergeant-at-arms office of the house of representatives currently conducts tours of, and provides information on, the state capitol. However, as the number of visitors to our State increases, the demand for these tours and information will also increase, thus exceeding the resources of the sergeant-at-arms office. To continue to provide the visitors of the State, and residents alike, with these tours and information it is necessary that these services be expanded.

Your Committee has amended this bill by inserting a new section stating the reasons why and the amount and rate by which the appropriation contained in this bill exceeds the state spending limit to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1156, 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. 1156, H.D. 2, S.D. 1, C.D. 1.

Senators Tungpalan, A. Kobayashi, Fernandes Salling, Hagino and Reed.
Managers on the part of the Senate.

Senator Fernandes Salling did not sign the report.

Representatives Fukunaga, Kanoho, Apo, Chang, Kotani and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 79 on H.B. No. 604

The purpose of this bill is to provide an additional rate of payment for persons receiving medical assistance to institutional providers of medical care. This additional rate is necessary due to the shortfall between Medicare and Medicaid payments, which are limited by the federal government, and the cost of services rendered by the medical institutions.

Your Committee on Conference has agreed on an appropriation of \$3,000,000 for fiscal year 1989-90, and has further amended the bill by adding language requiring a fiscal audit by the Legislative Auditor and requiring the cooperation of the institutional providers in order to analyze the need for such funds and make recommendations on what providers can do to reduce costs, supporting legislation and what additional rate, if any, should be established.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 604, 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. 604, H.D. 2, S.D. 2, C.D. 1.

Senators Yamasaki, McMurdo and Koki.
Managers on the part of the Senate.

Representatives Arakaki, Souki, Ihara Jr., Kawakami, Leong, Shon and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 80 on S.B. No. 1187

The purpose of this bill, as received, is to amend the liquor tax statute by deleting the sunset provision of Act 344, Session Laws of Hawaii 1986, and by repealing section 244D-4.5, Hawaii Revised Statutes, the liquor tax rate adjustment formula that is commonly referred to as the "escalator" provision.

Your Committee has amended this bill to retain the liquor tax rate adjustment formula of the liquor tax statute (the "escalator" provision) in section 244D-4.5, Hawaii Revised Statutes. Your Committee has deleted the language of section 244D-4.5(a), Hawaii Revised Statutes, because that subsection refers to time periods that are no longer applicable. The provisions of subsection (b) are designated subsection (a).

Your Committee has added a new subsection (b) to section 244D-4.5, Hawaii Revised Statutes, that sets forth a time period of approximately two years, from the effective date of this Act through June 30, 1991, during which the continued operation of the liquor tax rate adjustment formula and the authority of the department of taxation to administer liquor rate adjustments under section 244D-4.5, Hawaii Revised Statutes, shall be suspended. During this suspension period and until the liquor tax rates are adjusted on July 1, 1992, the liquor tax rates in effect on the date this Act is adopted shall continue to be imposed on liquor. This bill also provides that, notwithstanding the adoption of the suspension period, any liquor tax return reporting requirements set forth in section 244D-6, Hawaii Revised Statutes, are not affected.

Your Committee recommends that the current Tax Review Commission study the present situation regarding the taxation of liquor in this State and that the Commission focus its particular attention on the role of the "escalator" provision. Your Committee also encourages the department of taxation and members of the liquor industry to use the time period during which use of the liquor tax rate adjustment formula is temporarily suspended to review their respective positions on the use of the "escalator" provision.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1187, 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. 1187, S.D. 1, H.D. 1, C.D. 1.

Senators Yamasaki, Fernandes Salling, Hagino, Ikeda, A. Kobayashi, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki.
Managers on the part of the Senate.

Representatives Hirono, Souki, Hiraki, Oshiro, Cachola, Say and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 81 on S.B. No. 1787

The purpose of this bill is to:

- (1) Establish an Archaeological Site Fund (Fund) to be administered by the Department of Land and Natural Resources (DLNR);
- (2) Establish a seven member Commission on Native Hawaiian Burial Sites to advise the DLNR on matters relating to burials and reinterment;
- (3) Prohibit any person who violates the statutory provisions on burial sites from participating in the construction of any State project for ten years; and
- (4) Appropriate \$50,000 to the Fund and \$100,000 to carry out the other purposes of this measure.

The bill, as received by your Committee, establishes a process to ensure the proper treatment and protection of native Hawaiian burial sites of major significance.

Your Committee on Conference has amended the bill to augment current procedures relating to the proper care and protection of all burial sites and human skeletal remains, regardless of ethnic background, which are of historic and cultural interest found in the State. Your Committee also provided a procedure for addressing sites of major historical or cultural significance such as Honokahua on Maui and Mokapu on Oahu, in order to avoid future disputes arising from the discovery of human skeletal remains.

It is your Committee's intention to clearly state that the bill recognizes that the State Constitution, under Article IX, Section 7, already permits the conservation of such sites by the reasonable regulation of private property and that this bill is meant to strengthen and clarify the procedures and penalties relating to the discovery of burial sites of major historical or cultural significance.

Your Committee amended the bill further to allow the Commission to formulate and recommend to the DLNR several measures to mitigate the effects of preserving the site.

Section 5 has been amended to forbid any activity on a burial site of historic or cultural significance except as permitted by the DLNR.

Your Committee has also amended the bill by deleting Sections 3, 4, and 11 which refer to an appropriation for the Archaeological Site Fund.

Your Committee finds it incumbent to state that the responsibility of determining the criteria of what is to be considered a burial site of major historical or cultural significance, should rest with the Advisory Commission with the information it receives through the process of public hearings.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1787, 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. 1787, S.D. 2, H.D. 2, C.D. 1.

Senators Yamasaki, Tungpalan, Fernandes Salling, Solomon and George.
Managers on the part of the Senate.

Representatives Hagino, Fukunaga, D. Ige, Isbell, Lee and O'Kieffe.

Managers on the part of the House.

Conf. Com. Rep. No. 82 on H.B. No. 30

The purpose of this bill is to establish a Hawaii historic preservation special fund to enhance and preserve elements of Hawaii's historic past.

Your Committee finds that a number of historic resources in the State are in need of maintenance and renovations. The establishment of this special fund will provide the ongoing support needed to preserve, restore, and maintain our historic heritage.

Your Committee has amended this bill by adding a new section stating the reasons why and the amount and rate by which the appropriation contained in this bill exceeds the state spending limit to comply with the constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 30, 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. 30, H.D. 2, S.D. 1, C.D. 1.

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

Representatives Hagino, Souki, Fukunaga, Isbell, Stegmaier and O'Kieffe.
Managers on the part of the House.

Conf. Com. Rep. No. 83 on H.B. No. 32

The purpose of this bill is to establish a Division of Historic Preservation within the Department of Land and Natural Resources and to provide funds and personnel necessary to carry out this reorganization.

Your committee finds that the elevation of the Historic Preservation program to a departmental division will facilitate a more aggressive posture on the part of the program in carrying out its immense responsibilities of protecting Hawaii's archaeological, religious, and cultural treasures.

Your Committee has amended this bill by adding a new section stating the reasons why and the amount and rate by which the appropriation contained in this bill exceeds the state spending limit to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 32, 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. 32, H.D. 2, S.D. 1, C.D. 1.

Senators Tungpalan, A. Kobayashi, Fernandes Salling, Hagino and Reed.
Managers on the part of the Senate.

Representatives Hagino, Fukunaga, Isbell, Lee and O'Kieffe.
Managers on the part of the House.

Conf. Com. Rep. No. 84 on S.B. No. 1825

The purpose of this bill is to increase the amount of disaster relief assistance funding available.

Specifically this bill:

- (1) Increases the amount the governor may spend for immediate disaster relief for a single major disaster from \$750,000 to \$1,000,000;
- (2) Provides that an additional \$1,000,000 will be available for the sole purpose of matching available federal disaster relief funds upon a presidential disaster declaration; and
- (3) Appropriates \$1,500,000 for the fiscal biennium.

Currently, the spending limit imposed by section 127-11, Hawaii Revised Statutes, is insufficient to provide adequate relief in the face of a major disaster. Under this bill the State will be much better able to take full advantage of federal funds made available for disaster relief.

Your Committee has amended this bill by making nonsubstantive technical changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1825, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1825, H.D. 1, C.D. 1.

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

Representatives Metcalf, Isbell, Baker, Bellinger, Oshiro and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 85 on H.B. No. 62

The purpose of this bill is to extend medicaid eligibility for pregnant women and infants under the age of one by increasing the income standard to one hundred eighty-five per cent of the federal poverty level, and for children under the age of six living in families with incomes below the federal poverty level, and older children to the extent permitted under optional federal medicaid rules.

Your Committee on Conference has met and agreed on appropriation levels of \$419,832 for fiscal year 1989-1990 and \$892,110 for fiscal year 1990-1991. Your Committee also amended the bill to expand medicaid eligibility to children under the age of four, rather than the age of six.

A new section stating the reason why and the amount and rate by which the appropriations contained in this bill exceed the state spending limit has been added to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 62, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 62, H.D. 2, S.D. 2, C.D. 1.

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

Representatives Arakaki, Souki, Ihara Jr., M. Ige, Shon and Liu.
Managers on the part of the House.

Conf. Com. Rep. No. 86 on H.B. No. 362

The purpose of this bill is the expand the eligibility criteria for comprehensive home services by amending the definition of "non-Medicaid recipient" to include those whose income is at least one hundred per cent and not more than three hundred per cent of the current medical assistance limit, and whose personal reserves are not more than four hundred per cent of the limit for personal reserve retention. This bill also raises the assistance allowance from sixty to sixty-five per cent of the standard of need.

Your Committee has amended this bill to change the assistance allowance from sixty-five per cent to sixty-two and one-half per cent of the standard of need.

Your Committee on Conference has met and agreed on new appropriation levels of \$1,695,232 for fiscal year 1989-90 and \$1,989,999 for fiscal year 1990-91.

A new section stating the reason why and the amount and rate by which the appropriations contained in this bill exceed the state spending limit has been added to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 362, 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. 362, H.D. 2, S.D. 1, C.D. 1.

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

Representatives Arakaki, Souki, M. Ige, Ihara Jr., Leong and Liu.
Managers on the part of the House.

Conf. Com. Rep. No. 87 on S.B. No. 1551

The purpose of this bill is to provide that any employee of the State or a county, who has had prior military service for which the member is not eligible to receive a military pension, the option to purchase membership service credit in the employees' retirement system. More specifically, the bill will:

- (1) Allow an employee to purchase two years membership service credit in the employees' retirement system after the employee has worked for the State or county for eight years;
- (2) Allow an employee to purchase up to three years membership service credit in the employees' retirement system after the employee has worked for the State or county for twenty years; and
- (3) Allow an employee to purchase up to four years membership service credit in the employees' retirement system after the employee has worked for the State or county for twenty-five years.

This bill provides noncontributory members of the employees' retirement system the same opportunity as contributory members for the acquisition of military service credit.

Your Committee has amended this bill to exclude service in the reserves or National Guard unless that service was in time of war or declared emergency. The amendment also provides for forfeiture and loss of benefits for such military service for any violation of this section.

Your Committee has also amended Section 3 to delete the phrase "and shall be effective to the extent permissible under applicable federal laws and regulations."

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1551, 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. 1551, S.D. 2, H.D. 2, C.D. 1.

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

Representatives Takamine, Metcalf, Souki, Horita, Tajiri, Taniguchi and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 88 on S.B. No. 950

The purpose of this bill is to limit the compensation of a part-time member of the Hawaii paroling authority to eighty per cent of the total regular working hours in a month. The bill also specifies that part-time members are not entitled to vacation, sick leave, or other benefits except as provided in section 353-63, Hawaii Revised Statutes.

Your Committee has amended the bill to add a section declaring that the appropriations contained in the bill will cause the state general fund expenditure ceiling for fiscal year 1989-1990 to be exceeded by \$186,126, or 0.0079 per cent and that such expenditure is necessary to serve the public interest.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 950, 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. 950, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Arakaki, M. Ige, Amaral, Leong, Metcalf and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 89 on S.B. No. 70

The purpose of this bill is to increase the rate of compensation paid to attorneys and physicians who volunteer to serve on medical claim conciliation panels from \$100 to \$300 per claim handled.

Under this bill attorneys and physicians will be better compensated for the many hours of their time spent away from their professional practices thereby helping to reduce the financial loss incurred by their serving on the panels. Although \$300 is far from adequate compensation for their time and service, it is a welcome increase from the \$100 per claim presently allotted. Also, the increase in the rate of compensation provided under this bill should increase the number of physicians and attorneys who might be willing to serve on the medical claims conciliation panels.

Your Committee has amended this bill by making technical nonsubstantive changes for purposes of style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 70, 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. 70, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Metcalf, Leong, Cachola, Duldulao, Hagino and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 90 on H.B. No. 845

The purpose of this bill is to provide a multiagency, multidisciplinary program of health and social services at an early intervention stage to infants and toddlers with special needs and to establish a statewide system for early identification of, and intervention with, all at-risk infants to prevent child abuse neglect. The bill also provides for appropriations to establish a statewide program for the prevention of child abuse for at-risk infants.

Your Committee on Conference has amended the bill by deleting part II to eliminate appropriations which have already been included in the budget for the Zero to Three Program and the Healthy Start Program.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 845, 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. 845, H.D. 2, S.D. 2, C.D. 1.

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

Representatives Arakaki, Shon, Souki, Fukunaga, Ihara Jr., Tam and Liu.
Managers on the part of the House.

Conf. Com. Rep. No. 91 on S.B. No. 1250

The purpose of this bill is to fund the community-based Hawaiian Health Coalition, as defined in the federal Native Hawaiian Health Care Act of 1988.

Your Committee finds that these funds are necessary to commence planning for the coalition to qualify for the federal matching funds that will be available in the next fiscal year.

This bill also states the reasons, the amount, and the rate by which the appropriation contained in this bill exceeds the state spending limit to comply with constitutional and statutory requirements.

Your Committee has amended this bill to designate the "office of Hawaiian health" in the department of health in Section 4 of the bill as the expending agency.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1250, 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. 1250, S.D. 1, H.D. 1, C.D. 1.

Senators Yamasaki, Levin, Fernandes Salling, Solomon and Reed.
Managers on the part of the Senate.

Representatives Shon, Kanoho, Amaral, Isbell, Leong and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 92 on S.B. No. 195

The purpose of this bill is to establish, within the department of health for administrative purposes, an architectural access committee to ensure equal access to public buildings for persons with disabilities. This bill also requires that state and county buildings and facilities conform to the Uniform Federal Accessibility Standards established under 41 C.F.R., Subpart 101-19.6, Appendix A. The architectural access committee shall have the authority to vary specific requirements to allow for variances from the federal standards.

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

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 195, 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. 195, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Shon, Metcalf, Leong, Hayes, Duldulao and Liu.
Managers on the part of the House.

Conf. Com. Rep. No. 93 on S.B. No. 2004

The purpose of this bill is to provide supplemental grants of \$25,000 to awardees of Phase I grants from the Small Business Innovation Research (SBIR) program of the federal government.

The supplemental state grants envisioned would provide Hawaii-based businesses an incentive to pursue other SBIR awards that would, in turn, expand the amount of innovation and research in the State.

Your Committee upon further consideration has made the following amendments to S.B. No. 2004, S.D. 1, H.D. 2:

- (1) Stating that the appropriations contained in this bill exceed the state spending limit by \$250,000, or 0.011 per cent.
- (2) Raising the appropriation for the high technology research and development fund to \$250,000.

In addition, your Committee has made technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2004, 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. 2004, S.D. 1, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 94 on S.B. No. 653

The purpose of this bill is to increase the rate of compensation provided to Board of Education members from \$50 per day to \$100 per day. Your Committee finds that this rate of compensation has not been changed in twenty-two years. During this period inflation and the increased cost of living have eroded the value of this compensation, and the responsibilities of the members have increased significantly. Your Committee finds that this new rate is equitable.

Your Committee has amended this bill by:

- (1) Appropriating \$60,000 for fiscal year 1989-1990;

- (2) Adding a new section to reflect the fact that the appropriation will cause the state general fund expenditure ceiling for fiscal year 1989-1990 to be exceeded by 0.0026 per cent; and
- (3) Renumbering the remaining sections.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 653, 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. 653, S.D. 2, H.D. 2, C.D. 1.

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

Representatives Tam, Kotani, Chang, D. Ige, Hirayama Jr. and O'Kieffe.
Managers on the part of the House.

Conf. Com. Rep. No. 95 on H.B. No. 1825

The purpose of this bill is to provide an investment yield rate for actuarial valuations for the fiscal years ending June 30, 1989 and 1990.

Your Committee finds that actuarial valuations are prepared annually to determine the employer contributions required to fund the retirement system. With the exception of the investment yield rate, certain noneconomic and economic assumptions recommended by the system's actuary are utilized by the board of trustees to determine the employer's annual contribution to the retirement system. Since the statutory investment yield rate expired on June 30, 1988, it is necessary to establish an investment yield rate for fiscal years 1989-1990.

Upon further consideration, your Committee has amended the bill by continuing the investment yield of eight per cent for actuarial valuations for the fiscal years ending June 30, 1989 and 1990.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1825, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1825, S.D. 1, C.D. 1.

Senators Yamasaki, A. Kobayashi, Fernandes Salling, Hagino, Ikeda, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki.
Managers on the part of the Senate.

Representatives Fukunaga, Kawakami, Kotani, Tajiri and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 96 on S.B. No. 1165

The purpose of this bill is to prohibit the operation of thrill craft and parasailing from areas designated by the Department of Transportation during periods when endangered or threatened species of marine life may be adversely affected by the operation of thrill craft and parasailing.

Data presented to your Committee suggests that certain endangered marine species such as the humpback whale and green sea turtle may be threatened by current thrill craft and parasailing operations. In addition, it has also been suggested that the operation of thrill craft and parasailing may be harmful to other marine life and the ocean ecosystem. Your Committee has learned that this potential problem has prompted the National Marine Fisheries Service to request a number of rule amendments to the State Ocean Recreation Management Plan in order to ensure the continued protection of the humpback whale. Your Committee also finds that because areas such as Kaneohe and Maunalua Bays are heavily utilized by the public, it has been proposed that all commercial ocean recreation activities be banned on weekends and holidays.

Your Committee also finds that baseline data in the form of a statewide inventory and assessment of the State's near shore waters should also be given serious consideration by the Department for inclusion in the Ocean Recreation Management Plan. By necessity, such an assessment will include data which accurately describes the individual environmental, ecological, and archaeological features of different ocean areas. With this information, decisions regarding the recreational uses of certain ocean areas can be made in light of objective scientific research and analysis.

Your Committee has substantially amended this bill to authorize the Department to incorporate into its rules time periods during which thrill craft and parasailing activities may operate within the designated areas. This amendment greatly expands the management options available to the Department. First of all, it allows the Department to address the recommendations of the National Marine Fisheries Service by suspending thrill craft and parasailing activities during "whale season" and at times when such activity would adversely impact the green sea turtle and other threatened and endangered marine life. Secondly, this amendment allows the Department to initiate the suspension of thrill craft and parasailing activities during periods such as weekends and holidays when areas such as Kaneohe and Maunalua Bays are heavily utilized by others, thereby improving overall public safety and minimizing conflicting uses. And thirdly, this amendment also allows the Department more flexibility when responding to other types of environmental complaints such as excessive noise being generated by these activities. Based on this amendment, the Department would be able to restrict such activities to certain hours of the day when neighboring residents would be less likely to be irritated by such noise.

Your Committee has further amended this bill by imposing a one-year moratorium retroactive to January 1, 1989, on the issuance of any new certificate of number for any thrill craft for commercial use or vessel used for parasailing. Your Committee believes that the moratorium on new commercial activities will allow the Department needed time to re-evaluate its rules on thrill craft and parasailing activities by considering: the maximum desirable number of permits to issue; further research findings on the impact of these activities on marine life and other aspects of the environment; and

ways to better schedule activities in order to minimize conflicts. The moratorium will also allow the Department additional time to hire, train, and equip more enforcement officers and to evaluate alternative ways to allocate its manpower resources in the most efficient manner.

The bill has also been amended to statutorily prohibit the transfer of any commercial use and operator permits issued by the Department for commercial thrill craft and parasailing activities from one commercial enterprise to another.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1165, 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. 1165, S.D. 1, H.D. 1, C.D. 1.

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

Senator George did not sign the report.

Representatives Bunda, Oshiro, Baker, Hiraki, Kanoho and O'Kieffe.
Managers on the part of the House.

Conf. Com. Rep. No. 97 on H.B. No. 80

The purpose of this bill is to appropriate funds totaling \$250,000 for the 1989-1991 biennium to the University of Hawaii for expansion of visitor industry training and educational programs in expanding resort areas on all islands.

Your Committee has amended Section 1, page 2 and Section 5, page 3 of this bill to make the Department of Labor and Industrial Relations the expending agency for this money. Your Committee feels that this innovative new program may receive more attention from the Department of Labor and Industrial Relations than it would as one small part of the many large initiatives within the University of Hawaii. In addition, your Committee has added a new section requiring the Department of Budget and Finance to evaluate the visitor industry education and training program and report to the Legislature at least twenty days prior to the ending of the 1990 Regular Session. A new section stating the reasons why and the amount and rate by which the appropriations contained in this bill exceed the state spending limit has also been added to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 80, H.D. 1, S.D. 1, as amended herein, and recommend its adoption in the form attached hereto as H.B. No. 80, H.D. 1, S.D. 1, C.D. 1.

Senators Holt, Ikeda, A. Kobayashi, McCartney and George.
Managers on the part of the Senate.

Senator George did not sign the report.

Representatives Cachola, Souki, Baker, Kotani, Yoshimura and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 98 on H.B. No. 239

The purpose of this bill, as received, is to amend Section 514A-82.1, Hawaii Revised Statutes, to clarify that the board of directors or manager of a condominium property regime may conduct a criminal history record check on applicants for employment as security guard, manager, or similar positions, directly through the Hawaii Criminal Justice Data Center.

The bill also requires an applicant to provide the Hawaii Criminal Justice Data Center with personal identifying information for the sole purpose of conducting an authorized criminal history record check.

Upon further consideration, your Committee has amended this measure to provide the same security measures for prospective employees for similar positions in cooperative housing corporations. Instead of amending Section 514A-82.1, Chapter 846 has been amended by adding a new section that encompasses background checks on both employees of condominiums and cooperative housing corporations.

Your Committee finds that this amendment would promote greater uniformity and internal consistency in the statutory provisions pertaining to criminal history record checks through the Hawaii Criminal Justice Data Center.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 239, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 239, S.D. 1, C.D. 1.

Senators Blair, Nakasato, Tungpalan and Koki.
Managers on the part of the Senate.

Representatives Metcalf, Amaral, Hiraki, Hirono and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 99 on S.B. No. 819

The purpose of this bill is to prohibit labeling or other representation of an item, product, souvenir, or other merchandise as "made in Hawaii" which has not been manufactured, assembled, fabricated, or produced in the State and which has not had at least fifty-one percent of its wholesale value added because of its Hawaiian genesis.

The bill further prohibits application of the term "island fresh" or any similar term to processed milk or milk products or raw agricultural commodities implying that the product comes from the State unless the processed milk or milk product has been at least ninety percent produced in Hawaii or the raw agricultural commodity has been one hundred percent produced in Hawaii. In addition, it would be unlawful to sell or offer for sale any fluid milk for human consumption which has been at least ninety percent produced in Hawaii without so notifying the consumer by means of a label printed in bold type and affixed to a conspicuous area of the carton or container stating the product is "island fresh" or using a similar term.

Your Committee, upon further consideration, has determined that this bill should focus on milk and milk products only. Therefore, your Committee has amended this bill by deleting all references to and the definition of "raw agricultural commodity." Your Committee has further amended this bill by clarifying the definitions of "consumer," "cartons" or "containers," and "milk and milk products," and by making some nonsubstantive language and technical changes for the purpose of clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 819, 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. 819, S.D. 1, H.D. 1, C.D. 1.

Senators Blair, Ikeda, Tungpalan and George.
Managers on the part of the Senate.

Senator George did not sign the report.

Representatives Hirono, Amaral, Bellinger, Hiraki and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 100 on H.B. No. 924

The purpose of this bill is to provide lump sum payments to those former charter members of the Excluded Managerial Compensation Plan (EMCP) who retired, left state or county employment for other jobs, or transferred to positions covered by different pay plans, and did not receive back pay under Act 400, Session Laws of Hawaii 1988.

Your Committee has agreed to adopt an amended version of H.B. No. 924, H.D. 2. For purposes of style and clarity, H.B. No. 924, H.D. 2, has been amended by amending Section 2 to refer to "lump sum payments and adjustments" instead of "lump sum payments." In addition, your Committee has provided the reasons why and the amount and rate by which the appropriations contained in this bill exceed the state spending limit.

Your Committee finds that this bill will address the inequity to those excluded managerial employees by authorizing the state and counties to provide back pay for former charter members of the EMCP.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 924, 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. 924, H.D. 2, S.D. 1, C.D. 1.

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

Representatives Takamine, Souki, Baker, Horita, Kotani, Yoshimura and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 101 on H.B. No. 1358

The purpose of this bill is to authorize the Board of Trustees of the Hawaii Public Employees Health Fund to provide and administer a long-term care insurance plan for employee-beneficiaries of the health fund and their spouses.

Your Committee finds that the financing of long-term care is the most critical issue facing Hawaii's elderly in this decade and agrees that it would be appropriate for the health fund to provide its employee-beneficiaries and their spouses the opportunity to participate in a long-term care insurance benefits plan as long as they assume responsibility for the cost of the benefits plan.

In order to insure the financial integrity of the plan, your committee finds it prudent for the Board of Trustees of the Hawaii Public Employees Health Fund to address the concern of applicants being in good health at the time of enrollment in its rules and regulations.

Your Committee has agreed to adopt the original version of H.B. No. 1358 with an amendment to omit "and parents" from Section 87-3(7)(D). Other technical, non-substantive amendments have been made for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1358, 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. 1358, H.D. 2, S.D. 2, C.D. 1.

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

Senator Koki did not sign the report.

Representatives Takamine, Fukunaga, Horita, M. Ige, Ihara Jr., Taniguchi and Anderson.
Managers on the part of the House.

Representatives Taniguchi and Anderson did not sign the report.

Conf. Com. Rep. No. 102 on H.B. No. 1362

The purpose of this bill is to allow public employers to provide government records necessary for exclusive bargaining unit representatives to perform their functions.

Your Committee has amended this bill to make 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. 1362, 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. 1362, H.D. 2, S.D. 1, C.D. 1.

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

Representatives Takamine, Metcalf, Hagino, Hirayama Jr., Horita, Taniguchi and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 103 on S.B. No. 417

The purpose of this bill is to require proper disclosure of lease terms and conditions upon the sale of residential leasehold property and to provide for mandatory arbitration of lease rent renegotiation.

The bill would also require a seller of leasehold residential property to provide to the buyer a copy of the original lease document, a standardized summary of the major provisions of the lease, and a standardized glossary of commonly used lease terms for the buyer's review and acceptance.

Last year, interested parties gathered in a forum to discuss leasehold issues. As a result of that forum, a consensus was reached as to the importance and need for the disclosure of leasehold information during the sale of a property. This bill addresses that concern to better serve the needs of both buyer and seller.

Your Committee has amended the bill by:

- 1) Extending the time period in which the seller is to provide a copy of the lease to the buyer from five to ten days, and specifying that such period shall begin upon acceptance of a contract;
- 2) Requiring a "copy of the original recorded lease" rather than a "recorded copy of the original lease";
- 3) Allowing a buyer to "reject," as well as "review and accept" the terms of a lease;
- 4) Clarifying that lease documents required under this bill only refer to the original recorded lease and related amendments;
- 5) Allowing the seller and buyer to mutually change the time period provided for the production and review of lease documents;
- 6) Allowing a buyer to cancel a contract within five days of acknowledged receipt of the lease documents, instead of within five days of signing the receipt or contract;
- 7) Changing the effective date from January 1, 1990 to July 1, 1990; and
- 8) Making nonsubstantive changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 417, 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. 417, S.D. 1, H.D. 1, C.D. 1.

Senators Crozier, Solomon and Reed.
Managers on the part of the Senate.

Representatives Hirono, Bellinger, Hiraki, Shon and Cavasso.
Managers on the part of the House.

Representative Cavasso did not sign the report.

Conf. Com. Rep. No. 104 on H.B. No. 1850

The purpose of this bill is to allow the Director of Health to make grants, loans, or a combination of both grants and loans, to state and county agencies for the construction of water treatment projects and to appropriate funds for the Water Pollution Control Revolving Fund (hereafter referred to as the "Fund").

Your Committee finds that based on a recent survey, approximately \$1.4 billion in expenditures on wastewater treatment works will be necessary over the next twenty years to protect our coastal and underground waters.

The total capitalization grants of \$63 million, which the State expects to receive until 1994, are not adequate to finance the wastewater treatment facilities in the State. This bill provides the mechanism whereby the State will be able to provide the necessary funds, grants, and loans to construct necessary wastewater treatment facilities.

Your Committee has made the following amendments:

- (1) Inserted a new paragraph (9) to subsection (c) of Section 342-34, Hawaii Revised Statutes, which provides that the Director of Health may utilize moneys from the Fund to finance administrative costs, including monitoring and enforcement, of a nonpoint source pollution control program; provided that the Director of Health shall not utilize more than \$50,000 during fiscal year 1989-1990;
- (2) Inserted a new paragraph (10) to subsection (c) of Section 342-34, Hawaii Revised Statutes, which requires the Director of Health to annually report to the Legislature on all of the grants made from the Fund during the last completed fiscal year, and during the first three months of the fiscal year in progress. The report will include:
 - (A) The name of the recipient;
 - (B) The effective date of the grant;
 - (C) The amount provided; and
 - (D) The intended or actual use of the funds;
- (3) Inserted a new subsection (d) to Section 342-34, Hawaii Revised Statutes, providing that nothing in that section shall be construed to restrict the Director of Health's authority to make grants or loans, or both, to treatment projects granted waivers under Section 301(h) of the Federal Water Pollution Control Act;
- (4) Added a new Section 3 stating the reasons why, and the amount and rate by which the appropriation contained in this bill exceeds the state spending limit; and
- (5) Made other 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. 1850, 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. 1850, H.D. 2, S.D. 1, C.D. 1.

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

Representatives Andrews, Souki, Bunda, Hiraki, Kanoho, Say and Hemmings.
Managers on the part of the House.

Representative Hemmings did not sign the report.

Conf. Com. Rep. No. 105 on H.B. No. 1842

The purpose of this bill is to allow the Department of Transportation to use its special fund moneys which are determined to be in excess of requirements for other important public purposes, so long as such use is not inconsistent with applicable federal law and regulations, and agreements with airlines and others. Your Committee believes that such use of excess public funds is prudent and is in the public interest.

While it concurs with the purpose and intent of this bill, your Committee notes that the Federal Aviation Administration has issued an opinion expressing concern over the proposed use of excess moneys derived from the sale of in-bond merchandise at outlets outside of airport properties. Your Committee has been advised that the State is pursuing discussions on this matter with the Secretary of Transportation. In a letter received April 19, 1989, Secretary of Transportation Samuel K. Skinner informed the Honorable Senator Daniel K. Inouye as follows:

"Given the time constraint and the assurances in the legislation, I look forward to working with you in resolving this issue expeditiously. I recognize that the state legislature must act to preserve its options.... I am confident that good faith discussions between my department and the State of Hawaii can lead to an acceptable accommodation."

In order to allow for further discussions on this matter, your Committee has amended this bill to:

1. Clarify the necessity and desirability of providing a mechanism to permit the transfer of excess moneys from special funds under the control of the department of transportation to other special funds under the control of the department of transportation or to the general fund of the State;
2. Establish a "Transportation Use Special Fund" for deposit of "excess funds" transferred from the airport revenue fund to be held in escrow but only to the extent that such transfers are permitted and are in compliance with applicable federal law and airport grant agreements;

3. Specify that no moneys transferred into the "Transportation Use Special Fund" may be appropriated, applied, or expended before July 1, 1990;
4. Specify that only such moneys as are determined to be in excess of one hundred fifty percent of the ensuing twelve months' requirements of the airport revenue fund may be transferred to the "Transportation Use Special Fund";
5. Specify that only moneys identified as off-airport revenues may be eligible for transfer to the "Transportation Use Special Fund";
6. Authorize the Director of Transportation to transfer from the state highway fund all or any portion of available moneys determined by the director to be in excess of one hundred fifty per cent of the requirements for the ensuing twelve months for the state highway fund as permitted by and in accordance with section 37-53; and
7. Provide the director of transportation with greater flexibility in the application of airport revenue funds.

Your Committee has also made technical, nonsubstantive amendments to the bill for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1842, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1842, S.D. 2, C.D. 1.

Senators Yamasaki, Fernandes Salling, Ikeda, McCartney and Koki.
Managers on the part of the Senate.

Representatives Oshiro, Souki, Baker, Fukunaga, Kotani, Tajiri and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 106 on H.B. No. 1853

The purpose of this bill is to adjust the mechanism by which rates for related shortage category classes are determined, and to provide retention adjustments for senior workers in shortage categories.

Your Committee has amended this bill by appropriating the sums of \$1,473,513, general funds, \$205,116, special funds, and \$184,518, federal funds.

Your Committee has further amended this bill by inserting a new section stating the reasons why and the amount and rate by which the appropriations contained in this bill exceed the State spending limit. Other amendments to this bill have been made for the purpose of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1853, 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. 1853, H.D. 1, S.D. 1, C.D. 1.

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

Representatives Takamine, Horita, Baker, Kotani and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 107 on S.B. No. 1975

The purposes of this bill are to (1) include narcotics enforcement investigators of the department of the attorney general in the same retirement class as firefighters, police officers, corrections officers, and investigators of the prosecuting attorney and the department of the attorney general, and (2) clarify that investigators of the prosecuting attorney and the department of the attorney general receive the same retirement allowance as firefighters, police officers, and corrections officers.

Your Committee has amended the bill as follows:

- (1) The definition of "narcotics enforcement investigators" has been clarified to mean to officers with police powers as defined by chapter 329, Hawaii Revised Statutes;
- (2) Sections 5 and 6 have been amended to include investigators of the department of the attorney general; and
- (3) Section 6 has been amended to make the filing of the statement by July 1, 1990 mandatory.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1975, S.D. 1, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1975, S.D. 1, H.D. 3, C.D. 1.

Senators Nakasato, A. Kobayashi, Hagino, Menor and Koki.
Managers on the part of the Senate.

Representatives Takamine, Metcalf, Souki, Baker, Horita, Okamura and Marumoto.

Managers on the part of the House.

Conf. Com. Rep. No. 108 on S.B. No. 1321

The purpose of this bill is to require the office of state planning to develop a statewide plan to control violent behavior, which shall include coverage of victims of abuse, abusers, and elderly victims. The office shall review and draft legislation, research and develop programs to prevent abuse, provide technical assistance for a coordinated plan to control violent behavior, and assist county police departments by developing and providing resources to deal with abuse.

Your Committee finds that violent behavior is a serious problem in our society, and that the current fragmented approach to solving it can be improved by using the coordinated and unified plan and programs established in this bill.

Your Committee has amended this bill by changing the appropriation from \$150,000 for the fiscal biennium 1989-1991 to \$100,000 for fiscal year 1989-90. Your Committee also amended the section concerning the state general fund expenditure ceiling to reflect the change in the appropriation amount, and the fact that this appropriation will cause the expenditure ceiling to be exceeded by 0.0043 per cent, rather than 0.0064 per cent.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1321, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1321, H.D. 2, C.D. 1.

Senators A. Kobayashi, Holt, Menor, Tungpalan and George.
Managers on the part of the Senate.

Representatives Arakaki, Fukunaga, Amaral, Duldulao, Hayes, M. Ige, Kawakami and Cavasso.
Managers on the part of the House.

Conf. Com. Rep. No. 109 on S.B. No. 1565

The purpose of this bill is to create a unit within the adult probation division of the circuit court for the supervision, monitoring, assessment, and treatment of intra-family sex offenders so that these services will be available as an alternative sentence or as a condition of sentencing where appropriate.

Your Committee finds that intra-family sexual assault against children is a crime that has a traumatic and devastating effect on the family and that, in certain cases, treatment and counseling for the offender may be an appropriate alternative sentence or condition of sentencing to help rehabilitate the offender and maintain the family unit.

Your Committee upon further consideration has made the following amendments to S.B. No. 1565, S.D. 2, H.D. 2:

- (1) Changed, in Section 2 at page one, line 18, the dollar amount from \$2 to \$200,000 and the per cent figure from 0.00 to 0.0085; and
- (2) Changed the appropriation amount from \$2 to \$200,000.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1565, 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. 1565, S.D. 2, H.D. 2, C.D. 1.

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

Representatives Metcalf, Leong, Andrews, Bellinger, M. Ige and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 110 on S.B. No. 678

The purpose of this bill is to require each operator of a transient accommodation, as a condition precedent to the business of furnishing transient accommodations, to register with the department of taxation and pay a one-time \$20 registration fee for each transient accommodation registered.

The bill requires any person registering or holding a certificate of registration under chapter 237D, Hawaii Revised Statutes, before January 1, 1990, to pay a one-time registration renewal fee of \$20 on or before January 31, 1990.

The registration will be effective until canceled in writing and application for reissuance of a previously canceled registration identification number after December 31, 1989, will be considered a new registration application and will be subject to the payment of the one-time registration fee of \$20.

Currently, transient accommodations operators are required to register and obtain a certificate of registration, including the payment of a \$1 fee on an annual basis. Your Committee finds that this bill alleviates the administrative burden placed on both the department of taxation and taxpayers by eliminating the need for the department to issue annual renewal notices and facilitating the tracking of computerized registration information.

Your Committee upon further consideration has amended the one-time payment amount by changing the fee schedule to \$5 for each registration of transient accommodations consisting of one to five units, and \$15 for transient accommodations

consisting of six or more units. Your Committee has further amended the bill to require that acquisition of additional units after payment of the one-time fee not result in additional fees.

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

Senators Holt, Ikeda and George.
Managers on the part of the Senate.

Representatives Cachola, Tajiri, Baker, Bybee, Hirayama Jr. and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 111 on S.B. No. 31

The purpose of this bill is to establish a legislative advisory committee within the office of the legislative auditor to provide the legislature with technical advice. The bill provides for an eleven-member committee to be appointed jointly by the president of the senate and the speaker of the house of representatives.

Your Committee has amended the bill as follows:

- (1) The membership of the advisory committee has been increased to fifteen members;
- (2) The advisory committee is to have co-chairpersons who shall be the chairpersons of the legislative management committees of both houses, rather than a chairperson appointed by the presiding officers;
- (3) The language in paragraph (2) of the powers and duties section has been changed to require that the commission respond to legislative requests for information within guidelines established by the legislative management committees;
- (4) The appropriation amount has been decreased from \$100,000 to \$75,000 and Section 4 has been appropriately amended to reflect the correct amounts by which this bill will exceed the state general fund expenditure ceiling; and
- (5) Section 7 has been amended to provide for an effective date upon approval except for the appropriation section which will become effective on July 1, 1989.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 31, 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. 31, S.D. 1, H.D. 2, C.D. 1.

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

Representatives Fukunaga, Souki, Baker, Kotani and Liu.
Managers on the part of the House.

Conf. Com. Rep. No. 112 on H.B. No. 1778

The purpose of this bill is to appropriate \$1,112,500 to the Department of Transportation for the restoration of the sandy beaches between the Waikiki Aquarium and Fort DeRussy. All sums expended are required to be matched on a dollar-for-dollar basis by the City and County of Honolulu.

Your Committee finds that Waikiki Beach is one of the State's most valuable assets and is used by residents and tourists alike. This area of beach has eroded over the years and needs immediate restoration and improvement before further damage occurs.

Upon further consideration, your Committee has amended the bill by:

- (1) Appropriating \$1,000,000;
- (2) Deleting the dollar-for-dollar matching requirement by the City and County of Honolulu; and
- (3) Adding a new section stating the reasons why and the amount and rate by which the appropriation contained in this bill exceeds the state spending limit to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1778, 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. 1778, H.D. 1, S.D. 1, C.D. 1.

Senators Holt, Ikeda, A. Kobayashi, McCartney and George.
Managers on the part of the Senate.

Representatives Souki, Isbell, Kanoho, Say and Liu.
Managers on the part of the House.

Conf. Com. Rep. No. 113 on S.B. No. 161

The purposes of this bill, as received, are to: (1) transfer the liquor and tobacco tax revenues to the counties; (2) allow the counties to construct county highways and charge tolls for the use of county highways; (3) transfer certain parks between the State and the counties; and (4) repeal the law which provides for the distribution of grants-in-aid to the counties.

Your Committee has amended the bill to delete the provisions relating to the transfer of liquor and tobacco tax revenues. The transfer is premature since the constitutionally established tax review commission will be reporting to the legislature during the 1990 regular session. Your Committee believes it would be more prudent to await the commission's recommendations and consider the issue of revenue sharing with the counties at that time. Your Committee notes, however, that since the legislature does not intend to penalize the counties during this one-year waiting period, the counties' grants-in-aid for fiscal year 1989-1990 which are included in H.B. No. 205, H.D. 1, S.D. 1, C.D. 1, have been increased as follows:

City and County of Honolulu	\$31,747,637
County of Hawaii	13,415,364
County of Kauai	10,419,568
County of Maui	16,385,685

Because the transfer of certain parks between the State and the counties was predicated upon the availability of new sources of revenue to the counties, your Committee finds that it would be inappropriate to transfer those parks until the revenue situation is clarified. Your Committee has accordingly deleted the park transfer provisions from the bill.

Your Committee notes that this bill, as received, repeals section 248-6, Hawaii Revised Statutes, the law which provides for the distribution of grants-in-aid to the counties. Your Committee believes that its provisions are anachronistic in view of the structure of Hawaii's economy today and that the findings and recommendations of the tax review commission will assist the legislature in determining a more equitable method of distributing state general fund revenues to the several counties.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 161, 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. 161, S.D. 1, H.D. 2, C.D. 1.

Senators Yamasaki, Blair, Fernandes Salling, Hagino and Koki.
Managers on the part of the Senate.

Representatives Tom, Souki, Hagino, Baker, Say, Yoshimura and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 114 on S.B. No. 1897

The purpose of this bill is to ensure the continued availability of services and programs for elderly adults in the State. Specifically the bill:

- (1) Provides grants for the renovation and improvement of existing adult day health care facilities;
- (2) Provides grants for the development of additional adult day health care facilities and programs; and
- (3) Appropriates funds for the grants for the renovation and improvement of existing day health care facilities and development of additional day health care facilities and programs; and
- (4) Appropriates funds to study ways to provide insurance against or limit the liability of potential providers of adult day health care programs and facilities.

Your Committee has amended this bill by deleting the provisions relating to the grants.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1897, 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. 1897, S.D. 2, H.D. 2, C.D. 1.

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

Representatives Ihara Jr., Souki, Hayes, Leong and Liu.
Managers on the part of the House.

Conf. Com. Rep. No. 115 on S.B. No. 750

The purpose of this bill is to increase the compensation of members of the Board of Trustees of the Office of Hawaiian Affairs for each day's attendance at meetings from \$50 to \$100.

Your Committee has amended this bill by adding a new section 2 which indicates that the amount appropriated by this bill will cause the state general fund expenditure ceiling for fiscal year 1989-1990 to be exceeded by \$13,950, or 0.00059

per cent. This amendment is provided in accordance with Section 9 of Article VII of the Constitution of the State of Hawaii and sections 37-91 and 37-93, Hawaii Revised Statutes.

Your Committee has also amended the appropriations section to appropriate \$13,950 from general funds and \$13,950 from special funds in fiscal year 1989-1990 and \$13,950 from general funds and \$13,950 from special funds for fiscal year 1990-1991 which shall be expended by the Office of Hawaiian Affairs. Sections 2 through 4 have been renumbered to sections 3 through 5.

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

Senators Yamasaki, Crozier and Koki.
Managers on the part of the Senate.

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

Conf. Com. Rep. No. 116 on H.B. No. 189

The purpose of this bill is to appropriate funds for the programs of the Judiciary for the 1989-91 fiscal biennium.

For the most part, appropriations have been made to address the Judiciary's most urgent concerns and operational requirements, although in the aggregate, the appropriations are less than the amounts requested in the Judiciary's budget. For FY 1989-90, the Judiciary's general fund budget request was \$69.8 million whereas your Committee has determined that a total appropriation in the amount of \$67.8 million is sufficient. For FY 1990-91, your Committee recommends program appropriations which total \$69.3 million against the Judiciary's general fund request of \$71.6 million.

In recommending the program appropriations, your Committee recognizes the growing needs of the Judiciary caused by increasing workloads and the corresponding necessity to modernize its various management systems. The application of modern technology to court operations and supporting systems is crucial for the Judiciary to fulfill its mission. However, in order to proceed with further computerization, the Judiciary still needs to develop a detailed tactical plan which establishes priorities, identifies resource requirements, sets time frames for implementation, and arranges project execution. For this reason, your Committee is recommending funds only for those projects deemed absolutely necessary to resolve pressing problems. For example, funding is being allowed for the Optical Disk Hardware project requested by the Judiciary.

Two years ago, in considering the Judiciary's budget for the 1987-89 fiscal biennium, it was the position of the Legislature that the Judiciary needed to exert financial discipline in its budget preparations and to lower the level of expenditures without disturbing essential programs and operations. Your Committee urged the Judiciary to pursue new procedures and more efficient methods of operation in budgetary and financial matters.

Your Committee's experience with the Judiciary's 1989-91 budget request leads to virtually the same conclusions. Two examples from your Committee's review of the budget illustrates the need for budgetary and financial accountability.

1. In its management and financial audit of the Judiciary, the Legislative Auditor, among many other findings, reported that the Judiciary had been making large purchases of equipment from funds that had not been budgeted for that purpose. To determine the extent to which "savings" from position vacancies contributed to such practices, your Committee sought routine information from the Judiciary on the amount of "savings" resulting from vacancies. However, the Judiciary was unable to identify this amount. In order to correct this practice, your Committee has imposed a 5% restriction for turnover savings computed on all permanent funded positions.

The casual approach to unbudgeted expenditures is reflected in an internal Judiciary memorandum which expressed the belief, after the auditor's report was issued, that it is a fairly common practice among state agencies to expend year-end savings for unbudgeted equipment purchases. For the record, there is a provision in the State Constitution which states: "No public money shall be expended except pursuant to appropriations made by law." Except to the extent that the appropriations bill may allow the Judiciary to make certain transfer of appropriations, your Committee expects the Judiciary to expend funds only for the specific purposes for which the appropriations are made and to cease the practice of making unbudgeted equipment purchases and other expenditures from so-called "savings" derived from vacant positions or from whatever source. The Legislative Auditor will review this specific aspect to ensure compliance.

2. The Judiciary has requested large amounts of funds for temporary positions, totalling some \$2.3 million for FY 1989-90 alone. The Legislative Auditor and others have documented the problems which result from the pervasive use of temporary positions. Your Committee tried to determine from the Judiciary what kinds and number of temporary positions it intends to establish. Such supporting information is necessary to determine the reasonableness of the amount of funds requested and should have been routinely available. However, the information was never submitted. Thus, your Committee is recommending that the Judiciary develop a clear budget base and budgeting process identical to that of the Executive Branch with detailed breakdowns of budget line items such as, but not limited to, expenditure reports, variance reports, and the budget detail tables showing all temporary positions.

Budget autonomy for the Judiciary was the result of legislation initiated by the Senate in 1974. With the removal of executive controls, the Judiciary gained budgetary independence, but it was then the expectation that the Judiciary would develop its own system of budgetary controls and accountability. If the Judiciary fails to make improvements in budgetary accountability, your Committee believes that the only alternative is to establish a system of accountability by law.

Your Committee urges that the Chief Justice give these problems close attention and that he involve other key personnel in the Judiciary in a broadly based effort to make improvements in budgeting and other aspects of Judiciary operations.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 189, 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. 189, H.D. 2, S.D. 2, C.D. 1.

Senators Yamasaki, Menor, Fernandes Salling, Hagino, Ikeda, A. Kobayashi, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki.
Managers on the part of the Senate.

Senator George did not sign the report.

Representatives Souki, Metcalf, Baker, Chang, Duldulao, Fukunaga, Horita, M. Ige, Ihara Jr., Isbell, Kanoho, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 117 on H.B. No. 646

The purpose of this bill is to appropriate funds for the 1989-91 biennium budget of the Office of Hawaiian Affairs (OHA).

Your Committee carefully examined the biennial budget request submitted by OHA and made provisions for those program activities which clearly addressed the achieving of OHA's goals and objectives. In its review, your Committee was well aware of the areas of concern, and provided the necessary appropriations for the new Administrator to carry out the duties and responsibilities of OHA and most important, improve its image with the Hawaiian community and its working relationship with other public and private agencies.

Your Committee recognizes the need for OHA to address the health problems and health needs of Hawaiians by providing funds to create an organization to be known as "Papa Ola Lokahi" the purpose of which is to develop a Native Hawaiian (no blood quantum) comprehensive health care master plan. Public Law 100-579 calls for an estimated \$19,600,000 of federal funds to be expended over a four year period for a major Hawaiian health care program.

Your Committee has addressed OHA's concern for reparations by providing funds for the refinement of the draft legislation and supporting documentation. In addition, funds have been provided to plan and develop OHA's proposal to resolve identified controversies relating to the Hawaiian home lands trust and the native Hawaiian public trust.

As in prior sessions, your Committee recommends that OHA's board should reaffirm its primary role of serving the Hawaiian community as a whole and focus mainly on establishing policies, formalizing its policy making process, developing and improving external relationships, and improving its overall effectiveness. Further, the board should delegate more control to its new administrator and establish clearer lines of authority.

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.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 646, 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. 646, H.D. 2, S.D. 2, C.D. 1.

Senators Yamasaki, Crozier, Fernandes Salling, Hagino, Ikeda, A. Kobayashi, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki.
Managers on the part of the Senate.

Senator George did not sign the report.

Representatives Souki, D. Ige, Baker, Chang, Duldulao, Fukunaga, Horita, M. Ige, Ihara Jr., Isbell, Kanoho, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 118 on S.B. No. 816

The purpose of this bill is to afford relief to anyone in the State who has made use import tax payments to the State where those payments were also being made by another taxpayer. This bill removes the three-year limit for a refund or credit in cases where the claim is based on a duplicate payment made by an individual or entity other than the claimant.

Your Committee finds that between 1969 and 1981, General Motors dealers in Hawaii and the General Motors Overseas Division duplicated use tax payments for automobiles imported into the State. Upon discovery of the duplicate payment, the Hawaii dealers filed for a refund of the overpayment. However, due to the statute of limitations, the dealers were denied claims for refunds for those years beyond the three-year limitation. This bill would allow the dealers to file claims for those years.

Your Committee upon further consideration has deleted the following provisions of S.B. No. 816, H.D. 1:

- (1) The twenty-year statute of limitations for claims based on duplicate payment;
- (2) The requirement that the claimant, in the case of a claim based on duplicate payment, proves that the tax for which the claim is being made was not passed through to a third party; and
- (3) The limit of the amount of any credit or refund based on duplicate payment to thirty per cent of the total eligible claim amount if the claim is not filed within three years after payment of tax.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 816, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 816, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 119 on H.B. No. 205

The purpose of this General Appropriations Bill of 1989 is to appropriate funds for the operations and capital improvements of executive agencies for the 1989-1991 fiscal biennium.

FINANCIAL AND ECONOMIC OVERVIEW

The latest general fund tax collections report from the Department of Taxation continues to be favorable. With the completion of three full quarters of the current fiscal year through the end of March, general fund tax revenues are running 14.1 percent ahead of collections for the same period in the previous fiscal year. The increase of 14.1 percent is also substantially ahead of the increase of 9.2 percent which was used as the basis for the Governor's general fund financial plan. Thus, the financial trends indicate that the projected general fund surplus at the end of the current fiscal year, earlier estimated at \$429 million, should be realized and could very well be bettered.

The overall fortunate and favorable financial condition of the State, supported by an expanding economy and fueled especially by growth in construction and record highs in tourism, indicates that three courses of action can be pursued simultaneously. These courses are: (1) the enactment of tax relief measures; (2) the provision of tax rebates in the form of tax credits, triggered by the level of the general fund balance; and (3) new program initiatives and reinforcement of existing programs through this General Appropriations Bill and other measures.

With respect to income tax relief for individuals, your Committee supports the overall approach recommended by the State administration. Tax relief will be provided for all income classes, with proportionately more relief to lower provisions as increasing the standard deduction, revising the income tax rate schedules downward while broadening the tax brackets, and enacting a new medical services tax credit to medical expenses. These provisions will provide \$50 million in tax savings for individual taxpayers.

Because the level of the general fund balance for the past two fiscal years exceeds the threshold set by the State Constitution, tax refunds or tax credits in general must also be provided to individual taxpayers. Your Committee has sought to return a meaningful amount to resident taxpayers while at the same time appropriating funds which represent an investment in the future. The total tax rebate recommended in the form of tax credits amounts to some \$200 million, the aggregate of returning \$225 to each individual taxpayer multiplied by the number of qualified exemptions.

The size of the rebate has been the subject of substantial public discussion, and the views range from those who feel that all of the projected surplus should be applied to increased government spending to those who feel all of it should be returned to taxpayers. In between are those who feel that some balance should be struck between increasing funding to meet the most urgent needs and returning some of the surplus to the people of Hawaii.

Your Committee has adopted the middle course. One of the considerations is that not all of the surplus has been generated by the individual income taxpayers of this State. Indeed, Hawaii is fortunate that it is able to export a substantial amount of its taxes, mainly as a result of expenditures by tourists. The continuing growth of tourism during the past two years, the growth of tourism expenditures marked especially by the large and increasing amounts of expenditures by visitors from Japan, and the direct application of the hotel room tax have all been important contributors to tax revenues. Therefore, it would not be correct to proceed on the basis that the surplus is entirely the result of overpayments by resident taxpayers and that all of it should therefore be returned to them. The balanced approach of tax relief, tax rebates, and selected funding investments is the fairest approach and also the wisest course in the long run.

As an investment in the future, no major program has been given greater scrutiny, consideration, and support than the program for the public school system. In what your Committee hopes will be the first of a number of major steps on the road to educational reform, funding has been provided to put the building blocks of reform in place. The remainder of this report summarizes the more important decisions and considerations of your Committee--in education as well as in other important programs.

ECONOMIC DEVELOPMENT

Your Committee has noted in its economic overview that at present, the State's economy continues to grow at a healthy pace. To minimize the possible effects of future economic downturns, your Committee has provided support to various economic development programs to broaden and expand Hawaii's economic base.

Business development. Hawaii's focus in this area is to internationalize our economy through trade, financial services, film and high technology industries. Your Committee has provided funding to explore the establishment of an affiliated trading floor in Honolulu through the California-based Pacific Stock Exchange. Your Committee has increased funding for the expansion of Hawaii's film industry by providing an additional \$525,000 for promotion and incentives to encourage filmmaking in Hawaii. In the area of high technology, your Committee has provided \$3,780,000 in fiscal year 1989-90 and fiscal year 1990-91 for the Pacific International Center for High Technology Research (PICHTR) to establish Hawaii as a high technology leader in the Pacific region.

Also in the high technology area, capital improvement projects which received funding include the Natural Energy Laboratory of Hawaii, Hawaii Ocean Science and Technology Park, and Keahole Point. Funds were also provided for an aquaculture research and training facility and continued support of geothermal development.

Tourism. Tourism is the source of the most economic activity in our State and thus its promotion is of utmost importance to Hawaii. Increasing competition in the visitor industry has led to more aggressive and expanded marketing of Hawaii by both the State and the private sector. Your Committee has enhanced the tourism advertising budget for all markets, while emphasizing the importance of sustaining the base market.

Your Committee has also provided \$2,150,000 for the continued destination marketing of the neighbor islands in order to encourage a statewide approach in the promotion of Hawaii. Funds are also provided to promote Hawaii as a sports and cultural center through such sporting events as the Honolulu Marathon and the Hula Bowl, and cultural attractions such as the Hawaii Maritime Museum, the Festival of the Pacific, and the Hawaii International Film Festival.

Agricultural products. Continued support for the promotion of diversified agricultural products is provided as well as increased funding for pest control and eradication projects relating to fruitfly, gorse infestation, and webworm. Funds are provided for capital improvement projects including development of a livestock agricultural park and statewide water development and irrigation system projects.

EMPLOYMENT

At present, employment and personal income in the State of Hawaii are higher, and unemployment has maintained its low rate. Your Committee has provided support to maintain this high level of employment and to expand the "employability" of the workforce. Your Committee finds that these programs contribute to the dignity and self-sufficiency of these individuals, thereby reducing the State's obligation in other human services programs.

Placement services. Your Committee has appropriated funds to provide job seekers with easily accessible job search/vocational guidance to fulfill their career goals. Funding has also been provided to establish Job Help Stores in West Oahu and West Hawaii to deliver employment, training and other human services to job seekers. Job Help Stores will also serve as resource centers for employers and labor organizations.

Employment and training programs. With the overall goal of establishing Hawaii as the leader of the Pacific-Asian region, your Committee has funded programs for job training in high-technology and visitor industries. Funds are also provided for the training and placement of Vietnam-era, recently separated, and service-connected disabled veterans who fail to qualify for programs under the federal Job Training Partnership Act. Funds are also provided to train recent immigrants to our State, and persons considered marginally employable.

Transition centers. Your Committee has appropriated funds for transition services to special education students. Further funding has been provided for expansion of transition services to two new schools in each year of the biennium. Participants in the program will be provided with a spectrum of career/employment planning services to provide support for their transition from school to employment.

TRANSPORTATION

Airports. The increasing number of visitor arrivals continues to place a severe strain on our existing airport facilities. Your Committee has provided funds for runway extensions at Lihue, Keahole, and Kahului airports, and the Department of Transportation will be coordinating approvals for the runway projects with the respective counties. In addition, funds have been provided for 63 new positions to operate and maintain the soon to be completed Kahului Airport. When completed in July 1990, the \$73 million Phase I of Kahului Airport will greatly improve airport operations to handle the estimated 5 million passenger traffic expected by the end of FY 1989-90. Your Committee has provided an additional \$3 million in each year of the biennium to operate the Wiki Wiki shuttle bus service at Honolulu International Airport.

Highways. Your Committee is aware that by the end of FY 1990-91, the highway fund's permanent sources of revenue will not be able to meet the operating and maintenance cost of Hawaii's roads and highways. For purposes of efficiency and effectiveness, funding of \$49.8 million over the biennium has been provided to allow for the maintenance of our highways on a planned 10-year cycle instead of the current 17-year cycle. Your Committee feels that a regular 10-year resurfacing program will reduce the need to do major repairs and maintenance of the state highways and result in significant savings. To bring an additional measure of relief to the highway fund, your Committee will also allow for the transfer of airport special funds to the highway special funds if federal approval is received.

Your Committee has also provided funding for capital projects including Kalaniana'ole highway, Interstate H-3, Fort Weaver road, contra-flow lanes, Honoapiilani highway, the Saddle road and various safety improvement for Kauai.

Harbors. Your Committee fully supports the Governor's proposed redevelopment of the waterfront area and his commitment to maintain the Kapalama Military Reservation and surrounding areas as public lands. To these ends, your Committee has approved the appropriation of \$90 million in general obligation bonds to purchase the Kapalama Military Reservation and adjoining lands. Your Committee has also provided capital improvement funds for enhancements to

existing harbors including those at Honolulu, Barber Point, Kawaihae and Nawiliwili, and expansions of interisland transit between Maui and Molokai.

Administrative support. General support services to enhance engineering, design, fiscal, and administration services have been provided to the three major divisions through funding of electronic data processing consultant contracts and the Intergraph CADD (Computer Aided Design and Drafting). The Intergraph CADD will notably assist the department in reviewing proposed highway projects.

ENVIRONMENTAL PROTECTION

Protection of our limited island resources is critical to maintaining our residents well-being as well as our State's economic health. To encourage increased wastewater management throughout the State, your Committee has provided \$50 million for the establishment of a wastewater revolving fund. As part of the grants-in-aid program, each county will receive funds for specific projects. Other funding is provided to assist the counties in improving their landfill management capabilities. Your Committee has also provided funds for increased ground water support services, underground injection control and monitoring, a geothermal and volcanic emission monitoring pilot project, and \$750,000 during the biennium for implementation of the state water code.

HEALTH

Your Committee finds that many residents of the State are not able to afford medical insurance. Your Committee finds this to be an intolerable situation, and is committed to assuring that quality, affordable health care be made available to the entire citizenry of Hawaii. Therefore, recommended for passage is a \$14 million measure establishing a State Health Insurance Program to offer medical insurance to the people of the State. Your Committee finds that this program, once implemented, will enhance the dignity and well-being of our people, and further, that by focusing on outpatient, preventive care, future costs to the State will be minimized.

Your Committee has provided funding of \$0.9 million and \$1.7 million for development of a comprehensive statewide system of case management to provide service to the mentally ill. Funds have been provided to establish day programs for adolescents on the neighbor islands to address this much neglected portion of the states population, additional funding for bilingual services statewide for the mentally ill has been provided.

The county/state hospital system has been provided with 128 additional permanent positions to enhance services to Hawaii's population. Your Committee has provided funding and positions to facilitate the Department of Health's reorganization effort. In this 100th year of the anniversary of Father Damien's death funding for a variety of projects aimed at enhancing Kalaupapa has been provided, to include patient pensions, patient employment, repair and maintenance, equipment, patient rations, and health services.

SOCIAL SERVICES

Child care and protective services. One of Hawaii's most serious problems continues to be the lack of affordable, quality child care. Your Committee has provided funding to initiate before and after-school care demonstration projects statewide. Funds have also been provided to the Office of Children and Youth for the development of child care/early childhood education demonstration project and a statewide strategic plan.

Serious problems in the areas of child abuse and neglect must be addressed. Your Committee has responded to the immediate need for improvement of child protective services (CPS) by increasing resources for statewide implementation of a new "CPS-team" approach, provides shortage pay differential for CPS employees, training, and recruitment and retention of case workers. Expansion of and increases in foster board payments and assistance for AFDC families will also help children in need of care.

Elder care and protective services. Hawaii's elderly population continues to grow and thus increases the need for long-term care and protective services. Your Committee has approved increased funding of additional elderly protective services staff, and increased amounts for payments to adult residential care homes and chore services for the home-bound. Your Committee has also appropriated funds for construction of elderly housing facilities in Central and Leeward Oahu.

The Executive Office on Aging has received increased funding for several projects including the development of a case management model for the elderly, a program for older women, and a public employees caregiver study.

Health care payments. Your Committee has continued its support of preventive and alternative health care programs by providing funds for research and development of Medicaid alternatives and cost effective options to in-patient care. Increased levels of funding for programs such as community-based care for victims of acquired immune deficiency syndrome (AIDS) and ventilator-dependent patients, increased funding for medical options for the mothers and infants program, nursing homes without walls, and the Queen's Hospital long-term community care program. Your Committee has also provided sufficient funding to maintain the 56% reimbursement level for Medicaid providers and for continued dental health care.

Automated information systems. Increased automation has been recognized as a valuable means of improving efficiency and ultimately service delivery. Appropriations have been made to continue integration of the Hawaii automated welfare system (HAWI). Additionally, funds have been provided in the biennium to complete the Child Protective Service System and creation of the new Social Service Information System.

Administrative support. In order to continue to improve the overall efficiency and effectiveness of the Department of Human Services, your Committee has provided funds for increased staff support, a worker incentive program, and a volunteer coordinator program.

Hawaiian home lands. In order to assist and further enhance the State's efforts to return Native Hawaiian individuals to the land, your Committee has authorized the Department of Hawaiian Home Lands to fund capital improvement projects using special purpose revenue bonds. Your Committee has also provided the Department with general funds for administrative and operational costs, thereby allowing the Department to utilize appropriate amounts of its special fund to float the abovementioned revenue bonds.

Capital improvement projects. Your Committee has provided funding for various capital projects relating to low-income housing developments, shelters for the homeless, further development of Hawaiian home lands projects, and a new state veterans cemetery.

LOWER EDUCATION

The public school system of Hawaii is at the crossroads. The policies which are developed and supported in this session of the Legislature will have a crucial bearing on whether Hawaii will be on the road to genuine educational reform. During this session, support for educational reform has been received from the Governor as well as community leaders, parent and student groups, and the Department of Education. The impetus for change and improvements has never been more promising. For this reason, education reform has been the focal point for major program and budgetary decisions. Your Committee wants both a quickstart and a firm foundation for educational reform, and it supports efforts to bring about enduring changes by establishing school-community-based management, supplementing programs for core learning, and initiating an aggressive program of statewide capital improvements.

School-Community-Based Management. The primary focus of your Committee's efforts to improve the school system lies with the concept called "School-community-based management". Under school-based management, decision making is decentralized allowing schools to more fully determine their own destiny. Based on models successfully used elsewhere, there is much to be gained. At the same time, your Committee realizes the importance of prudence in implementation. Accordingly, your Committee has provided funds to enable 30 schools to participate in a demonstration program. Once established, additional schools will be brought on-line until all schools are included.

School Priority Fund. Your Committee reaffirms support of the School Priority Fund which permits each school flexibility in the use of certain funds above and beyond its basic needs. Your Committee has not only approved the department's request to increase the per student allotment from \$17 to \$25, but has increased the priority fund allotment by \$3.4 million above the department's recommendation to allow for a \$35 per student allotment.

Textbooks and Related Supplies. Excellence in education requires the necessary tools. Textbooks and related supplies are essential to proper learning. Your Committee has provided funding for \$2.0 million to replace and update textbooks and related supplies on a timely basis.

Core Learning. Core learning involves the equitable provision of language arts, mathematics, social studies, science, and other subjects. Your Committee recognizes the importance of establishing a firm base from which to develop and nurture the various programs. In so doing, your Committee has provided funds for 133 core positions and \$4.0 million over the biennium for core learning.

Special Education. Special education students have unique needs that must be met. To meet the projected rise in enrollment, your Committee has increased funding for special education by an additional \$3.3 million and 87 positions.

Repair and Maintenance. Providing the proper environment is paramount to learning and teaching. Schools must be safe, functional, properly equipped, and a source of pride for students, teachers, and the community. Consequently, an additional \$30 million for the biennium has been allocated for special repair and maintenance. Your Committee is concerned however, that the answer to the repair and maintenance problem is not necessarily found in making additional appropriations. Despite the award of generous allotments in past years, disturbing differences in school appearance remain.

Your Committee has also approved an aggressive, long-term capital improvement program by appropriating \$90 million each year over a seven-year period for major renovation of existing facilities and for new construction.

Financial Management System. Your Committee has appropriated \$10.3 million for a new financial management system to facilitate current school operations, promote organizational effectiveness, and aid schools operating under school based management to arrive at informed and educated decisions.

Special Needs Schools. Certain schools, for varying reasons, will not be able to realize their full potential through programs and funds currently available. Your Committee has provided \$4.2 million over the biennium to address the special needs of 10 special needs schools. The data and experience gathered from this program should be useful and applicable to other existing programs.

Learning Centers. Learning centers offer students opportunities in educational and personal development not available in the "regular" school system. Funding has been appropriated to expand these learning centers to an additional six schools.

Microcomputers in Education. In recognition of the value of computer literacy and the positive effects of computers on learning, your Committee has appropriated \$2.3 million over the biennium for computer equipment.

Starlab. The highly innovative starlab pilot project attempts to bring the experiences and excitement of a planetarium to every elementary school. Funding has been provided to allow for one starlab and one support person for each county, with Honolulu receiving two.

Conversion of temporary positions. Recognizing the importance of the 20:1 reduced class ratios for kindergarten to first grade instruction, your Committee has attempted to augment services delivered to this section of public education by authorizing the conversion of 322.0 temporary kindergarten and first grade teacher positions to permanent position status. It is hoped that this action will result in lower teacher turnover, and an elevated level of education for our children. Your Committee has also authorized the conversion of 181.0 additional positions in existence for over 5 years. A study will be conducted in the interim to address DOE as well as other state temporary positions in an attempt to devise a fair and equitable method to determine the conversion of temporary positions.

Funding quality education is a major priority for your Committee however, with the growth and expansion of the University of Hawaii, a major fiscal shortfall has been created. Your Committee has provided \$9.2 million to address this major salary shortfall. When the university received budgetary flexibility, it also assumed greater responsibility over the administration of their budget, not less. Your Committee is deeply concerned over this fiscal irresponsibility and recommends that the university review their budget policies to correct this deficiency.

The nursing shortage remains a critical problem throughout the entire nation. In the State of Hawaii, approximately 1,300 nurses will be needed by 1992. Your Committee has provided \$3.5 million to expand the current nursing programs.

A broad spectrum of student services is essential to the total development of students progressing through our university system. Your Committee finds that student services have not kept abreast of the changing and growing needs of the student population. Therefore, your Committee provided \$3.8 million to strengthen this very important sector of high education. With funds provided, your Committee established new and innovative programs, such as the women's center and the minority affairs office. These new programs will provide much needed support for the non-traditional students and historically underrepresented ethnic groups.

Your Committee authorized a total of \$26 million over the biennium to improve many of the campus facilities throughout the University of Hawaii system. Your Committee finds that well-maintained physical facilities will enhance the academic environment and improve student morale and retention.

The continuous replacement of obsolete and worn-out equipment is an important priority for the university. Your Committee was cognizant of this need and provided \$17 million.

The Governor declared 1989 as the Year of the Undergraduate. Your Committee provided \$9.3 million for undergraduate programs across the curriculum, such as writing, remedial math and English courses. Further funds were provided to decrease the student-professor ratio in civil engineering and electrical engineering, and to create a baccalaureate degree in Pacific island studies.

Your Committee has provided \$1 million to expand the Honolulu Community College aviation maintenance technology program. This center will provide an opportunity for Hawaii to become the leader in aviation maintenance training in the Pacific rim.

With the expansion of the university, the demand for greater computer support has increased. Your Committee provided \$2 million for computer support which will provide more efficient services for students.

CULTURE AND RECREATION

Ocean-based recreation. With the increase in ocean-based activities, there has been increasing public concern expressed about the safety and welfare of resident and visitor populations utilizing our recreation areas. Your Committee has recognized the lack of adequate law enforcement in Hawaii's ocean recreation areas, and therefore has provided 11 new marine patrol officers to upgrade enforcement of state rules and regulations in Hawaii's ocean areas.

Your Committee has also provided funding for capital improvement projects at Aloha Stadium and various state parks.

PUBLIC SAFETY

Funds are provided to support continued improvements in the state's correctional system. Particular attention has been focused on accomplishing provisions of the consent decree related to programs and facilities at the Oahu and Women's Community Correctional Centers, including construction of urgently needed new facilities and development of alternatives to incarceration. Your Committee has also made provision for the purchase of innovative temporary housing structures for a pilot project at Maui Community Correctional Center.

Continued increases in inmate populations require enhanced efforts throughout the system for expanded health services, upgraded educational and vocational instruction, substance abuse testing and treatment, and correctional industries. Other programs approved include alternative supervision arrangements for some categories of adult and youth offenders, and computerized record keeping.

Your Committee has provided funds for youths at the Hawaii Youth Correctional Facility to implement the following programs: a substance abuse treatment service, a wilderness-ocean challenge program, a youth forestry work program, a group transition program, and the development of improved staff and facilities.

GOVERNMENT-WIDE SUPPORT

Legal services. To meet the challenge of the increasingly competitive market for skilled, experienced attorneys, your Committee has provided for increased compensation to attract and retain deputy attorneys within the Department of Attorney General, Department of Commerce and Consumer Affairs, and Public Defender. Funds provided should raise attorney salaries to levels comparable with the Honolulu Prosecutor's Office.

In view of overwhelming support expressed by every department in the executive branch, your Committee has provided continued funding to the electronic data processing division of the department of budget and finance to support the operations of the Ho'ike data-base system.

Aid to counties. In lieu of enacting the proposal to transfer the liquor and tobacco taxes to the counties, a plan has been developed for additional funding of grants in aid. The regular base has been some \$19 million apportioned to the four counties. To that amount, your Committee is appropriating an additional \$30 million for allocation to the counties. In addition, the counties are being assisted through various grants in aid for specific capital improvement projects which are under their administrations.

RECOMMENDATION

In summary, the appropriations highlighted in this report as well as others that have been provided for in the bill comprise an aggressive and broad budgetary approach in addressing the major program needs of the State.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 205, 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. 205, H.D. 1, S.D. 1, C.D. 1.

Senators Yamasaki, A. Kobayashi, Fernandes Salling, Hagino, Ikeda, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki.
Managers on the part of the Senate.

Senator George did not sign the report.

Representatives Souki, Fukunaga, Baker, Chang, Duldulao, Horita, M. Ige, Ihara Jr., Isbell, Kanohe, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 120 on H.B. No. 332

The purpose of this bill is to impose a \$10 motor vehicle registration transfer fee payable in the county where the vehicle is moved.

The bill also deletes the exception for registration in the county in which the vehicle is located for motor vehicles temporarily transferred to another county for three months or less, and requires annual registration emblems to be used only on vehicles registered in their respective counties.

Presently, transfer fees are not imposed, and registration for vehicles transferred to another county are valid until their expiration.

Your Committee has adopted the recommendation of the City and County of Honolulu and has amended the bill to require payment of the transfer fee at the time the owner applies for registration in the county in which the vehicle is physically located. Your Committee has also deleted the proposed amendment requiring the use of annual registration emblems only on vehicles registered in the respective counties.

Your Committee on Conference concurs with the intent and purpose of H.B. No. 332, H.D. 1, S.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.B. No. 332, H.D. 1, S.D. 1, C.D. 1.

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

Senator Levin did not sign the report.

Representatives Metcalf, Hiraki, Oshiro, Takamine and Anderson.
Managers on the part of the House.

Representatives Takamine and Anderson did not sign the report.

Conf. Com. Rep. No. 121 on S.B. No. 1374

The purpose of this bill is to propose several amendments to Chapter 514A, Hawaii Revised Statutes, relating to condominium property regimes.

New sections which would be added to Chapter 514A include "Duty of Directors;" "Restatement of Declaration and Bylaws;" "Disposition of Unclaimed Possessions;" and "Documents of the Association of Apartment Owners."

In addition, the bill amends Sections 514A-13.5, "Remuneration to Allow Ingress and Egress Prohibited;" subsection (b) of Section 514A-82, "Contents of Bylaws;" Section 515A-83.4, "Meeting Minutes;" Section 514A-85, "Books of Receipts and Expenditures; Unpaid Assessments; Availability for Examination;" and subsection (a) of Section 514A-90, "Priority of Lien."

Your Committee finds that these new sections and amendments to existing sections of Chapter 514A will improve condominium management and operations in the State of Hawaii and provide added safeguards for owners, associations of owners, and boards of directors of associations of owners.

Your Committee has amended this bill as follows:

- (1) Added a new section to Chapter 514A allowing boards of directors, upon the written consent of the owners representing fifty percent of the common interest and owners, to authorize the borrowing of money for repair, replacement, maintenance, operation, or administration of the common elements, with the costs of such borrowing to be a common expense of the project;
- (2) Added a new section to Chapter 514A allowing owners keeping pets pursuant to a provision in the bylaws allowing pets or in the absence of a provision prohibiting pets to keep pets as long as the owner resides in the apartment or another apartment subject to the same bylaws. Amendment of the bylaws to prohibit keeping of pets would not apply to an owner keeping a pet on the effective date of the prohibition. It is the intent of your Committee that this provision be retroactive as well as prospective;
- (3) Amended Section 514A-82(b) by providing that associations, at their own expense, shall provide all board members with a current copy of the declaration, bylaws, house rules, and annually provide an updated copy of Chapter 514A; and
- (4) Provided for proxies to be given to the board of directors with a box on the proxy form wherein the owner may indicate preference for the vote to be shared with each board member receiving an equal percentage. Unmarked proxy forms would be considered a choice by the owner that the vote be made on the basis of the preference of the majority of the board.

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

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1374, 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. 1374, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Hirono, Hiraki, Hagino, Hayes, Shon and Anderson.
Managers on the part of the House.

Representatives Hayes and Anderson did not sign the report.

Conf. Com. Rep. No. 122 on S.B. No. 2038

The purpose of this bill is to amend the laws of the State relating to the issuance and renewal of motor vehicle industry licenses and the bonding of licensees.

Your Committee has amended this bill by:

- (1) Deleting SECTION 1 through SECTION 4;
- (2) Amending Section 437-21.1, Hawaii Revised Statutes, rather than repealing that section, by retitling the section "Bonds of auctions." and deleting subsection (b);
- (3) Amending Section 437-27.5, Hawaii Revised Statutes, rather than repealing that section, by deleting "salesperson," and "auctioneer, manufacturer, factory branch, factory representative, distributor, distributor branch, or distributor representative" from the list of those required to maintain a bond in effect, and by deleting references to Section 437-21, Hawaii Revised Statutes, to conform with the amendments in (2) above;
- (4) Deleting the substance of SECTION 8 and inserting instead an amendment of Section 5 of Act 233, Session Laws of Hawaii, 1988, which changes the repealer date for the bonding requirements of Section 1 of that Act from 1989 to 1990; and
- (5) Making technical changes which have no substantive effect.

As amended, this bill eliminates the statutory bonding requirements for motor vehicle salesmen, auctioneers, manufacturers, factory branches, factory representatives, distributors, distributor branches, and distributor representatives. Your Committee finds that the elimination of the bonding requirements for these entities will benefit the motor vehicle industry while still providing adequate protection for the consumer.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2038, 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. 2038, S.D. 1, H.D. 1, C.D. 1.

Senators Blair, Hagino, Nakasato and Koki.
Managers on the part of the Senate.

Representatives Hirono, Hiraki, Amaral, Cachola and Cavasso.
Managers on the part of the House.

Representative Cavasso did not sign the report.

Conf. Com. Rep. No. 123 on S.B. No. 55

The purpose of this bill is to provide for the regulation of long-term care insurance, which was previously addressed by Act 253, Session Laws of Hawaii 1987.

Specifically, the bill establishes standards to be regulated by the Insurance Commissioner for long-term care insurance policies covering medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services provided in a setting other than an acute care unit of a hospital. The bill authorizes standards for full and fair disclosure and loss ratio standards for insurance policies.

Your Committee finds that an acute need exists for specific regulations to protect and guide both insurers and subscribers in this relatively new focus of the insurance industry.

Your Committee has amended this bill by:

- 1) Clarifying the requirements for advertising, marketing or offering long-term care insurance;
- 2) Deleting the reference on page 7, line 12 to long-term care service "in an insured individual's home or residence" in the section on prior institutionalization;
- 3) Deleting the severability clause from the proposed language to the Hawaii Revised Statutes, and making it a separate section to be included only in the session laws;
- 4) Renumbering the subsequent sections; and
- 5) Deleting from the enactment clause the requirement that this Act shall be applicable to policies and certificates delivered or issued for delivery on or after the first day of January immediately following the adoption of rules by the insurance commissioner to implement this Act.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 55, 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. 55, S.D. 1, H.D. 1., C.D. 1.

Senators Blair, Ikeda, A. Kobayashi, Nakasato and Koki.
Managers on the part of the Senate.

Representatives Hirono, Shon, Hiraki, Leong, Metcalf and Cavasso.
Managers on the part of the House.

Representatives Leong and Cavasso did not sign the report.

Conf. Com. Rep. No. 124 on S.B. No. 1813

The purpose of this bill is to make numerous amendments to the Insurance Code to resolve inconsistencies in the code, as well as resolve specific issues addressed by the Insurance Division since the Insurance Code took effect.

Your Committee amended this bill by making several technical, nonsubstantive amendments as follows:

- 1) Substituted the word "other" for the word "another" on page 2, line 7 to correct a typographical error;
- 2) Underscored "(e)" on page 5, line 15 to correct a drafting error;
- 3) Added a colon after the word "collectively" on page 21, line 23 to correct a drafting error; and
- 4) Corrected the indentation of subparagraphs (A) and (B) on page 22, lines 1-7.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1813, 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. 1813, S.D. 1, H.D. 1, C.D. 1.

Senators Blair, Chang, Ikeda and Koki.
Managers on the part of the Senate.

Senator Chang did not sign the report.

Representatives Hirono, Hiraki, Bellinger, Oshiro and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 125 on S.B. No. 424

The purpose of this bill is to regulate persons engaged in the profession of social work.

Your Committee has amended this bill by:

(1) Inserting a new Section -2, entitled "Applicability," which essentially defines the practice of social work, broadening the scope of this bill;

(2) Rewriting Section -5, concerning discipline, by expanding the class of persons subject to disciplinary action by the Director of Commerce and Consumer Affairs, and by revising the grounds for such disciplinary action;

(3) Inserting a new Section -8, entitled "Exemptions," which tempers the effect of widening the scope of this bill by clarifying which persons are not subject to its provisions; and

(4) Making minor language and technical changes which have no substantive effect.

Your Committee would like to clarify that complaints which appear to be workload-related and other complaints relating to management, as opposed to professional competence, would be referred to agencies which have jurisdiction for investigation and resolution.

Your Committee also would like the appropriate employing agencies to maintain, for a three-year study period, records of complaints received directly, in order to have information on the universe of complaints received.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 424, 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. 424, S.D. 1, H.D. 1, C.D. 1.

Senators Blair, McCartney, Tungpalan and Koki.
Managers on the part of the Senate.

Representatives Hirono, Hiraki, Shon, Takamine and Cavasso.
Managers on the part of the House.

Representatives Takamine and Cavasso did not sign the report.

Conf. Com. Rep. No. 126 on S.B. No. 31

The purpose of this bill is to establish a legislative advisory committee within the office of the legislative auditor to provide the legislature with technical advice. The bill provides for an eleven-member committee to be appointed jointly by the president of the senate and the speaker of the house of representatives.

Your Committee has amended the bill as follows:

- (1) The membership of the advisory committee has been increased to fifteen members;
- (2) The advisory committee chairperson is to be appointed jointly by the chairpersons who shall be the chairpersons of the legislative management committees of both houses, rather than the presiding officers;
- (3) The language in paragraph (2) of the powers and duties section has been changed to require that the commission respond to legislative requests for information within guidelines established by the legislative management committees;
- (4) The appropriation amount has been decreased from \$100,000 to \$75,000 and Section 4 has been appropriately amended to reflect the correct amounts by which this bill will exceed the state general fund expenditure ceiling; and
- (5) Section 7 has been amended to provide for an effective date upon approval except for the appropriation section which will become effective on July 1, 1989.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 31, 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. 31, S.D. 1, H.D. 2, C.D. 1.

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

Representatives Fukunaga, Souki, Baker, Kotani and Liu.
Managers on the part of the House.

Representative Liu did not sign the report.

Conf. Com. Rep. No. 127 on S.B. No. 1734

The purpose of this bill is to provide appropriations to meet the needs of the State through various capital improvement projects. As received, this bill appropriated the sum of \$12,748,000 to satisfy this purpose.

This bill in its amended form, appropriates the sum of \$12,748,000 from general funds to general obligation bond funds and general obligation reimbursable bond funds and appropriates an additional \$12,501,000 in general obligation bond funds and general obligation reimbursable bond funds for capital improvement projects. Therefore, as amended, this bill appropriates the sum of \$25,249,000.

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

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1734, 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. 1734, S.D. 1, H.D. 1, C.D. 1.

Senators Yamasaki, Fernandes Salling, Hagino, Ikeda, A. Kobayashi, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki.
Managers on the part of the Senate.

Representatives Souki, Baker, Chang, Duldulao, Fukunaga, Horita, M. Ige, Ihara Jr., Isbell, Kanoho, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto.
Managers on the part of the House.

Representatives Say and Liu did not sign the report.

Conf. Com. Rep. No. 128 on S.B. No. 1469

The purpose of this bill is to allow corporations to limit the personal liability of their directors under certain circumstances. This bill also specifies a number of factors which a director may consider in determining the best interests of the corporation.

This bill would enable a corporation to eliminate or limit the personal liability of its directors, in any action for damages brought against a director by the shareholders or the corporation for a breach of fiduciary duty. Adoption of such a provision would require an affirmative vote of two-thirds of the shares having voting power.

Under this bill, liability could not be limited or eliminated for a director's breach of the duty of loyalty to the corporation or its shareholders; acts or omissions not performed in good faith, or which involve intentional misconduct or knowing violation of law, or which constitute a wilful disregard of the director's fiduciary duty; wilful or negligent violation of any provisions of Chapter 415 concerning payment of dividends or stock purchase redemption; any transaction from which the director received an improper benefit; or gross negligence.

This bill would also clarify Section 415-35, Hawaii Revised Statutes, which currently requires the duties of a director to be performed "in the best interests of the corporation". It would add to that section a list of criteria which could be considered in determining the best interests of the corporation, factors external to the corporation, such as the impact of an action on the immediate and neighboring communities, and the economy of the state and nation.

Upon further consideration, your Committee has amended this bill so as to:

- (1) Change the voting requirement for adoption of a provision eliminating or limiting a director's personal liability, to "two thirds of the shares represented at the shareholder's meeting and having voting power; provided that the vote also constitutes a majority of the shares having voting power";
- (2) Provide a director's personal liability cannot be eliminated or limited for "reckless" disregard of fiduciary duty; and
- (3) Delete the provision which would have disallowed the elimination or limitation of the personal liability of a director for gross negligence.

Your Committee finds that corporations should not be allowed to eliminate or limit the personal liability of their directors for any act or omission which constitutes a reckless disregard of a director's fiduciary duty. The term "reckless disregard", as used in this bill, is not intended to be interpreted as requiring intent or an intentional act, but does include grave misconduct. An example of reckless conduct includes, but is not limited to, attending board meetings while inebriated. The determination of whether an act constitutes reckless disregard of a director's fiduciary duty is a question of fact for the jury and should be determined on a case-by-case basis.

Your Committee believes that this bill will promote a favorable business climate, and will assist corporations in recruiting and retaining qualified directors. This will also benefit the public by encouraging directors to consider the ramifications of corporate decisions on the community and economy.

Technical, nonsubstantive amendments have been made to this bill for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1469, 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. 1469, S.D. 1, H.D. 1, C.D. 1.

Senators Menor, Blair, Nakasato and Reed.
Managers on the part of the Senate.

Representatives Hirono, Hiraki, Okamura, Oshiro, Shon and Cavasso.
Managers on the part of the House.

Representative Cavasso did not sign the report.

Conf. Com. Rep. No. 129 on H.B. No. 1824

The purpose of this bill is to compensate certain persons or their providers of services pursuant to chapter 351, Hawaii Revised Statutes.

Your Committee has amended the measure to change the effective date of this appropriation bill to July 1, 1989. Moreover, your Committee has added a provision relative to the exceeding of the state general fund expenditure ceiling.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1824, 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. 1824, H.D. 1, S.D. 1, C.D. 1.

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

Senator Aki did not sign the report.

Representatives Metcalf, Fukunaga, Amaral, Andrews, M. Ige and Anderson.
Managers on the part of the House.

Representatives M. Ige and Anderson did not sign the report.

Conf. Com. Rep. No. 130 on H.B. No. 403

The purpose of this bill is to provide the State Comptroller with concurrent authority with the Attorney General to pay tort claims against the State for \$10,000 or less and to allow claims to be filed directly with the Comptroller. The bill also would remove the \$10,000 limit for claims which the Attorney General may settle without the filing of a law suit or prior court approval; and allows settlements by the Attorney General for \$25,000 or less to be paid from the State risk management revolving fund, while claims over \$25,000 must be reviewed by the legislature.

Your Committee finds that \$25,000 represents a relatively high settlement amount, even taking current economic posture into consideration. Upon further deliberation, your Committee has amended this measure by reducing \$25,000 to \$10,000. As amended, any claims settled by the Attorney General for more than \$10,000 would have to be reviewed by the legislature.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 403, 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. 403, H.D. 1, S.D. 1, C.D. 1.

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

Senator George did not sign the report.

Representatives Metcalf, M. Ige, Bellinger, Chang, Leong, Oshiro and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 131 on S.B. No. 846

The purpose of this bill is to reiterate the rights of students to express themselves in the public schools.

Under this bill, no expressions or publications by students shall (1) be deemed to be indicative of school policy, or (2) subject any school official to civil or criminal liability.

Your Committee heard testimony in support of this measure from the Department of Education and a private school teacher and finds that the Department's internal policy recognizes the rights of students to personal and academic freedom. Consistent with this policy, this bill expressly recognizes the right of public school students to freedom of expression.

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

Your Committee wishes to make clear, however, that rights and responsibilities go hand in hand and that students are and should be held to the responsible exercise of their right to freedom of expression. Schools are special institutions in which mutual respect and cooperation are essential to a productive and successful learning environment. The right to free expression does not allow for disruptive activity which adversely affects the learning environment and the opportunity to be educated.

This bill does not change or diminish the discipline or enforcement powers of any state agency, including schools.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 846, 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. 846, S.D. 1, H.D. 1, C.D. 1.

Senators B. Kobayashi, McCartney and Menor.
Managers on the part of the Senate.

Representatives Metcalf, Bellinger, Oshiro, Yoshimura and Anderson.

Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 132 on S.B. No. 70

The purpose of this bill is to increase the rate of compensation paid to attorneys and physicians who volunteer to serve on medical claim conciliation panels from \$100 to \$300 per claim handled.

Under this bill attorneys and physicians will be better compensated for the many hours of their time spent away from their professional practices thereby helping to reduce the financial loss incurred by their serving on the panels. Although \$300 is far from adequate compensation for their time and service, it is a welcome increase from the \$100 per claim presently allotted. Also, the increase in the rate of compensation provided under this bill should increase the number of physicians and attorneys who might be willing to serve on the medical claims conciliation panels.

Your Committee has amended this bill by making technical nonsubstantive changes for purposes of style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 70, 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. 70, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Metcalf, Leong, Cachola, Duldulao, Hagino and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 133 on S.B. No. 1825

The purpose of this bill is to increase the amount of disaster relief assistance funding available.

Specifically this bill:

- (1) Increases the amount the governor may spend for immediate disaster relief for a single major disaster from \$750,000 to \$1,000,000;
- (2) Provides that an additional \$1,000,000 will be available for the sole purpose of matching available federal disaster relief funds upon a presidential disaster declaration; and
- (3) Appropriates \$1,500,000 for the fiscal biennium.

Currently, the spending limit imposed by section 127-11, Hawaii Revised Statutes, is insufficient to provide adequate relief in the face of a major disaster. Under this bill the State will be much better able to take full advantage of federal funds made available for disaster relief.

Your Committee has amended this bill by making nonsubstantive technical changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1825, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1825, H.D. 1, C.D. 1.

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

Representatives Metcalf, Isbell, Baker, Bellinger, Oshiro and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 134 on H.B. No. 1844

The purpose of this bill is to provide protective services for dependent adults of all ages who are subject to risks of abuse, neglect, and exploitation.

Your Committee has made various amendments to this measure in accordance with suggestions from the Family Court, the Department of Human Services, the American Civil Liberties Union, and the Attorney General's Office.

After further deliberation, your Committee amended the bill as follows:

- (1) Amended the definition of "abuse" by:
 - (a) Removing "self-neglect", and evidence of "gross degradation" and "death";
 - (b) Including a consistent pattern of actions or verbalizations that humiliates, provokes, confuses, and frightens within the definition of extreme mental distress;
- (2) Clarified that action may be taken to protect a dependent adult if abuse or threatened abuse is probable; and if (1) an adult consents, or (2) there is probable cause to believe that the adult lacks the capacity to consent;

- (3) Specified that court orders required to protect against abuse may be obtained without notice and without a hearing;
- (4) Amended the procedure for court orders for protection by requiring that:
 - (a) An order given orally must be reduced to writing within twenty-four hours of receipt of a written application for the order;
 - (b) Applications and orders personally served on any affected persons must be certified copies;
 - (c) Notice of the order to show cause hearing order must also be served;
 - (d) The court must hold a hearing within 72 hours of issuance of the oral order to show cause why a protective order should not be continued; and
 - (e) The court shall set the case for an adjudicatory hearing as soon as practical;
- (5) Mandated the court to appoint counsel for a dependent adult when separate counsel is required and the person cannot afford private counsel;
- (6) Amended service of notice by requiring:
 - (a) Inclusion of a certified copy of the petition;
 - (b) Personal service by certified mail, return receipt requested;
- (7) Deleted the prohibition against permanent disposition of property without proper service on the owner;
- (8) Deleted the provision that the guardian ad litem may stipulate to the entry or continuance of court orders; and deleted the provision that a stipulation may be made at a preliminary hearing;
- (9) Limited court-ordered psychiatric or other medical exam to only those cases where the dependent adult's capacity is at issue;
- (10) Granted the court the authority to issue, enter, continue, or modify any temporary orders pending final disposition;
- (11) Removed provisions requiring confidentiality of court records of all adult protective proceedings from the Family Court laws and added them to the laws effecting the Department of Human Services; and
- (12) Amended the effective date provision to July 1, 1991, and included a repeal date of June 30, 1993.

Numerous nonsubstantive, technical amendments were also made for style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1844, 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. 1844, H.D. 1, S.D. 1, C.D. 1.

Senators Menor, McMurdo, Aki, Blair, A. Kobayashi and George.
Managers on the part of the Senate.

Senators Aki and Blair did not sign the report.

Representatives Metcalf, Leong, Amaral, Shon and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 135 on H.B. No. 920

The purpose of this bill is to establish a department of public safety that will be responsible for the formulation and implementation of state policies and objectives for both correctional and law enforcement functions. This bill will transfer the present department of corrections into the division of corrections of the new department and will transfer the office of the sheriff from the judiciary into the law enforcement division of the new department, without substantive changes in their functions. The transfers will take effect on July 1, 1989, but a one-year transition period is provided to complete the transfers.

Your Committee finds that establishment of a department of public safety will ensure better organization and coordination of public safety functions, allow for standardized training, establish a "career ladder" for public safety employees, improve the morale of employees to be transferred to the new department, maintain appropriate separation of powers as mandated by the State Constitution, and thereby help to ensure public health, safety, and welfare.

Upon further consideration, your Committee has amended this bill to:

- (1) Broaden the purpose of the department of public safety to consolidate more public safety functions than only those of the department of corrections and the office of the sheriff;
- (2) Authorize the Governor to select a management team and hire necessary staff to develop the appropriate transition plans, rework position descriptions, revise personnel classifications, develop an organizational structure, prepare a proposed budget, and attend to other administrative details so that the new department can be initially operational by July 1, 1990;
- (3) Transfer to the department of public safety, effective July 1, 1990, the functions and employees of the department of corrections, the office of the sheriff and security personnel in the judiciary, and the state law enforcement office (except for the executive security functions and employees) and the narcotics enforcement division of the department of the attorney general;
- (4) Provide for, as of July 1, 1990, the appointment of the director of public safety and the appointments of three deputy directors to oversee the correctional programs and facilities, the law enforcement programs, and the administration of the new department;
- (5) Transfer to the new department, effective July 1, 1991, the law enforcement and security functions and employees of the department of transportation;
- (6) Require the director of public safety to report to the legislature, no later than twenty days prior to the convening of the Regular Session of 1991, the director's recommendations regarding the transfer to the department of all other public safety functions and employees of state government;
- (7) Preserve prosecutions and civil actions pending or about to be instituted by administrative officers whose functions will be transferred by this bill to the new department;
- (8) Preserve rights to appeal administrative actions or determinations;
- (9) Instruct the revisor of statutes to revise existing statutes to correct references to transferred agencies and offices when the appropriate reference to the new department of public safety has not already been substituted;
- (10) Provide for amendment of conflicting laws to conform to this bill, but also provide that subsequent amendments to sections to be amended by this bill on a future effective date shall include the intervening amendments to the extent that the intervening amendments may be harmonized with the amendments to be made by this bill (for example, if the salaries of the department heads and executive officers set forth in section 26-52, Hawaii Revised Statutes, are changed before the amendments to delete the director of corrections and to add the director of public safety become effective on July 1, 1990, the new salaries should be incorporated in the amendments to section 26-52 as of July 1, 1990, and not revert back to the old salaries contained in section 26-52 as set forth in this bill);
- (11) State, as required by section 9 of article VII of the State Constitution and section 37-93, Hawaii Revised Statutes, the dollar amount and rate by which the appropriation to be made by this bill will exceed, as well as the reasons for exceeding, the state general fund expenditure ceiling for fiscal year 1989-1990; and
- (12) Appropriate \$400,000 for fiscal year 1989-1990 for the plans and preparation for the transfers to be developed and performed by the governor's staff.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 920, 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. 920, H.D. 1, S.D. 2, C.D. 1.

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

Senators Aki and A. Kobayashi did not sign the report.

Representatives Metcalf, Souki, Hagino, Hiraki, Okamura, Say, Takamine and Anderson.
Managers on the part of the House.

Representatives Say, Takamine and Anderson did not sign the report.

Conf. Com. Rep. No. 136 on H.B. No. 148

The purpose of this bill is to amend chapter 291C-103, Hawaii Revised Statutes, by adding a definition of "exhibition of speed or acceleration" and to amend the penalty for the violation thereof.

Your Committee has amended this measure by amending the penalty provision to clarify that violation of "exhibition of speed or acceleration" carries the penalty of either a fine, or community service, or both. The violation of the remainder of this section, such as "drag race" or "racing" is punishable by a six months prison term or a fine, or both.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 148, 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. 148, H.D. 1, S.D. 2, C.D. 1.

Senators Menor, Aki, Fernandes Salling and George.

Managers on the part of the Senate.

Senators Aki and Fernandes Salling did not sign the report.

Representatives Metcalf, Amaral, Hagino, Yoshimura and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 137 on S.B. No. 527

The purpose of this bill is to recognize the critical functions performed by substitute teachers as well as part-time temporary teachers in the maintenance and continuity of daily education by: (1) providing that the pay rates of substitute teachers be compatible with that of regular entry level teachers as calculated on a per diem basis; and (2) making an appropriation for appropriate pay rate adjustments for eligible substitute teachers and part-time temporary teachers.

Your Committee upon further consideration has made the following amendments to S.B. No. 527, S.D. 2, H.D. 2:

- (1) Changed the dollar amount in section 3, line 23, from \$3,400,000 to \$3,317,825 and the per cent figure from 0.15 to 0.14; and
- (2) Changed the dollar amounts in section 4, lines 4 and 6, from \$3,400,000 to \$3,317,825.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 527, 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. 527, S.D. 2, H.D. 2, C.D. 1.

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

Representatives Tam, Souki, Hashimoto, Kawakami, Lee and Hemmings Jr.
Managers on the part of the House.

Representative Hashimoto did not sign the report.

Conf. Com. Rep. No. 138 on S.B. No. 633

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining unit 1 cost items including the cost of salary adjustments negotiated between the public employers and the exclusive representative of bargaining unit 1 for the fiscal biennium 1989-1991.

Your Committee has amended the bill to: (1) include fund authorizations and appropriations for cost items and salary adjustments for collective bargaining units 2, 6, 8, 9, 10, and 11; (2) insert, in Section 1, the correct dollar amount and percentage to indicate the extent to which the state general fund expenditure ceiling for fiscal year 1989-1990 will be exceeded by the appropriations contained in this bill; (3) add fund authorizations and appropriations for the 1991-1993 fiscal biennium; and (4) insert, in Sections 2 and 4, the actual amounts to be appropriated to cover the costs of the cost items and salary adjustments for units 1, 2, 6, 8, 9, 10, and 11.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 633, 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. 633, S.D. 1, H.D. 1, C.D. 1.

Senators Yamasaki, Nakasato and Koki.
Managers on the part of the Senate.

Senator Koki did not sign the report.

Representatives Souki, Fukunaga, Leong and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 139 on S.B. No. 1427

The purpose of this bill is to amend section 269-16, Hawaii Revised Statutes, to require the public utilities commission's appearance in an appeal from its order, only in instances in which there was no adverse party in the case below or when there is no adverse party to the appeal. The bill also appropriates \$150,000 out of the state general revenues to be expended by the division of consumer advocacy, department of commerce and consumer affairs, for a comprehensive study of areas of consumer concern relating to local measured service in telecommunications, including:

- (1) The impacts on residential consumers' cost of telephone service and telephone calling patterns;
- (2) The impacts on public service agencies who utilize telephone communications to provide services;
- (3) The impacts on business cost of telephone service and telephone calling patterns;
- (4) The potential for repression of usage;
- (5) The potential alternatives to local measured service; and

(6) Other effects of the implementation of local measured service on various subscriber groups.

Your Committee upon further consideration has made the following amendments to S.B. No. 1427, S.D. 1, H.D. 1:

- (1) Added a new Section 2, in accordance with Section 9, Article VII of the Constitution of the State of Hawaii, setting forth the dollar amount and the rate by which the general fund expenditure ceiling is exceeded by the appropriation contained in the bill;
- (2) Renumbered consecutively the remaining sections and changed references in the bill to section numbers to conform to the renumbering; and
- (3) Made a few technical, nonsubstantive changes for purposes of style, clarity, and consistency.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1427, 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. 1427, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Hirono, Souki, Hiraki, Metcalf, Bellinger and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 140 on S.B. No. 42

The purpose of this bill is to amend provisions of the dependent care tax credit. More specifically, this bill increases the maximum amount of the credit that may be claimed by a resident taxpayer from fifteen to thirty per cent of employment related expenses, with the minimum credit to be phased out at twenty per cent instead of ten per cent.

Your Committee finds that the increasing number of families headed by single persons or couples in which both spouses work make it likely that the demand for affordable child care will continue. The increase in the tax credit is necessary to help working parents pay the increasingly high costs of child care.

Your Committee upon further consideration has amended S.B. No. 42, H.D. 1 to change the maximum amount of the credit that may be claimed by a resident taxpayer to twenty-five per cent of employment related expenses, with the minimum credit to be phased out at fifteen per cent.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 42, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 42, H.D.1, C.D. 1.

Senators Yamasaki, Fernandes Salling, Hagino, Ikeda, A. Kobayashi, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki.
Managers on the part of the Senate.

Representatives Arakaki, Fukunaga, Amaral, M. Ige, Ihara Jr. and Liu.
Managers on the part of the House.

Conf. Com. Rep. No. 141 on S.B. No. 637

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining unit 5 cost items including the cost of salary adjustments negotiated between the public employers and the exclusive representative of bargaining unit 5 for the fiscal biennium 1989-1991.

Your Committee has amended the bill to: (1) insert, in Section 1, the correct dollar amount and percentage to indicate the extent to which the state general fund expenditure ceiling for fiscal year 1989-1990 will be exceeded by the appropriations contained in this bill; (2) add fund authorizations and appropriations for the 1991-1993 fiscal biennium; (3) insert, in Section 2, the actual amounts to be appropriated to cover the costs of the cost items and salary adjustments for unit 5; and (4) add, to Section 3, a proviso that the allocation of the funds appropriated or authorized by this bill be subject to the ratification of the collective bargaining agreement for unit 5 by its members.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 637, 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. 637, S.D. 1, H.D. 1, C.D. 1.

Senators Yamasaki, Nakasato and Koki.
Managers on the part of the Senate.

Senator Koki did not sign the report.

Representatives Souki, Fukunaga, Leong and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 142 on H.B. No. 662

The purpose of this bill is to provide for the imposition of liens against the earnings and the real and personal property of absent parents who owe overdue child support payments.

Your Committee finds that this bill is necessary to meet the federal requirement of a lien law in the State for the pursuit of overdue child support. The passage of this bill will make it possible to recover a portion of the \$46,000,000 that is currently owed to children in delinquent child support payments.

Your Committee has amended this bill by deleting the provision that an obligor's earnings shall be subject to lien, which is addressed elsewhere in the Hawaii Revised Statutes. Also, wherever this bill refers to recordation of liens in the Bureau of Conveyances and Land Court, the phrase "filed in" or "or filed" is added to make clear that liens are not "recorded" in Land Court. Finally, this bill has been amended to provide that liens may also be enforceable against the estate of an obligor by the Child Support Enforcement Agency, its counsel or the obligee, and that upon satisfaction of the lien, a release shall be issued and recorded or filed.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 662, 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. 662, H.D. 1, S.D. 1, C.D. 1.

Senators Menor, Aki, Chang and Reed.
Managers on the part of the Senate.

Senator Chang did not sign the report.

Representatives Metcalf, Amaral, Hagino, Hirono and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 143 on H.B. No. 1826

The purpose of this bill is to create a special fund for the construction and improvement of public school facilities. The sum of \$90 million for each of seven years shall be deposited in the special fund from general excise tax revenues.

Your Committee finds that new school facilities must be constructed in the near future to accommodate projected enrollment increases and to replace old buildings. The physical environment impacts significantly upon the overall educational climate, and adequate facilities must be made available if the State is to be serious about achieving excellence in education.

A technical, nonsubstantive amendment has been made for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1826, 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. 1826, H.D. 1, S.D. 1, C.D. 1.

Senators Yamasaki, B. Kobayashi, Aki, Hagino, A. Kobayashi, McCartney and Koki.
Managers on the part of the Senate.

Senators Aki and Koki did not sign the report.

Representatives Tam, Souki, M. Ige, Kawakami, Lee, Stegmaier and Hemmings.
Managers on the part of the House.

Representative Hemmings did not sign the report.

Conf. Com. Rep. No. 144 on S.B. No. 1874

The purpose of this bill is to amend the laws relating to condominium property regimes to protect condominium associations from fraudulent or dishonest acts committed by its designated representatives.

Under this bill, condominiums with six or more apartments would be required to secure a fidelity bond of not less than \$20,000 but not more than \$100,000 to cover all officers, directors, employees, and managing agents who handle association funds to protect themselves against unlawful acts committed by any of the aforementioned representatives.

The bill would also require associations to annually register their projects with the Real Estate Commission, and pay registration fees; provide for handling of association funds; provide for disposal of old condominium records; and clarify the qualifications to become a managing agent.

Upon further consideration, your Committee has amended the bill by deleting the reference on page 17, lines 7-11 to recovery from the real estate recovery fund for fraud, misrepresentation, or deceit by a managing agent who is a licensed real estate broker.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1874, 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. 1874, S.D. 1, H.D. 1, C.D. 1.

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

Senator George did not sign the report.

Representatives Hirono, Hiraki, Oshiro, Shon and Cavasso.
Managers on the part of the House.

Representative Cavasso did not sign the report.

Conf. Com. Rep. No. 145 on H.B. No. 1476

The purpose of this bill is to provide limited immunity from tort liability for those persons who provide shelter or support to runaway children. Under this measure, a person is not liable in tort to the parent merely by reason of the person having given shelter or support to a minor child known by the person to have left home without the parent's permission. The measure expressly denies protection to those persons who abduct or induce a minor child to either leave home or to remain away from home without permission. This bill does not in any way limit the liability of a person who negligently, recklessly, intentionally, or wilfully harms the child, or who acts in negligent, reckless, or wanton disregard of the child's reasonable best interests.

The bill also amends the State Tort Liability Act to include Parent-Teacher Association (PTA), and Parent-Teacher-Student Association (PTSA) volunteers as "employees" of the State to require the State to represent them in lawsuits filed against them for alleged negligence while volunteering in PTA or PTSA activities.

Your Committee has amended this measure by deleting the amendment making PTA and PTSA volunteers "employees" of the State. While your Committee recognizes their invaluable services to our society, the legislature finds that the State ought not undertake to indemnify private individuals unless the service provided by the volunteer has a more direct benefit to the State.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1476, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1476, S.D. 1, C.D. 1.

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

Senator B. Kobayashi did not sign the report.

Representatives Metcalf, Hagino, Hiraki and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 146 on S.B. No. 1117

The purpose of this bill is to appropriate funds for a variety of mental health services deemed vital in developing a new, effective, and comprehensive system of mental health care.

This bill:

- (1) Establishes a mental health unit in the mental health division of the department of health, detailing positions and their qualifications and in-service training, to provide a wide range of bilingual mental health services targeted for immigrants and refugees on a statewide basis;
- (2) Assists the general population by upgrading case management services and supporting the plan, design, and construction of mental health centers in Waipahu and Kalihi-Palama;
- (3) Assists children in the State by:
 - (A) Establishing a secured, short-term residential treatment facility for adolescents;
 - (B) Providing adolescent day treatment services on the islands of Molokai, Hawaii, Maui, and Kauai;
 - (C) Establishing children's mental health teams to:
 - (i) Prevent out-of-home placement of children;
 - (ii) Help families to keep and maintain their children at home; and
 - (iii) Reduce inappropriate hospitalization of children; and
 - (D) Providing for the prevention of serious emotional problems and early intervention through the early childhood family education program; and
- (4) Offers special budget provisions jointly developed by the department of health's mental health division, the Hawaii Family and Friends of Schizophrenics, the Mental Health Association, and the Mental Health Consumer Council.

This bill also states the reasons, the amount, and the rate by which the appropriation in this bill exceeds the state spending limit to comply with constitutional and statutory requirements.

Your Committee has amended this bill by:

- (1) Replacing language creating the mental health unit providing services to immigrants and refugees with similar language from S.B. No. 800, S.D. 1, but which deletes mention of specific positions and their qualifications and in-service training. It is your Committee's specific intent, however, that the purpose of the unit is to provide services to immigrants and refugees;
- (2) Deleting funding for adolescent day treatment services on the islands of Molokai, Hawaii, Maui, and Kauai because these programs are already included in the executive budget; and
- (3) Requiring the department of health to work with the department of education in addition to other state departments regarding secured, short-term residential treatment facilities for adolescents.

Finally, your Committee has renumbered the sections accordingly and has also made a few technical, nonsubstantive amendments solely for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1117, 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. 1117, S.D. 2, H.D. 2, C.D. 1.

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

Senator Menor did not sign the report.

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

Representative Liu did not sign the report.

Conf. Com. Rep. No. 147 on H.B. No. 9

The purpose of this bill is to establish a Hawaii industrial development corporation with a venture capital revolving fund and a Hawaii technology finance corporation with a seed capital assistance program to further encourage economic development and diversification in Hawaii. These corporations would assist with the organization, capital formation, management, growth, development, and disposition of small and start-up businesses involved in innovation and high technology, with emphasis on the computer software and film industries. It appropriates \$10 million to the venture capital revolving fund, \$300,000 to staff and operate the Hawaii industrial development corporation, \$1 to the seed capital assistance program, and \$1 to staff and operate the Hawaii technology finance corporation.

Your Committee finds that both Houses are committed to supporting the growth of small innovative businesses in Hawaii, especially those "high-tech" firms on whose performance much of our economic future rests.

Each house has developed proposals for supporting these kinds of businesses, each of which is superior in specific areas. Your Committee has taken the best elements of each proposal and designed a comprehensive bill that provides financial assistance for businesses at every stage of business development.

Your Committee has made a number of technical amendments to the bill. Among the more significant changes are the following:

- (1) Amended the title of the chapter to "Hawaii Strategic Development Corporation" and amended the definition of "corporation" to reflect this change;
- (3) Deleted the Corporation's power to coordinate enterprise zone activity;
- (3) Deleted references to the Corporation providing direct managerial assistance to businesses and inserted language limiting the liability of the Corporation to the amounts it has invested in individual businesses;
- (4) Streamlined the Corporation's guidelines for evaluating potential financial transactions;
- (5) Limited the total investment in any one enterprise to \$5 million, limited the total direct investment in any one enterprise to an amount that will not provide effective voting control, and limited the total amount of direct investment by the Corporation to five percent of the assets of the Corporation except upon a two-thirds vote by the Board;
- (6) Deleted Section 3, the "Hawaii Technology Finance Corporation; and
- (7) Added several new parts to establish program areas within the Corporation.

A new section stating the reasons why and the amount and the rate by which the appropriations contained in this bill exceed the state spending limit has also been added to comply with constitutional and statutory requirements.

The Hawaii Strategic Development Corporation is a quasi-public corporation which will be managed by a 9 member board of directors and operated by a president and a staff. The Fund will develop procedures to evaluate businesses and industries and to set priorities for the types of businesses and industries that are most likely to provide significant opportunities for economic development and diversification in Hawaii.

The Fund shall establish and operate:

- (1) A Program for Research and Development funded by a Research Program Account;
- (2) A Program for Seed Capital Assistance funded by a Seed Capital Assistance Account;
- (3) A Program for Venture Capital Assistance funded by a Venture Capital Assistance Account;
- (4) A Program for Product Development funded by a Product Development Program Account;
- (5) A Program for Capital Access funded by a Capital Access Program Account;
- (6) A Program for Financial Services Industry funded by a Financial Services Industry Program Account.

The board shall develop programs in each of these areas to support economic development and diversification in Hawaii.

This bill represents an integrated economic development organization and is modelled after the Michigan Strategic Fund, which in turn was modelled after economic development initiatives in Massachusetts, California, and Pennsylvania, among other states. Incorporating what was learned in these earlier programs, the Michigan Strategic Fund is a "second generation" economic development program, and has been called the most sophisticated state public investment program in the United States. The principle underlying the program is that government working in partnership with private enterprise can improve the environment for economic development to a greater degree than government programs working alone.

Typical government economic development programs have invested public funds to support individual businesses, either directly through low-interest loans or indirectly through preferential tax treatment. This results in government agencies becoming bankers of last resort, investing public funds in businesses which could not qualify for loans from regular financial institutions. Since public funds are limited, the impact of such programs is usually also limited, and since government agencies are investing in companies spurned by professional investors, it is not surprising that such loans are often never repaid. The Hawaii Strategic Development Corporation represents a new approach, in which government investment goes wholesale rather than retail.

The Corporation uses the small amount of public money to leverage a much larger amount of private money to support selected economic development projects. By putting up money to attract private investment funds to the State, the Corporation will also attract the valuable experience of private investment fund managers in supporting business development. This indirect investment method, in which the Corporation invests money in private seed and venture capital funds, represents a powerful new method of promoting business development.

The Corporation also has the flexibility to provide financial assistance to individual enterprises, either through direct investments in individual enterprises, loans, or grants. The financial assistance process outlined in the bill is the type of process the federal Small Business Innovation Research Program (SBIR) uses. This has proven an effective system, and provides several opportunities for the Corporation to take advantage of the federal program. For example, the Corporation could provide grants to companies which were approved but not funded by the SBIR program. The Corporation could also establish a grant review process similar to the SBIR process which would allow companies to use similar applications for both the State and federal programs.

While your Committee is impressed by the success of the programs initiated by the Michigan Strategic Fund, and intends that the Hawaii Strategic Development Corporation Board should examine them closely, your Committee recognizes that Hawaii's economy is significantly different from Michigan's economy and that some of the Michigan programs may need to be altered to suit local conditions. Nevertheless, an account of how the Michigan programs work will illustrate the kind of activities the Hawaii Strategic Development Corporation will pursue.

PROGRAM FOR RESEARCH AND DEVELOPMENT

The Program for Research and Development in the Hawaii Strategic Development Corporation is intended to support research and development projects for promising commercial products or processes. The University of Hawaii is a center of research and development work in Hawaii, and there are a number of research organizations associated with the University which are also involved in research. The challenge for Hawaii is to translate the academically-oriented research of the University and other organizations into marketable results. The University is prevented by its charter from engaging in commercial activities, so the research and development work of University personnel using University resources can go so far and no farther. It is your Committee's intention that the Corporation's Research and Development Program should complement and support the research work at the University, not duplicate it. The Research and Development Program is intended to bridge the gap between the University and the commercial sector.

The Michigan Research and Development Program has three elements: a "Centers of Excellence" program which targets research areas where Michigan has a competitive advantage and uses public funds to leverage private money to finance the operation of non-profit research centers which support the development of technology-based businesses; a State Research Fund which makes small matching grants to university/business coalitions having R&D projects with proven commercial potential but no prototype; and a Small Business Innovation Research Grants program which assists Michigan businesses in seeking federal SBIR grants.

PROGRAM FOR SEED CAPITAL ASSISTANCE

Seed capital investing is generally viewed as being at the highest risk portion of the business financing spectrum, more risk than venture capitalists normally take. Given the risk, the long time horizon on investments, and the substantial

overhead needed to run a seed fund effectively, it is difficult to raise private investment for a seed capital partnership even though a successful seed fund will often provide a substantial return to its investors.

The Michigan Program provided four \$2 million loans to attract seed capital funds into Michigan, with a requirement of at least \$1 million in each fund to be raised from other sources, to increase the amount of seed capital available in Michigan. As a further incentive to private investors, the Michigan Fund subsidized the seed funds by capping the Michigan Fund's return at 9 percent. The operation of the funds were left to the private managers.

PROGRAM FOR VENTURE CAPITAL ASSISTANCE

As in the case of the Seed Capital Program the Venture Capital Program, rather than investing public funds directly in businesses, will use public money as an incentive to attract private investment organizations into the State, thereby increasing the amount of capital available for business start-ups and development. All investment decisions will be made by the managers of the private funds. Thus, the Corporation uses the relatively small amount of public money available as bait to attract the much larger amounts of investment capital available in the private sector, at the same time using the expertise of the private sector in making the investments. The impact of the public money committed to the project is thereby increased many times over. Rather than ignoring the market, or working against it, government encourages the market to work for public policy goals.

The Michigan Fund created a Venture Capital Fund which was eligible to invest up to 5 percent of the assets of the state pension fund in co-investments with private investors in individual high growth companies with good prospects and job creation or retention potential. Michigan has invested over \$50 million in individual companies.

PROGRAM FOR PRODUCT DEVELOPMENT

This program will make product-specific investments in post-prototype development, marketing activities, or inventory as a company moves toward commercialization of a new product.

The Michigan program invests an average of \$400,000 in products in return for royalty rights, seeking an annualized average return of around 20 percent over five years, with royalty income beginning within one year.

PROGRAM FOR CAPITAL ACCESS

The capital access program is designed to encourage and assist banks to make investments in businesses which are considered too risky by the banks to qualify for conventional loans.

In the Michigan program, each participating bank is assigned a loan loss reserve account in the capital access program to cover losses on a portfolio of marginal loans. When a bank makes a loan under the program, the borrower pays a one-time premium charge into the account which is matched by a bank premium payment. The capital access program then matches the combined total of the borrower's and bank's payment. Loans under this program remain private transactions between banks and borrowers. The banks determine which loans to grant, which loans will go into their risk portfolio, and set the interest rates, fees, duration, and other terms and conditions of the loans. The only restriction is that retail businesses are not eligible for loans under this program. The banks also determine in each case the total amount of insurance they require for each loan, which determines the premium charged to the borrower for the loan. A bank can withdraw funds from its account only to cover losses on loans made under the program. By partially subsidizing an insurance reserve, the capital access program encourages banks to make loans they would consider too risky under normal circumstances. Since the bank must pay part of the insurance premium, it freezes a certain amount of its money in the capital access account, discouraging the banks from using the program to provide extra protection for loans they would have made anyway. The bank must still be prudent, because the maximum amount of insurance is limited to fourteen percent of the loan, so if the borrower defaults the bank still bears the bulk of the loss. And while the loan may cost the borrower a little more than a conventional loan, it is a loan the borrower would not have gotten at all without the program. Since the maximum loan insurance amount is fourteen percent, the maximum contribution the capital access program must make is seven percent of the total cost of the loan. Thus the program is able to raise at least \$100 for every \$7 it commits, or \$14 for every \$1.

PROGRAM FOR FINANCIAL SERVICES INDUSTRY

Your Committee wishes to clarify the objective of the Corporation's Financial Services Industry Program, which is unique to the Hawaii Strategic Development Corporation. This bill creates a program to support financial services projects which will produce new jobs for Hawaii residents, but the bill does not endorse any specific project. It is clear in the bill, and it is your Committee's intent, that any loans or investments of the Corporation in financial services projects be made only when there is significant private sector commitment, both financial and otherwise. Your Committee has concerns about the proposed Hawaii securities exchange floor. Should financial assistance be considered by the Corporation for an exchange floor in Hawaii, support should only be in the form of a loan guarantee after significant private financial commitments of at least \$2 million have been made.

There is always a risk in making loans, and the purpose of this Corporation is to make money available to projects for which sufficient capital is not otherwise available from private lending sources. Further, the use of public funds to make loans to private businesses on easier terms than are available in the private sector has been a common practice in Hawaii as in other states. By requiring significant co-investment from private sources your Committee believes that this bill represents the best method of using public funds to encourage economic development in Hawaii.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 9, 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. 9, H.D. 2, S.D. 2, C.D. 1.

Senators Yamasaki, Chang, A. Kobayashi, Solomon and George.

Managers on the part of the Senate.

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

Conf. Com. Rep. No. 148 on S.B. No. 1052

The purpose of this bill is to create a California-Hawaii Commission to pursue the development of a health care delivery system for, and with, the residents of Asia and the Pacific Basin. Your Committee intends that appropriated funds be used only for direct personnel and operational expenses.

Your Committee has amended this bill by:

- (1) Deleting all references to a health care delivery system;
- (2) Substituting the phrase "Asia and Pacific nations" for the phrase "Pacific Basin" throughout this bill;
- (3) Changing the method of appointment of commission members so that it is controlled by the members' respective states;
- (4) Changing the commission members' terms from two to four years;
- (5) Expanding the duties of the commission;
- (6) Deleting the matching funds requirement in Section 7;
- (7) Changing the commission's focus to joint economic projects in Asia and Pacific nations relating to health promotion and development, environmental protection, and related information systems and technologies;
- (8) Locating the commission in the Department of Health rather than in the Office of the Governor and making the Department of Health the expending agency for appropriated funds;
- (9) Adding a provision for a commission plan with the requirement that the plan be approved by concurrent resolutions of both states' legislatures prior to initiating any projects under the plan; and
- (10) Making minor language and technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1052, 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. 1052, S.D. 2, H.D. 2, C.D. 1.

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

Representatives Shon, Tom, Horita, Ihara Jr., Kotani and Cavasso.
Managers on the part of the House.

Representative Cavasso did not sign the report.

Conf. Com. Rep. No. 149 on H.B. No. 1879

The purpose of this bill is to amend Chapter 209E of the Hawaii Revised Statutes to clarify terminology and eligibility criteria of the enterprise zones program.

Your Committee has amended this bill to expand the types of businesses allowed in enterprise zones to include limited service businesses. Specifically, a definition was added which defines "service business or calling" as any corporation, partnership, or sole proprietorship that acts upon or processes tangible personal property, such as cleaning, repair, and maintenance and does not mean activities which are not performed upon tangible personal property."

Your Committee has determined that the types of services which do not qualify for the program include brokerage, legal, accounting, architectural, engineering, consulting and contracting, real estate, travel agencies, and the like.

Your Committee has also determined the types of service businesses which are included under this bill, for example, a laundry service which collects laundry outside of the enterprise zone, brings the laundry into the enterprise zone for cleaning, then returns the laundry to its destination outside of the enterprise zone.

Your Committee has further amended this bill by doing the following:

- (1) Inserted a definition in Section 1 for "wholesale";
- (2) Amended Section 3 to provide that the rules governing the procedures for chapter 209E-8 be adopted by the Department of Business and Economic Development in consultation with the Department of Taxation;
- (3) Provided that the average number of employees employed by a business within an enterprise zone that meets the criteria in section 209E-4(b)(1) must increase by at least 5% every taxable year until 40% of the employees meet the criteria.

- (4) Added subsection (e) to Section 3 to clarify how tangible personal property and services must be sold in an enterprise zone;
- (5) Amended Section 6 to provide that the manufacture and wholesale sale of tangible personal property, and the engaging in a service business or calling by a qualified business is exempt from the payment of general excise taxes; and
- (6) 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. 1879, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1879, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 150 on H.B. No. 15

The purpose of this bill is to encourage the development of a software industry in Hawaii directed at the market for customized applications development in the United States and elsewhere.

Your Committee has amended this bill by having the Department of Budget and Finance work in consultation with the High Technology Development Corporation in establishing a plan for the development of a software industry in Hawaii. The department, as the primary agency responsible for computer hardware and software, can provide valuable insight and assistance in developing the plan. Additionally, the \$1.00 appropriation was increased to \$50,000 for fiscal year 1989-1990.

The bill has also been amended by adding the required spending ceiling language as a new section 3 of the bill and renumbering the subsequent sections.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 15, 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. 15, H.D. 2, S.D. 1, C.D. 1.

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

Representatives D. Ige, Tajiri, Bellinger, Fukunaga, Isbell and O'Kieffe.
Managers on the part of the House.

Conf. Com. Rep. No. 151 on S.B. No. 1297

The purpose of this bill is to establish the Office of Tourism within the Department of Business and Economic Development.

The Office of Tourism would develop and market the State's visitor industry and carry out other duties and responsibilities relating to coordination and implementation of long-range tourism policies, coordination with the private sector, research, technical assistance to the private sector, and other duties currently placed with the Tourism Branch of the Department of Business and Economic Development. In addition, the functions, duties, equipment, etc. of the Tourism Branch would be transferred to the Office of Tourism established by this measure.

Your Committee finds that this centralized approach to management and development of the State's crucial visitor industry will ensure that tourism activities are carried out with maximum efficiency, efficacy, and accountability.

Your Committee has amended this bill as follows:

- (1) Established the Hawaii Tourism Commission within the Department of Business and Economic Development consisting of seven commissioners who shall establish state tourism policy, approve actions of the Office of Tourism, and carry out other functions relating to oversight and development of the State's tourism program;
- (2) Provided that the tourism administrator, rather than the Director of Business and Economic Development, shall contract with the HVB and other visitor industry organizations for tourism promotion, marketing, and development, subject to the approval of the Commission;
- (3) Changed "visitor industry organization" to "contractor" on page 3, lines 18-19; and
- (4) Deleted the unnecessary reference to the Department of Business and Economic Development on page 10, line 21 since the Office of Tourism is already established within the Department.

Your Committee has also made several nonsubstantive technical, language, and formatting changes while retaining the substantive provisions relating to the duties and establishment of the Office of Tourism.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1297, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1297, H.D. 2, C.D. 1.

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

Senator George did not sign the report.

Representatives Cachola, Baker, Hirayama Jr., Kotani, Tajiri, Tom and Anderson.
Managers on the part of the House.

Representatives Tom and Anderson did not sign the report.

Conf. Com. Rep. No. 152 on S.B. No. 1175

The purpose of this bill is to strengthen and clarify the statutory provisions relating to licensing of massage therapists.

This bill would make the following changes to Chapter 452, Hawaii Revised Statutes:

- (1) Change the title of the administrative board from "Board of Massage" to "Board of Massage Therapy";
- (2) Require mechanical or electrical apparatus used in massage treatment to be approved by the U.S. Food and Drug Administration;
- (3) Clarify the criteria necessary to practice as a massage therapy apprentice;
- (4) Provide a definition of "massage therapist student" to mean "any person who engages in the study or practice of massage therapy who is under the direct supervision of the teacher in a school setting";
- (5) Provide for qualifying to take the licensing examination either by completing an apprenticeship program under a sponsoring licensed massage therapist or by completing a program of schooling approved by the Board;
- (6) Require disclosure by Board members of affiliation with any apprenticeship or other massage therapy training program;
- (7) Require the Board to adopt rules relating to training programs;
- (8) Add "structural kinesiology" as a subject for the preparation of massage therapists; and
- (9) Provide that a forfeited license shall not be restored unless the applicant meets all requirements for the examination, including the training requirement.

Your Committee has amended the bill by providing that massage therapist apprentices who have a permit, or massage therapist students who are acting under the direct supervision of a teacher in a massage school setting, are permitted to engage or attempt to engage in the occupation or practice of massage without a massage therapist license.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1175, 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. 1175, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Hirono, Hayes, Hiraki, Takamine and Cavasso.
Managers on the part of the House.

Representative Cavasso did not sign the report.

Conf. Com. Rep. No. 153 on S.B. No. 1805

The purpose of this bill, as received, is to appropriate the sum of \$1 for each year of the fiscal biennium into the rental assistance revolving fund.

Your Committee finds that the rent subsidies provided through the rental assistance revolving fund serve as an incentive to the development of affordable rental projects by providing subsidies to rental project owners. These subsidies, in turn, serve to lower the out-of-pocket rentals paid by qualified lower income tenants.

Your Committee has amended this bill by appropriating the sum of \$15,000,000, for fiscal year 1989-1990, and the sum of \$15,000,000, for fiscal year 1990-1991, into the rental assistance revolving fund, and to indicate the extent to which the appropriations will exceed the general fund expenditure ceiling for fiscal year 1989-1990.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1805, 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. 1805, S.D. 1, H.D. 2, C.D. 1.

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

Senator George did not sign the report.

Representatives Hayes, Souki, Amaral, Chang, Ihara Jr. and Liu.
Managers on the part of the House.

Representatives Amaral and Liu did not sign the report.

Conf. Com. Rep. No. 154 on H.B. No. 1188

The purpose of this bill is to increase the membership of the Juvenile Justice Interagency Board, from the current eleven to twelve voting members by the addition of a representative from the University of Hawaii appointed by the president of the University.

Your Committee notes that having an even number of voting members may pose difficulties in decision making. To alleviate this potential problem, your Committee has amended this measure so as to increase the membership to thirteen, by adding another representative of a private social service agency.

Regarding the representative from the University of Hawaii, your Committee wishes to underscore that such a representative, to be appointed by the university president, shall be the Director of the Center for Youth Research, so as to maintain the current board membership's involvement within the juvenile justice process.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1188, 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. 1188, H.D. 1, S.D. 1, C.D. 1.

Senators Menor, Crozier, Levin and Reed.
Managers on the part of the Senate.

Senator Levin did not sign the report.

Representatives Metcalf, Amaral, Bellinger, Cachola and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 155 on S.B. No. 408

The purpose of this bill is to authorize the issuance of general obligation bonds, and to find that the total amount of principal and interest estimated for these bonds, all bonds authorized but not issued, and all bonds issued and outstanding will not cause the debt limit to be exceeded at the time of issuance. This finding comports with the requirements established in Article VII, Section 13, of the Constitution of the State of Hawaii.

Your Committee, which received the bill with \$1 as the total amount of the general obligation bonds authorized, has amended the bill to include the appropriate specific amounts, with a total amount of \$247,555,000 of general obligation bonds authorized.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 408, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 408, H.D. 1, C.D. 1.

Senators Yamasaki, Fernandes Salling, Hagino, Ikeda, A. Kobayashi, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki.
Managers on the part of the Senate.

Senators Solomon and George did not sign the report.

Representatives Souki, Fukunaga, Baker, Chang, Duldulao, Horita, M. Ige, Ihara Jr., Isbell, Kanoho, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto.
Managers on the part of the House.

Representative Liu did not sign the report.

Conf. Com. Rep. No. 156 on S.B. No. 245

The purpose of this bill is to implement the constitutional mandate to provide a tax refund or tax credit when, under certain conditions, there is a surplus in the state general fund.

Article VII, section 6, of the Constitution of the State of Hawaii requires the legislature to provide for a tax refund or tax credit to the taxpayers of the State whenever the state general fund balance at the close of each of two successive fiscal years exceeds five per cent of general fund revenues for each of the two fiscal years. Since these factors have been met for the eighth year in a row, this bill is necessary to satisfy the constitutional mandate.

Your Committee upon further consideration has amended this bill to reflect a general income tax credit which shall be \$125 deducted from income tax liability, resulting in a total of \$112,500,000 being returned to the people of the State.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 245, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 245, H.D. 1, C.D. 1.

Senators Yamasaki, Fernandes Salling, Hagino, Ikeda, A. Kobayashi, Matsuura, McCartney, McMurdo, George, Koki, Solomon, Tungpalan and Mizuguchi.
Managers on the part of the Senate.

Senators George and Solomon did not sign the report.

Representatives Souki, Fukunaga, Baker, Chang, Duldulao, Horita, M. Ige, Ihara Jr., Isbell, Kanoho, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto.
Managers on the part of the House.

Representative Liu did not sign the report.

Conf. Com. Rep. No. 157 on S.B. No. 645

The purpose of this bill is to provide fund authorizations and appropriations for salary and other adjustments for fiscal biennium 1989-1991 for state officers and employees who are excluded from collective bargaining.

Your Committee has amended the bill to: (1) insert, in Section 1, the correct dollar amount and percentage to indicate the extent to which the state general fund expenditure ceiling for fiscal year 1989-1990 will be exceeded by the appropriations contained in this bill; (2) add fund authorizations and appropriations for the 1991-1993 fiscal biennium; and (3) insert, in Sections 2, 4, and 6, the actual amounts to be appropriated to cover the costs of the cost items and salary adjustments for excluded employees.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 645, 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. 645, S.D. 1, H.D. 1, C.D. 1.

Senators Yamasaki, Nakasato and Koki.
Managers on the part of the Senate.

Representatives Souki, Fukunaga, Leong and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 158 on S.B. No. 636

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining unit 4 cost items including the cost of salary adjustments negotiated between the public employers and the exclusive representative of bargaining unit 4 for the fiscal biennium 1989-1991.

Your Committee has amended the bill to: (1) insert, in Section 1, the correct dollar amount and percentage to indicate the extent to which the state general fund expenditure ceiling for fiscal year 1989-1990 will be exceeded by the appropriations contained in this bill; (2) insert, in Sections 2 and 4, the actual amounts to be appropriated to cover the costs of the cost items and salary adjustments for unit 4; (3) add fund authorizations and appropriations for the 1991-1993 fiscal biennium; and (4) add, to Sections 3 and 5, a proviso that the allocation of the funds appropriated or authorized by this bill be subject to the ratification of the collective bargaining agreement for unit 4 by its members.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 636, 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. 636, S.D. 1, H.D. 1, C.D. 1.

Senators Yamasaki, Nakasato and Koki.
Managers on the part of the Senate.

Representatives Souki, Fukunaga, Leong and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 159 on H.B. No. 231

The purpose of this bill is to extend indefinitely the provisions of Act 2, First Special Session Laws of Hawaii 1986, and to provide limited liability protection to "construction design professionals" from third party liability suits brought by injured workers.

Your Committee has amended this measure by extending the provisions of Act 2, First Special Session Laws of Hawaii 1986, for a period of two years.

Your Committee finds that insurance availability and affordability were major issues in 1986. Since the Tort Reform Law was passed, the crisis has abated. Moreover, the abolition of joint and several liability and the limits on pain and suffering have yet to reveal their full impact since the legal issues involved with those provisions have not been extensively litigated. Your Committee finds it appropriate, however, to extend the law for a period of two years to allow the Legislature to re-evaluate or reassess the efficacy of its provisions.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 231, 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. 231, H.D. 1, S.D. 2, C.D. 1.

Senators Menor, Blair, Holt and Reed.
Managers on the part of the Senate.

Representatives Metcalf, Hirono, Andrews, Cachola, Hagino, Peters, Yoshimura and Anderson.
Managers on the part of the House.

Representatives Hagino, Peters and Anderson did not sign the report.

Conf. Com. Rep. No. 160 on S.B. No. 635

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining unit 3 cost items including the cost of salary adjustments negotiated between the public employers and the exclusive representative of bargaining unit 3 for the fiscal biennium 1989-1991.

Your Committee has amended the bill to: (1) insert, in Section 1, the correct dollar amount and percentage to indicate the extent to which the state general fund expenditure ceiling for fiscal year 1989-1990 will be exceeded by the appropriations contained in this bill; (2) insert, in Sections 2 and 4, the actual amounts to be appropriated to cover the costs of the cost items and salary adjustments for unit 3; and (3) add, to Sections 3 and 5, a proviso that the allocation of funds authorized or appropriated by this bill be subject to the ratification of the collective bargaining agreement for unit 3 by its members.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 635, 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. 635, S.D. 1, H.D. 1, C.D. 1.

Senators Yamasaki, Nakasato and Koki.
Managers on the part of the Senate.

Representatives Souki, Fukunaga, Leong and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 161 on S.B. No. 311

The purpose of this bill is to provide that all financial disclosure statements available for inspection shall be destroyed, sealed, or returned to the person who made the disclosure when that person no longer holds office.

Your Committee has amended this bill to provide that financial disclosure statements filed by candidates shall be destroyed, sealed, or returned three years after the election for which the disclosure was filed. This amendment addresses an inconsistency between the treatment of candidates and other persons required to file disclosures which was contained in the last draft of the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 311, 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. 311, S.D. 1, H.D. 1, C.D. 1.

Senators Menor, Chang, Levin and Reed.
Managers on the part of the Senate.

Representatives Metcalf, Hagino, Oshiro, Yoshimura and Anderson.
Managers on the part of the House.

Representatives Yoshimura and Anderson did not sign the report.

Conf. Com. Rep. No. 162 on S.B. No. 914

The purpose of this bill is to add quality assurance committees to the protection against discovery provided by Section 624-25.5, Hawaii Revised Statutes.

The reasons for granting some protection from discovery for hospital and clinic quality assurance committees is to allow these committees to conduct meaningful evaluation of health care provided by the institutions. But it is equally important not to grant a blanket prohibition against discovery of necessary information by injured persons.

It is your Committee's understanding that the amendatory language in this bill is the result of discussions among all interested parties. The parties have indicated that the proposed language addresses objections to protection from discovery for incident reports, factual information and determinations, while still granting protection for the activities of these committees.

Your Committee has made a non-substantive change to the bill in the interest of grammatical consistency.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 914, 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. 914, S.D. 1, H.D. 1, C.D. 1.

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

Senator B. Kobayashi did not sign the report.

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

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 163 on S.B. No. 1197

The purpose of this bill is to prohibit a range of activities involving anabolic steroids, including possession without prescription, possession for sale, improper prescription, sale, or manufacture.

Your Committee finds that illicit steroids are presently being distributed and used in our State and that the problem will escalate if we continue to ignore it. Current estimates show that black market anabolic steroid transactions nationally were valued at one hundred million dollars in 1986 and are presently grossing from four hundred to five hundred million dollars annually. Moreover, steroids have been linked to a host of adverse reactions, including liver damage, heart disease, possible liver and prostate cancer, hepatitis, hypertension, addiction, and aggressive behavior. Your Committee finds that this bill will assist law enforcement agencies in combating this problem, encourage caution on the part of the medical community in their prescription practices, and reduce the likelihood of illegal procurement through nonmedical means.

This bill has been amended to remove language from the definition of "anabolic steroids" which may have made the amendment overly vague, to insert a requirement that steroid prescriptions be issued for a legitimate medical purpose, and to substitute the term "distribute" for the term "sell" in the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1197, 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. 1197, S.D. 2, H.D. 1, C.D. 1.

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

Senator Reed did not sign the report.

Representatives Metcalf, Oshiro, Shon, Yoshimura and Anderson.
Managers on the part of the House.

Representatives Shon and Anderson did not sign the report.

Conf. Com. Rep. No. 164 on S.B. No. 1154

The purpose of this bill is to stiffen the penalties for the promotion of marijuana and similar substances in furtherance of the war against drugs.

Your Committee has made the following amendments to this bill:

To specify that promoting a detrimental drug in the first degree is committed when one sells or barter any marijuana or any Schedule V substance;

To provide that marijuana which has been seized as evidence may be destroyed after it has been photographed and its weight recorded;

To define the offense of promoting a detrimental drug in the second degree as the distribution of any marijuana or any Schedule V substance in any amount; and

To specify that commercial promotion of marijuana in the second degree is committed when: one possesses, cultivates, or has under the person's control fifty or more marijuana plants; or cultivates on land owned by the government or other legal entity any marijuana plants; or sells or barter any marijuana or any Schedule V substances in any amount to a minor.

Your Committee has made these amendments in an attempt to balance the efforts of law enforcement in fighting the drug problem against the need to provide fair and equitable punishment.

Your Committee has also made minor stylistic and grammatical corrections to this bill for purposes of consistency.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1154, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1154, H.D. 1, C.D. 1.

Senators Menor, Aki, Nakasato and Reed.
Managers on the part of the Senate.

Senator Aki did not sign the report.

Representatives Metcalf, Amaral, Hagino, Takamine and Anderson.
Managers on the part of the House.

Conf. Com. Rep. No. 165 on S.B. No. 740

The purpose of this bill, as received, was to: (1) clarify when a conviction has occurred for the purposes of revocation and modification of probation conditions; and (2) expand the protections afforded to sureties in the event of the forfeiture of a bail bond or recognizance.

Your Committee has amended this bill to delete the section pertaining to the definition of a "conviction" since a parallel provision contained in H.B. No. 564 has already been passed by the legislature.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 740, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 740, H.D. 1, C.D. 1.

Senators Menor, Crozier, Holt and Reed.
Managers on the part of the Senate.

Representatives Metcalf, Oshiro, Peters, Yoshimura and Anderson.
Managers on the part of the House.

Representatives Peters and Yoshimura did not sign the report.

Conf. Com. Rep. No. 166 on S.B. No. 644

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining unit 13 cost items including the cost of salary adjustments negotiated between the public employers and the exclusive representative of bargaining unit 13 for the fiscal biennium 1989-1991.

Your Committee has amended the bill to: (1) insert, in Section 1, the correct dollar amount and percentage to indicate the extent to which the state general fund expenditure ceiling for fiscal year 1989-1990 will be exceeded by the appropriations contained in this bill; (2) add fund authorizations and appropriations for the 1991-1993 fiscal biennium; (3) insert, in Sections 2 and 4, the actual amounts to be appropriated to cover the costs of the cost items and salary adjustments for unit 13; and (4) add, to Sections 3 and 5, a proviso that the allocation of the funds appropriated or authorized by this bill be subject to the ratification of the collective bargaining agreement for unit 13 by its members.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 644, 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. 644, S.D. 1, H.D. 1, C.D. 1.

Senators Yamasaki, Nakasato and Koki.
Managers on the part of the Senate.

Representatives Souki, Fukunaga, Leong and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 167 on H.B. No. 1716

The purpose of this bill is to update Hawaii's laws relating to electronic surveillance, and the interception of wire, oral, and electronic communications, to conform and to be in compliance with federal standards.

The measure delineates procedures to be followed pertaining to the disclosure of contents of communication while in electronic storage. Unauthorized access into such electronic data would constitute a class C felony. Access to data requested by law enforcement agencies must be done through a search warrant or court order.

Your Committee, upon further consideration, has amended this measure as follows:

- (1) Section 1: page 5, lines 13-14. Amended "or existence of a crime under this part." To: "or existence of a crime or are relevant to a legitimate law enforcement inquiry." The amendment would clarify that the law is meant to apply to all criminal activities or legitimate law enforcement inquiries. Your Committee finds that without this amendment the measure would be greatly limited as to the types of crime to which it is applicable.
- (2) Similarly, in section 2: page 15, line 17, your Committee has amended this section of the measure so that the application for the authorization to install and use a mobile tracking device must be shown to be relevant to not only crimes covered under part IV of chapter 803, relating to electronic eavesdropping, but to any relevant ongoing criminal investigations.

Your Committee on Conference is in accord with the intent and purpose of H.B. NO. 1716, 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. 1716, H.D. 1, S.D. 1, C.D. 1.

Senators Menor, Holt, Levin and Reed.
Managers on the part of the Senate.

Representatives Metcalf, Amaral, Andrews, Hagino and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 168 on H.B. No. 1703

The purpose of this bill is to reduce the quantity of dangerous harmful drugs required for conviction of the crime of promoting such drugs.

This measure will provide law enforcement officers a much needed tool in the war on drugs. It has been observed that even when an arrest can be made, the quantity of drugs required to convict a person for a more serious felony remains too high since those statutory quantities were enumerated many years ago. Moreover, the most successful way to make a drug related arrest is the use of undercover operations. With the price of drugs escalating and the amounts required to produce significant arrests, police officers are hampered by the scarcity of funds.

Your Committee has adjusted some of the drug quantity amounts in this bill to address the concern that the penalties for "harmful drugs" not be more secure than that for "dangerous drugs".

Your Committee has amended this bill to specify that the offense of promoting a dangerous drug in the first degree is committed if a person knowingly: possesses one and one-half ounce or more, containing one or more of the other dangerous drugs; or distributes twenty-five or more capsules, tablets, ampules, dosage units, or syrettes containing one or more dangerous drugs; or distributes one or more preparations, compounds, mixtures, or substances of an aggregate weight of three-eighths ounce or more, containing any other dangerous drugs.

Your Committee has amended the bill to specify that the offense of promoting a dangerous drug in the second degree is committed if a person knowingly: possesses twenty-five or more capsules, tablets, ampules, dosage units, or syrettes, containing one or more dangerous drugs; or possesses one or more preparations, compounds, mixtures, or substances of an aggregate weight of one-fourth ounce or more, containing a dangerous drug.

Your Committee has amended this bill to specify that the offense of promoting a harmful drug in the first degree is committed if a person knowingly: possesses one hundred or more capsules or tablets, or dosage units containing one or more of the harmful drugs on one or more of the marijuana concentrates, or combination thereof; or distributes twenty-five or more capsules or dosage units containing one or more of the harmful drugs or one or more of the marijuana concentrate or any combination thereof.

Your Committee has amended this bill to specify that the offense of promoting a harmful drug in the second degree is committed if a person knowingly: possesses fifty or more capsules or tablets or dosage units containing one or more of the harmful drugs or one or more of the marijuana concentrates, or any combination thereof.

Your Committee has amended this bill to specify that the offense of promoting a harmful drug in the third degree is committed if a person knowingly possesses twenty-five or more capsules or tablets or dosage units containing one or more of the harmful drugs or one or more of the marijuana concentrates, or any combination thereof.

Your Committee has also amended this bill to specify that the offense of promoting a harmful drug in the fourth degree if a person knowingly possesses any harmful drugs in any amount.

Your Committee has also made technical, nonsubstantive amendments to the bill for the purposes of style and clarity. Your Committee has further amended this bill to correct technical drafting errors.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1703, 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. 1703, H.D. 1, S.D. 1, C.D. 1.

Senators Menor, Aki, Nakasato and Reed.
Managers on the part of the Senate.

Senator Aki did not sign the report.

Representatives Metcalf, Amaral, Hagino, Hiraki and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 169 on H.B. No. 548

The purpose of this bill is to: (1) increase the compensation of precinct officials by amending Section 11-76, Hawaii Revised Statutes; (2) prohibit the solicitation and receipt of political contributions from foreign nationals, by amending Chapter 11, Hawaii Revised Statutes; (3) prohibit national banks, and federally-chartered corporations, from making political contributions, by amending Chapter 11, Hawaii Revised Statutes; (4) add "foreign national" as a new definition to Section 11-191, Hawaii Revised Statutes; and (5) conform the language in Section 235-7, Hawaii Revised Statutes, to reflect the proposed amendments to Section 11-191, Hawaii Revised Statutes. This bill also appropriates \$108,195 to the office of the lieutenant governor to carry out the purposes of Section 1 of the bill.

Your Committee upon further consideration has made the following amendments to H.B. No. 548, H.D. 2, S.D. 2:

- (1) Amended Section 1, page 1, of the bill to provide that alternative precinct officials who are trained and certified and who remain available but do not work in either the primary or general election shall be compensated \$5;
- (2) Amended Section 2, page 1, of the bill by changing the appropriation from \$108, 195 for fiscal year 1990-1991 to \$108,000;
- (3) Deleted Section 3, page 2, of the bill, which prohibits the solicitation and receipt of direct political contributions from foreign nationals;

- (4) Deleted Section 4, page 2, of the bill, which prohibits national bands and federally-chartered corporations from making political contributions;
- (5) Deleted Section 5, page 2, of bill, which adds "foreign national" as a new definition to Chapter 11, Hawaii Revised Statutes;
- (6) Deleted Section 6, page 11, of the bill, which conforms language in Section 235-7, Hawaii Revised Statutes, to the proposed amendments to Section 11-191, Hawaii Revised Statutes;
- (7) Deleted Section 7, page 12, of the bill, which contains a severability clause; and
- (8) Amended Section 9, page 13, of the bill to provide that this Act shall take effect on July 1, 1989; and

Your Committee has also made technical, nonsubstantive amendments to the bill for the purposes of style and clarity.

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

Senators Menor, A. Kobayashi, Blair, Holt and George.
Managers on the part of the Senate.

Senator Blair did not sign the report.

Representatives Metcalf, Horita, Duldulao, Peters, Yoshimura and Anderson.
Managers on the part of the House.

Representatives Peters and Anderson did not sign the report.

Conf. Com. Rep. No. 170 on S.B. No. 34

The purpose of this bill is to clarify the periods of time which are to be covered by reports filed with the state campaign spending commission.

Your Committee has amended this bill by deleting proposed language pertaining to the filing of preliminary reports which conflicted with language concerning the filing of final and supplemental reports.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 34, 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. 34, S.D. 1, H.D. 1, C.D. 1.

Senators Menor, Holt, Levin and Reed.
Managers on the part of the Senate.

Senator Reed did not sign the report.

Representatives Metcalf, Cachola, Shon, Yoshimura and Anderson.
Managers on the part of the House.

Representatives Cachola and Anderson did not sign the report.

Conf. Com. Rep. No. 171 on H.B. No. 694

The purpose of this bill is to appropriate funds from the general revenues of the State, or settlements and miscellaneous claims.

Your Committee upon further consideration has made the following amendment to H.B. 694 H.D. 2, S.D. 1:

A settlement in the amount of \$25,000.00 in the case Rubenstein v state, civil no. 87-4016, 1st cir. has been added.

This settlement was inadvertently omitted from earlier drafts of this bill.

The bill has been amended to add the required spending ceiling language in a new section with subsequent sections renumbered.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 694, 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. 694, H.D. 2, S.D. 1, C.D. 1.

Senators Menor, Aki, Blair, Levin and Reed.
Managers on the part of the Senate.

Senator Blair did not sign the report.

Representatives Metcalf, Fukunaga, Amaral, Bellinger, Tajiri and Anderson.
Managers on the part of the House.

Representatives Fukunaga and Tajiri did not sign the report.

Conf. Com. Rep. No. 172 on H.B. No. 979

The purpose of this bill is to improve the present criminal injuries compensation process by providing for conformity with changes to the Penal Code dealing with violent crimes, and compensation of Hawaii residents injured or killed in an area or place where there is no crime victim compensation program.

Your Committee upon further consideration has made the following amendments to H.B. No. 979, H.D. 1, S.D. 1. The members compensation is increased from \$50 per day to \$100 per day.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 979, 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. 979, H.D. 1, S.D. 1, C.D. 1.

Senators Menor, Blair, A. Kobayashi, Levin and Reed.
Managers on the part of the Senate.

Senator Blair did not sign the report.

Representatives Metcalf, Amaral, Bellinger, Takamine and Anderson.
Managers on the part of the House.

Representative Takamine did not sign the report.

Conf. Com. Rep. No. 173 on H.B. No. 43

The purpose of this bill is, first, to establish a Center for Alternative Dispute Resolution within the Judiciary, making alternative dispute resolution a permanent feature of state government. The Center's purpose would be to help reduce public and private costs of litigation and increase satisfaction with the justice system, by facilitating the effective, timely, and voluntary resolution of disputes. The Center's functions would include resolving complex civil disputes, and public disputes involving the allocation or management of public resources or the siting of public facilities.

The second purpose of the bill is to establish a Pacific Institute for Peace and Conflict Resolution, located within the office of the governor for administrative purposes.

Your Committee upon further consideration has made the following amendments to H.B. No. 43, H.D. 2, S.D. 2:

- (1) Deleted the words "Part I" from page 1, line 1 of the bill;
- (2) Inserted the word "such" before the word "disputes" on page 2, line 1 of the bill;
- (3) Substituted the word "Act" for the word "part" on page 2, line 7 of the bill;
- (4) Deleted reference to the salary of the Director, starting at page 4, line 23 of the bill;
- (5) Deleted the words "including the director" from page 5, lines 7 and 8 of the bill;
- (6) Changed the initial letters of the words "State", "Association", and "Counties" from capital letters to lower-case on page 6, line 2 of the bill;
- (7) Deleted Sections 4 through 9 of the bill, relating to the proposed peace institute;
- (8) Inserted language repealing the Act on June 30, 1991; and
- (9) Made technical, nonsubstantive amendments to the bill for the sake of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 43, 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. 43, H.D. 2, S.D. 2, C.D. 1.

Senators Yamasaki, Menor, Hagino, Matsuura, B. Kobayashi and Reed.
Managers on the part of the Senate.

Representatives Metcalf, Taniguchi, Tom, Kawakami, Duldulao and Anderson.
Managers on the part of the House.

Representatives Duldulao and Anderson did not sign the report.

Conf. Com. Rep. No. 174 on H.B. No. 205

The purpose of this General Appropriations Bill of 1989 is to appropriate funds for the operations and capital improvements of executive agencies for the 1989-1991 fiscal biennium.

Your Committee wishes to reiterate the fundings included in the Conference Committee report in the C.D. 1.

FINANCIAL AND ECONOMIC OVERVIEW

The latest general fund tax collections report from the Department of Taxation continues to be favorable. With the completion of three full quarters of the current fiscal year through the end of March, general fund tax revenues are running 14.1 percent ahead of collections for the same period in the previous fiscal year. The increase of 14.1 percent is also substantially ahead of the increase of 9.2 percent which was used as the basis for the Governor's general fund financial plan. Thus, the financial trends indicate that the projected general fund surplus at the end of the current fiscal year, earlier estimated at \$429 million, should be realized and could very well be bettered.

The overall fortunate and favorable financial condition of the State, supported by an expanding economy and fueled especially by growth in construction and record highs in tourism, indicates that three courses of action can be pursued simultaneously. These courses are: (1) the enactment of tax relief measures; (2) the provision of tax rebates in the form of tax credits, triggered by the level of the general fund balance; and (3) new program initiatives and reinforcement of existing programs through this General Appropriations Bill and other measures.

With respect to income tax relief for individuals, your Committee supports the overall approach recommended by the State administration. In a separate measure, tax relief will be provided for all income classes, with proportionately more relief to lower provisions including increasing the standard deduction, revising the income tax rate schedules downward while broadening the tax brackets, and enacting a new medical services tax credit for general excise taxes paid on medical expenses. These provisions will provide \$50 million in tax savings for individual taxpayers.

Because the level of the general fund balance for the past two fiscal years exceeds the threshold set by the State Constitution, tax refunds or tax credits in general must also be provided to individual taxpayers. In a separate measure, your Committee has sought to return a meaningful amount to resident taxpayers while at the same time appropriating funds which represent an investment in the future. The total tax rebate recommended in the form of tax credits amounts to some \$112.5 million, the aggregate of returning \$125 to each individual taxpayer multiplied by the number of qualified exemptions.

The size of the rebate has been the subject of substantial public discussion, and the views range from those who feel that all of the projected surplus should be applied to increased government spending to those who feel all of it should be returned to taxpayers. In between are those who feel that some balance should be struck between increasing funding to meet the most urgent needs and returning some of the surplus to the people of Hawaii.

Your Committee has adopted the middle course. One of the considerations is that not all of the surplus has been generated by the individual income taxpayers of this State. Indeed, Hawaii is fortunate that it is able to export a substantial amount of its taxes, mainly as a result of expenditures by visitors. The continuing growth of tourism during the past two years, the growth of tourism expenditures marked especially by the large and increasing amounts of expenditures by eastbound visitors and the direct application of the transient accommodations eastbound tax have all been important contributors to tax revenues. Therefore, it would not be correct to proceed on the basis that the surplus is entirely the result of overpayments by resident taxpayers and that all of it should therefore be returned to them. The balanced approach of tax relief, tax rebates, and selected funding investments is the fairest approach and also the wisest course in the long run.

As an investment in the future, no major program has been given greater scrutiny, consideration, and support than the program for the public school system. In what your Committee hopes will be the first of a number of major steps on the road to educational reform, funding has been provided to put the building blocks of reform in place. The remainder of this report summarizes the more important decisions and considerations of your Committee--in education as well as in other important programs.

ECONOMIC DEVELOPMENT

Your Committee has noted in its economic overview that at present, the State's economy continues to grow at a healthy pace. To minimize the possible effects of future economic downturns, your Committee has provided support to various economic development programs to broaden and expand Hawaii's economic base.

Business development. Hawaii's focus in this area is to internationalize our economy through trade, financial services, film and high technology industries. Your Committee has provided funding to explore the establishment of an affiliated trading floor in Honolulu through the California-based Pacific Stock Exchange. Your Committee has increased funding for the expansion of Hawaii's film industry by providing an additional \$525,000 for promotion and incentives to encourage film making in Hawaii. In the area of high technology, your Committee has provided \$3,780,000 in fiscal year 1989-90 and fiscal year 1990-91 for the Pacific International Center for High Technology Research (PICHTR) to establish Hawaii as a high technology leader in the Pacific region.

Also in the high technology area, capital improvement projects which received funding include the Natural Energy Laboratory of Hawaii, Hawaii Ocean Science and Technology Park, and Keahole Point. Funds were also provided for an aquaculture research and training facility and continued support of geothermal development.

Tourism. The visitor industry is the source of the most economic activity in our State and thus its promotion is of utmost importance to Hawaii. Increasing competition in the visitor industry has led to more aggressive and expanded marketing of Hawaii by both the State and the private sector. Your Committee has enhanced the tourism advertising budget for all markets, while emphasizing the importance of sustaining the base market.

Your Committee has also provided \$2,150,000 for continued destination marketing of the neighbor islands in order to encourage a statewide approach in the promotion of Hawaii. Funds are also provided to promote Hawaii as a sports and cultural center through such sporting events as the Honolulu Marathon and the Hula Bowl, and cultural attractions such as the Hawaii Maritime Museum, the Festival of the Pacific, and the Hawaii International Film Festival.

Agricultural products. Continued support for the promotion of diversified agricultural products is provided as well as increased funding for pest control and eradication projects relating to fruitfly, gorse infestation, and webworm. Funds are provided for capital improvement projects including development of a livestock agricultural park and statewide water development and irrigation system projects.

EMPLOYMENT

At present, employment and personal income in the State of Hawaii are higher, and unemployment has maintained its low rate. Your Committee has provided support to maintain this high level of employment and to expand the "employability" of the workforce. Your Committee finds that these programs contribute to the dignity and self-sufficiency of these individuals, thereby reducing the State's obligation in other human services programs.

Placement services. Your Committee has appropriated funds to provide job seekers with easily accessible job search/vocational guidance to fulfill their career goals. Funding has also been provided to establish Job Help Stores in West Oahu and West Hawaii to deliver employment, training and other human services to job seekers. Job Help Stores will also serve as resource centers for employers and labor organizations.

Employment and training programs. With the overall goal of establishing Hawaii as the leader of the Pacific-Asian region, your Committee has funded programs for job training in high-technology and visitor industries. Funds are also provided for the training and placement of Vietnam-era, recently separated, and service-connected disabled veterans who fail to qualify for programs under the federal Job Training Partnership Act. Funds are also provided to train recent immigrants to our State, and persons considered marginally employable.

Transition centers. Your Committee has appropriated funds for transition services to special education students. Further funding has been provided for expansion of transition services to two new schools in each year of the biennium. Participants in the program will be provided with a spectrum of career/employment planning services to provide support for their transition from school to employment.

TRANSPORTATION

Airports. The increasing number of visitor arrivals continues to place a severe strain on our existing airport facilities. Your Committee has provided funds for runway extensions at Lihue, Keahole, and Kahului airports, and the Department of Transportation will be coordinating approvals for the runway projects with the respective counties. In addition, funds have been provided for 63 new positions to operate and maintain the soon to be completed Kahului Airport. When completed in July 1990, the \$73 million Phase I of Kahului Airport will greatly improve airport operations to handle the estimated 5 million passenger traffic expected by the end of FY 1989-90. Your Committee has provided an additional \$3 million in each year of the biennium to operate the Wiki Wiki shuttle bus service at Honolulu International Airport.

Highways. Your Committee is aware that by the end of FY 1990-91, the highway fund's permanent sources of revenue will not be able to meet the operating and maintenance cost of Hawaii's roads and highways. To reduce the need for costly, major repairs and maintenance of the state highways, \$49.8 million over the biennium has been provided to allow for the maintenance of our highways on a planned 10-year cycle instead of the current 17-year cycle. Your Committee feels that a regular 10-year resurfacing program will enhance safety, efficiency and effectiveness and will result in significant long-term savings. To bring an additional measure of relief to the highway fund, your Committee will also allow for the transfer of airport special funds to the highway special funds if federal approval is received.

Your Committee has also provided funding for capital projects including Kalaniana'ole highway, Interstate H-3, Fort Weaver road, contra-flow lanes, Honoapiilani highway, the Saddle road and various safety improvement for Kauai.

Harbors. Your Committee fully supports the Governor's proposed redevelopment of the waterfront area and his commitment to maintain the Kapalama Military Reservation and surrounding areas as public lands. To these ends, in a separate measure, your Committee has approved the appropriation of \$90 million in general obligation bonds to purchase the Kapalama Military Reservation and adjoining lands. Your Committee has also provided capital improvement funds for enhancements to existing harbors including those at Honolulu, Barber Point, Kawaihae and Nawiliwili, and expansions of interisland transit between Maui and Molokai.

Administrative support. General support services to enhance engineering, design, fiscal, and administration services have been provided to the three major divisions through funding of electronic data processing consultant contracts and the Intergraph CADD (Computer Aided Design and Drafting). The Intergraph CADD will notably assist the department in reviewing proposed highway projects.

ENVIRONMENTAL PROTECTION

Protection of our limited island resources is critical to maintaining our residents well-being as well as our State's economic health. To encourage increased wastewater management throughout the State, your Committee has provided \$50 million for the establishment of a wastewater revolving fund in another measure. Other funding is provided to assist the counties in improving their landfill management capabilities. Your Committee has also provided funds for increased ground water support services, underground injection control and monitoring, a geothermal and volcanic emission monitoring pilot project, and \$750,000 during the biennium for implementation of the state water code.

HEALTH

Your Committee finds that many residents of the State are not able to afford medical insurance. Your Committee finds this to be an intolerable situation, and is committed to assuring that quality, affordable health care be made available to the entire citizenry of Hawaii. Therefore, recommended for passage is a \$14 million measure establishing a State Health Insurance Program to offer medical insurance to the people of the State. Your Committee finds that this program, once

implemented, will enhance the dignity and well-being of our people, and further, that by focusing on outpatient, preventive care, future costs to the State will be minimized.

The county/state hospital system has been provided with 128 additional permanent positions to enhance services to Hawaii's population. Your Committee has provided funding and positions to facilitate the Department of Health's reorganization effort. In this 100th year of the anniversary of Father Damien's death funding for a variety of projects aimed at enhancing Kalaupapa has been provided, to include patient pensions, patient employment, repair and maintenance, equipment, patient rations, and health services.

SOCIAL SERVICES

Child care and protective services. One of Hawaii's most serious problems continues to be the lack of affordable, quality child care. Your Committee has provided funding to initiate before and after-school care demonstration projects statewide. Funds have also been provided to the Office of Children and Youth for the development of child care/early childhood education demonstration project and a statewide strategic plan.

Serious problems in the areas of child abuse and neglect must be addressed. Your Committee has responded to the immediate need for improvement of child protective services (CPS) by increasing resources for statewide implementation of a new "CPS-team" approach, provides shortage pay differential for CPS employees, training, and recruitment and retention of case workers. Expansion of and increases in foster board payments and assistance for AFDC families will also help children in need of care.

Elder care and protective services. Hawaii's elderly population continues to grow and thus increases the need for long-term care and protective services. Your Committee has approved increased funding of additional elderly protective services staff, and increased amounts for payments to adult residential care homes and chore services for the home-bound. Your Committee has also appropriated funds for construction of elderly housing facilities in Central and Leeward Oahu.

The Executive Office on Aging has received increased funding for several projects including the development of a case management model for the elderly, a program for older women, and a public employees caregiver study.

Health care payments. Your Committee has continued its support of preventive and alternative health care programs by providing funds for research and development of Medicaid alternatives and cost effective options to in-patient care. Increased levels of funding for programs such as community-based care for victims of acquired immune deficiency syndrome (AIDS) and ventilator-dependent patients, increased funding for medical options for the mothers and infants program, nursing homes without walls, and the Queen's Hospital long-term community care program. Your Committee has also provided sufficient funding to maintain the 56% reimbursement level for Medicaid providers and for continued dental health care.

Automated information systems. Increased automation has been recognized as a valuable means of improving efficiency and ultimately service delivery. Appropriations have been made to continue integration of the Hawaii automated welfare system (HAWI). Additionally, funds have been provided in the biennium to complete the Child Protective Service System and creation of the new Social Service Information System.

Administrative support. In order to continue to improve the overall efficiency and effectiveness of the Department of Human Services, your Committee has provided funds for increased staff support, a worker incentive program, and a volunteer coordinator program.

Hawaiian home lands. In order to assist and further enhance the State's efforts to return Native Hawaiian individuals to the land, your Committee has authorized the Department of Hawaiian Home Lands to fund capital improvement projects using special purpose revenue bonds. Your Committee has also provided the Department with general funds for administrative and operational costs, thereby allowing the Department to utilize appropriate amounts of its special fund to float the abovementioned revenue bonds.

Capital improvement projects. Your Committee has provided funding for various capital projects relating to low-income housing developments, shelters for the homeless, further development of Hawaiian home lands projects, and a new state veterans cemetery.

LOWER EDUCATION

The public school system of Hawaii is at the crossroads. The policies which are developed and supported by this Legislature will have a crucial bearing on whether Hawaii will be on the road to genuine educational reform. During this session, support for educational reform has been received from the Governor as well as community leaders, parent and student groups, and the Department of Education. The impetus for change and improvements has never been more promising. For this reason, education reform has been the focal point for major program and budgetary decisions. Your Committee wants both a quickstart and a firm foundation for educational reform, and it supports efforts to bring about enduring changes by establishing school-community-based management, supplementing programs for core learning, and initiating an aggressive program of statewide capital improvements.

School-Community-Based Management. The primary focus of your Committee's efforts to improve the school system lies with the concept called "School-community-based management". Under school-based management, decision making is decentralized allowing schools to more fully determine their own destiny. Based on models successfully used elsewhere, there is much to be gained through a decentralized system. At the same time, your Committee realizes the importance of prudence in implementation. Accordingly, your Committee has provided funds to enable 30 schools over the biennium to participate in a demonstration school-community-based management program. Once the school-community-based-management program is evaluated, your Committee is optimistic that all public schools in the State of Hawaii will be managed through this joint effort between school and its surrounding community.

School Priority Fund. As another component of the transition to school-community-based management, your Committee reaffirms support of the School Priority Fund which permits each school flexibility in the use of certain funds above and beyond its basic needs. Your Committee has not only approved the department's request to increase the per student allotment from \$17 to \$25, but has increased the priority fund allotment by \$3.4 million above the department's recommendation to allow for a \$35 per student allotment.

Textbooks and Related Supplies. Excellence in education requires the necessary tools. Textbooks and related supplies are essential to proper learning. Your Committee has provided funding for \$2.0 million to replace and update textbooks and related supplies on a timely basis.

Core Learning. Core learning involves the equitable provision of language arts, mathematics, social studies, science, and other subjects. Your Committee recognizes the importance of establishing a firm base from which to develop and nurture the various programs. In so doing, your Committee has provided funds for 133 core positions and \$4.0 million over the biennium for core learning.

Special Education. Special education students have unique needs that must be met. To meet the projected rise in enrollment, your Committee has increased funding for special education by an additional \$3.3 million and 87 positions.

Repair and Maintenance. Providing the proper environment is paramount to learning and teaching. Schools must be safe, functional, properly equipped, and a source of pride for students, teachers, and the community. Consequently, an additional \$30 million for the biennium has been appropriated for special repair and maintenance. Your Committee is concerned however, that the answer to the repair and maintenance problem is not necessarily found in making additional appropriations. Despite the award of generous allotments in past years, disturbing differences in school appearance remain.

In a separate measure, your Committee has also approved an aggressive, long-term capital improvement program for the schools. Through the creation of the educational facilities special fund, \$90 million in general excise tax revenues will be earmarked over a seven-year period for major renovations of existing facilities and for new construction. These funds will be sufficient to meet the needs of the public schools for the next ten years.

Financial Management System. Your Committee has appropriated \$10.3 million for a new financial management system to facilitate current school operations, promote organizational effectiveness, and aid schools operating under school based management to arrive at informed and educated decisions.

Special Needs Schools. Certain schools, for varying reasons, will not be able to realize their full potential through programs and funds currently available. Your Committee has provided \$4.2 million over the biennium to address the special needs of 10 special needs schools. The data and experience gathered from this program should be useful and applicable to other existing programs.

Learning Centers. Learning centers offer students opportunities in educational and personal development not available in the "regular" school system. Funding has been appropriated to expand these learning centers to an additional six schools.

Microcomputers in Education. In recognition of the value of computer literacy and the positive effects of computers on learning, your Committee has appropriated \$2.3 million over the biennium for computer equipment.

Starlab. The highly innovative starlab pilot project attempts to bring the experiences and excitement of a planetarium to every elementary school. Funding has been provided to allow for one starlab and one support person for each county, with Honolulu receiving two.

Conversion of temporary positions. Recognizing the importance of the 20:1 reduced class ratios for kindergarten to first grade instruction, your Committee has attempted to augment services delivered to this section of public education by authorizing the conversion of 322.0 temporary kindergarten and first grade teacher positions to permanent position status. It is hoped that this action will result in lower teacher turnover, and an elevated level of education for our children. Your Committee has also authorized the conversion of 181.0 additional positions in existence for over 5 years. A study will be conducted in the interim to address DOE as well as other state temporary positions in an attempt to devise a fair and equitable method to determine the conversion of temporary positions.

HIGHER EDUCATION

Your Committee supports the University of Hawaii's efforts to recruit and retain faculty of high caliber. Your Committee recognizes the need to periodically adjust faculty salaries in order to sustain the University's recruiting and retention capabilities. However, your Committee notes that this practice has resulted in major deficits in the University's current service operating budget. To alleviate these shortfalls, your Committee has provided \$9.2 million over the biennium. However, your Committee directs the University to evaluate its management and budgeting policies to determine a prudent method of planning for these expenditures. Your Committee notes that the 1987 Legislature also provided \$2 million to address this problem. Your Committee disapproves of the University's practice of requesting additional funds for this purpose after positions have been filled.

Funding quality education is a major priority for your Committee however, with the growth and expansion of the University of Hawaii, a major fiscal shortfall has been created. Your Committee has provided \$9.2 million to address this major salary shortfall. When the university received budgetary flexibility, it also assumed greater responsibility over the administration of their budget, not less. Your Committee is deeply concerned over this fiscal irresponsibility and recommends that the university review their budget policies to correct this deficiency.

The nursing shortage remains a critical problem throughout the entire nation. In the State of Hawaii, approximately 1,300 nurses will be needed by 1992. Your Committee has provided \$3.5 million to expand the current nursing programs, in order to meet the State's demands in this health care area.

A broad spectrum of student services is essential to the total development of students progressing through our university system. Your Committee finds that student services have not kept abreast of the changing and growing needs of the student population. Therefore, your Committee provided \$3.8 million to strengthen this very important sector of higher education. With funds provided, your Committee established new and innovative programs, such as the women's center and the minority affairs office. These new programs will provide much needed support for the non-traditional students and historically underrepresented ethnic groups.

Your Committee authorized a total of \$26 million over the biennium to improve many of the campus facilities throughout the University of Hawaii system. Your Committee finds that well-maintained physical facilities will enhance the academic environment and improve student morale and retention.

The continuous replacement of obsolete and worn-out equipment is an important priority for the university. Your Committee was cognizant of this need and provided \$17 million.

The Governor declared 1989 as the Year of the Undergraduate. Your Committee provided \$9.3 million to address undergraduate curriculum needs, such as writing, remedial math and English courses. Further funds were provided to decrease the student-professor ratio in civil engineering and electrical engineering, and to create a baccalaureate degree in Pacific island studies.

Your Committee has provided \$1 million to expand the Honolulu Community College aviation maintenance technology program. This center will provide an opportunity for Hawaii to become the leader in aviation maintenance training in the Pacific area.

With the expansion of the university, the demand for greater computer support has increased. Your Committee provided \$2 million for computer support which will provide more efficient services for students.

CULTURE AND RECREATION

Ocean-based recreation. With the increase in ocean-based activities, there has been increasing public concern expressed about the safety and welfare of resident and visitor populations utilizing our recreation areas. Your Committee has recognized the lack of adequate law enforcement in Hawaii's ocean recreation areas, and therefore has provided 11 new marine patrol officers to upgrade enforcement of state rules and regulations in Hawaii's ocean areas.

Your Committee has also provided funding for capital improvement projects at Aloha Stadium and various state parks.

PUBLIC SAFETY

Funds are provided to support continued improvements in the state's correctional system. Particular attention has been focused on accomplishing provisions of the consent decree related to programs and facilities at the Oahu and Women's Community Correctional Centers, including construction of urgently needed new facilities and development of alternatives to incarceration. Your Committee has also made provision for the purchase of innovative temporary housing structures for a pilot project at Maui Community Correctional Center.

Continued increases in inmate populations require enhanced efforts throughout the system for expanded health services, upgraded educational and vocational instruction, substance abuse testing and treatment, and correctional industries. Other programs approved include alternative supervision arrangements for some categories of adult and youth offenders, and computerized record keeping.

Your Committee has provided funds for youths at the Hawaii Youth Correctional Facility to implement the following programs: a substance abuse treatment service, a wilderness-ocean challenge program, a youth forestry work program, a group transition program, and the development of improved staff and facilities.

GOVERNMENT-WIDE SUPPORT

Legal services. To meet the challenge of the increasingly competitive market for skilled, experienced attorneys, your Committee has provided for increased compensation to attract and retain deputy attorneys within the Department of Attorney General, Department of Commerce and Consumer Affairs, and Public Defender. Funds provided should raise attorney salaries to levels comparable with the Honolulu Prosecutor's Office.

In view of overwhelming support expressed by every department in the executive branch, your Committee has provided continued funding to the electronic data processing division of the department of budget and finance to support the operations of the Ho'ike data-base system.

Aid to counties. Your Committee did not approve transferring liquor and tobacco tax revenues to the counties, in order to await the recommendations of the constitutionally established tax review commission, to be presented to the 1990 regular session of the legislature. Your Committee is optimistic that the commission will recommend a fair and equitable method of revenue sharing with the counties. Your Committee recognizes the many demands placed upon the county governments, and therefore has provided additional support to the counties during this one-year study period. Your Committee has provided a total of \$71,968,254 in grants-in-aid to the counties for fiscal year 1989-1990. This amount represents an increase of \$32,520,703 over the current year's grants-in-aid.

RECOMMENDATION

In summary, the appropriations highlighted in this report as well as others that have been provided for in the bill comprise an aggressive and broad budgetary approach in addressing the major program needs of the State.

Your Committee has corrected differences in figures between the House and Senate version of the C.D. 1. Also, projects listed in the C.D. 1 for which no funding was appropriated were deleted.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 205, 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. 205, H.D. 1, S.D. 1, C.D. 2.

Senators Yamasaki, A. Kobayashi, Fernandes Salling, Hagino, Ikeda, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki.
Managers on the part of the Senate.

Senator Fernandes Salling did not sign the report.

Representatives Souki, Fukunaga, Baker, Chang, Duldulao, Horita, M. Ige, Ihara Jr., Isbell, Kanoho, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 175 on S.B. No. 1140

The purpose of this bill is to establish a Works of Art Special Fund.

Under this bill, one percent of state appropriations for construction or renovation of state buildings shall be transferred to the Works of Art Special Fund.

Your Committee has amended the bill to make references to "special fund" consistent throughout.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1140, 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. 1140, H.D. 2, C.D. 2.

Senators Yamasaki, Tungpalan, Fernandes Salling, Hagino and George.
Managers on the part of the Senate.

Senator Fernandes Salling did not sign the report.

Representatives Taniguchi, Fukunaga, Horita, Lee and Hemmings.
Managers on the part of the House.

Conf. Com. Rep. No. 176 on S.B. No. 832

The purpose of this bill is to improve and encourage public access and participation in the legislative process, particularly through efficient, technological means.

Your Committee finds that an informed and active citizenry is the most dynamic force of democracy. Good government provides people with the greatest opportunities to voice their concerns and participate in the decision-making process.

Of the three branches of government, the Legislature relies most heavily on direct public input. It is imperative that the Legislature makes a concerted effort to provide timely information to encourage public input in the decision-making process.

As the Legislature prepares to temporarily relocate to less centralized quarters while the State Capitol is closed for asbestos abatement, the exigency of this situation is even more apparent. Technology and telecommunications are the means by which improved public access and participation in the legislative process will become a reality.

Upon further consideration, your Committee has amended this bill as follows:

- (1) Requested the committees on legislative management for both houses of the Legislature and any other committees designated by the respective leaderships of the House of Representatives or the Senate to participate in an Interim Legislative Access Project studying and making recommendations on how legislatures in the other forty-nine states provide public access and administer automated systems in the legislative process;
- (2) Appropriated funds to the Legislature for an interim legislative access project to increase public access by 1990;
- (3) Requested the Department of Budget and Finance to initiate and develop pilot projects using videotex and other information technology by soliciting state agencies to propose information services to better serve the people of the State;
- (4) Requested the Department of Budget and Finance to develop a plan to establish state information services that are accessible to the general public;

- (5) Appropriated funds for the State Library System to offer library information and to purchase and operate public terminals, and provide services to enable the public access to public information through the state information network;
- (6) Appropriated funds for the Department of Budget and Finance to carry out the pilot videotex information service projects and to prepare the plan to establish greater public access to state government information;
- (7) Appropriated funds for the High Technology Development Corporation to hold a conference; and
- (8) Made other technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 832, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 832, H.D. 1, C.D. 1.

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

Representatives D. Ige, Fukunaga, Souki, Ihara Jr., Kotani, Tajiri and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 177 on S.B. No. 408

The purpose of this bill is to authorize the issuance of general obligation bonds, and to issue a declaration of finding that the total amount of principal and interest estimated for these bonds, all bonds authorized but not issued, and all bonds issued and outstanding will not cause the debt limit to be exceeded at the time of issuance. This finding is in accord with the requirements established in Article VII, Section 13, of the Constitution of the State of Hawaii.

Your Committee incorporates all of the findings set forth in Conference Committee Report No. 53 on S.B. No. 408, H.D. 1, C.D. 1, into this report. Your Committee has made a technical amendment to this bill by changing two references to fiscal year 1992-93 in the far right column on page 10 to fiscal year 1993-94.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 408, 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. 408, H.D. 1, C.D. 2.

Senators Yamasaki, Fernandes Salling, Hagino, Ikeda, A. Kobayashi, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki.
Managers on the part of the Senate.

Senator Fernandes Salling did not sign the report.

Representatives Souki, Baker, Chang, Duldulao, Fukunaga, Horita, M. Ige, Ihara Jr., Isbell, Kanoho, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 178 on S.B. No. 1734

The purpose of this bill is to provide appropriations to meet the needs of the State through various capital improvement projects.

In C.D. 1 of this bill, your Committee changed the source of funding from general funds to general obligation bond funds and general obligation reimbursable bond funds and appropriated an additional \$12,501,000 in general obligation bond funds and general obligation reimbursable bond funds for capital improvement projects.

This bill as received, appropriates the sum of \$25,249,000 in general obligation bond funds and general obligation reimbursable bond funds for capital improvement projects.

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

Your Committee has corrected differences on Page 118 between the House and Senate version of the C.D. 1. Also, the means of financing were adjusted for certain projects and several sections were appropriately renumbered.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1734, 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. 1734, S.D. 1, H.D. 1, C.D. 2.

Senators Yamasaki, Fernandes Salling, Hagino, Ikeda, A. Kobayashi, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki.
Managers on the part of the Senate.

Senator Fernandes Salling did not sign the report.

Representatives Souki, Baker, Chang, Duldulao, Fukunaga, Horita, M. Ige, Ihara Jr., Isbell, Kanoho, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 179 on H.B. No. 1854

The purpose of this bill is to make salary adjustments for the governor, lieutenant governor, cabinet and sub-cabinet officers, and certain other executive and legislative officers.

Your Committee agrees that adequate compensation of executive branch officials will enhance and facilitate the recruitment and retention of the highest qualified individuals to public service, and enable state government to compete more effectively with the private sector for qualified personnel. In determining the appropriate salary recommendations for these officials, your Committee looked to the level of collective bargaining increases negotiated for state employees since the last increase of executive salaries in 1986. On the average, collective bargaining increases for fiscal year 1987-88 and fiscal year 1988-89 approximated 6.0% per year or a cumulative average of close to 12.4% over the two-year period. Current collective bargaining contracts being negotiated reflect an average salary increase of close to 22.8% over the four-year period from fiscal year 1990-1993. In total, this reflects approximately a 37.9% increase in state employee salaries. In light of this information, your Committee finds the salary adjustment recommendations of the Executive Salary Commission to be fair and reasonable in two major respects: first, in bringing executive salaries to a comparable relationship with increases negotiated for state employees over the past two years and second, in keeping abreast with the current level of salary increases being negotiated for state employees. Increases recommended by the Executive Salary Commission would generally result in a total aggregate increase of approximately 23.0%.

The recommendations of the Executive Salary Commission have been incorporated in this measure in the following areas:

- (1) The Commission recommended that the compensation inequity between appointed supervisors and subordinates be corrected to maintain the sanctity of the supervisor to subordinate relationship within the compensation schedule. As such, the minimum deputy director's salary is pegged at \$69,748 which represents 4-1/2% above the highest civil servant's salary to maintain the distinction between executive-level supervisors and their subordinates.

All other executive salaries have been increased by calculating their new compensation values maintaining their current salary relationship to the proposed deputy department head salary. All executive salaries are further increased by 4-1/2% in the second year of the biennium.

- (2) The Commission proposed to eliminate the category of the second deputy and consolidated all deputies into one category at the current compensation level of first deputies.

To provide the governor with the opportunity for "hands-on" management in regard to cabinet appointments, the Commission further recommended that the concept of a salary range be applied to the salaries of the deputy department heads. The utilization of a salary range would allow the governor to set the salaries of his departmental appointees at levels based on the priority of the functions and responsibilities of those positions within his cabinet and the qualifications of the individuals selected for the job. The maximum end of the salary range for deputy department heads is set at a level 8.6% below the department heads' salary which reflects the current per cent salary differential between department heads and deputies.

- (3) The Commission recommended compressing the salary relationship between department heads and the governor by pegging the salary of the department heads at a level equivalent to 90% of the governor's salary instead of the current 85.5% relationship. This compression is in recognition of the level and scope of responsibilities of department heads and the competitive demands of recruitment for those positions.
- (4) The Commission recommended upgrading the salary of the administrative director to the governor above its current department head salary level, given the scope of responsibility assigned to that position to oversee and coordinate activities of all other departments.

Your Committee has amended the bill to insert appropriate salary figures for executive branch officials to reflect the foregoing discussion, and for the administrators of the legislative reference bureau, the office of the legislative auditor, the state ethics commission, and the office of the ombudsman. The salaries of the administrators of these state legislative agencies should also remain competitive to enhance recruitment of qualified personnel.

Your Committee has also amended the bill by deleting the statutory requirement for an ongoing salary commission to regularly review the salaries of the state executive branch elected and appointed officials. It is felt that the option should be left to the discretion of the governor to establish an executive salary commission as deemed appropriate.

A statement has been inserted in the bill to indicate the amount and percentage by which the appropriations made in the bill exceed the state general fund expenditure ceiling for fiscal year 1989-1990.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1854, 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. 1854, H.D. 2, S.D. 1, C.D. 1.

Senators Yamasaki, Nakasato, Mizuguchi, Solomon and Koki.
Managers on the part of the Senate.

Senator Nakasato did not sign the report.

Representatives Takamine, Souki, Baker, Fukunaga, Horita, Say and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 180 on S.B. No. 783

The purpose of this bill is to establish a Youth Services Board, to be placed within the legislature for administrative purposes only, as the state agency responsible for the planning and coordination of public and private services for youths in need of such services. As amended by your Committee, this bill:

- (1) Establishes an Office of Youth Services within the Department of Human Services to provide services and programs for youth at risk under one umbrella agency in order to facilitate optimum service delivery, to prevent delinquency, and to reduce the incidence of recidivism among juvenile offenders.
- (2) Sets forth the specific functions and duties of the Office of Youth Services, including: an integrated intake/assessment and case management system; educational, vocational, social counseling, and mental health services; community-based shelter facilities; oversight of youth services; and planning and coordination of public and private youth services.
- (3) Provides for the creation and development of youth service centers which will focus on delinquency prevention and which will maintain a system of intake, assessment, and follow-up services for youth.
- (4) Provides for the creation of an oversight committee which will be responsible for conducting periodic audit evaluations of the youth service system to ascertain its effectiveness and compliance with established responsibilities.
- (5) Provides that for the first two years of its existence, the office of youth services will perform a planning and program development function. The office is required to develop operational and organizational plans that will serve as blueprints for the transfer of specific programs from the Department of Human Services, Department of Health, Department of Corrections, and the family court. The bill requires that the plans be submitted to the legislature for consideration during the 1991 regular session.
- (6) Appropriates \$600,000 for fiscal year 1989-1990, and \$600,000 for fiscal year 1990-1991, to carry out the purposes of the Act.
- (7) Adds a provision stating the dollar amount and percentage by which the state general fund expenditure ceiling has been exceeded.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 783, 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. 783, S.D. 2, H.D. 2, C.D. 1.

Senators Menor, A. Kobayashi, Blair, Hagino, Levin, McCartney and Reed.
Managers on the part of the Senate.

Senator Reed did not sign the report.

Representatives Metcalf, Arakaki, Fukunaga, Amaral, Duldulao, Hiraki, Oshiro and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 181 on S.B. No. 1413

The purpose of this bill is to provide the statutory mechanism and funding authorization necessary for the civil rights commission to begin operations to enforce the employment and housing anti-discrimination laws.

Your Committee has amended the bill to provide:

- (1) A sixty-day period within which the commission must investigate complaints and decide whether it will pursue enforcement action;
- (2) Establish that the commission may proceed with an administrative hearing if the Respondent does not comply with the formal demand of the commission within fifteen days; and
- (3) Appropriate \$200,000 in fiscal year 1989-90 and \$200,000 in fiscal year 1990-91 for the purposes of implementing this bill.

Your Committee has also made a number of other amendments for the purposes of clarifying provision, style, and grammar.

During its deliberations on this bill, your Committee was concerned that members of the commission be selected for their knowledge of and experience in implementing and enforcing non-discrimination provisions, and wishes to make it clear that the legislature wishes to have this factor taken into account when appointments are made by the governor.

Further, your Committee is concerned about public access to the commission and its proceedings. To that end, your Committee strongly urges the commission to hold its administrative hearings as close as practicable to the residences of the parties. This will also facilitate the creation of the most complete record possible in administrative cases, since the parties will have easier access to evidence and witnesses when hearings are held close to the parties' residences.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1413, 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. 1413, S.D. 2, H.D. 2, C.D. 1.

Senators Menor, Yamasaki, Blair, Solomon and Koki.
Managers on the part of the Senate.

Senator Koki did not sign the report.

Representatives Metcalf, Takamine, Souki, Hagino, Say and Anderson.
Managers on the part of the House.

Representative Anderson did not sign the report.

STANDING COMMITTEE REPORTS**SCRep. 1 Ways and Means on H.B. No. 299**

The purpose of this bill is to authorize funds for the expenses of the Legislature up to June 30, 1990, and also for the expenses of the legislative support agencies during the 1989-1990 fiscal year.

Your Committee has provided the following specific appropriations:

SENATE AND HOUSE OF REPRESENTATIVES

The amount appropriated for the Senate is \$3,288,116 and the amount appropriated to the House of Representatives is \$4,289,318. 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 \$1,742,000 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 \$299,880 to the State Ethics Commission.

LEGISLATIVE REFERENCE BUREAU

Your Committee approves the appropriation of \$1,575,957 for the Legislative Reference Bureau.

OMBUDSMAN

Your Committee approves the appropriation of \$451,200 for the Office of the Ombudsman.

LEGISLATIVE INFORMATION SYSTEM

Your Committee approves the appropriation of \$418,497 to the Senate and \$544,407 to the House of Representatives for the purpose of defraying the expenses of the legislative information system, nicknamed "SHADOW". Your Committee finds that these amounts are necessary to meet equipment, consultant, supplies and other related expenses.

LAPSE OF FUNDS

Appropriations under this bill are subject to lapse as of June 30, 1990.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. 299, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2 Consumer Protection and Commerce on S.B. No. 70

The purpose of this bill is to raise the compensation of attorneys and physicians who serve on medical claim conciliation panels.

Panel members are currently paid \$100 per claim. This bill would raise the remuneration to \$200 per claim and appropriate \$40,000 for such purpose, to be expended by the department of commerce and consumer affairs.

Your Committee received supporting testimony from the Coalition for Tort Reform, the director of health, John W. Cater, an experienced panel member, and the department of commerce and consumer affairs, and finds that panel members spend long, hard hours away from their regular professional activities listening to cases and reviewing medical reports and should be adequately compensated for their time and expertise. Your Committee also finds that the present remuneration of \$100 has not changed since the inception of the panel. Raising the remuneration at this time is therefore appropriate and would help ensure a steady pool of qualified physicians and attorneys willing to serve.

Upon further consideration, your Committee has amended this bill by raising the remuneration from \$100 to \$300 per case, the same amount as is currently paid members of the design professional conciliation panel. In line with this amendment, your Committee has also increased the appropriation from \$40,000 to \$60,000.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 70, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 70, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Blair, McCartney, Nakasato and Koki.

SCRep. 3 Education on S.B. No. 2039

The purpose of this bill is to enact legislation relating to diversified schools.

Your Committee has amended this short form bill by inserting substantive material creating a new chapter in the Hawaii Revised Statutes entitled "Diversified Schools," the purpose of which is to improve the State's public education system by responding to the wide array of student needs and the diversity of parent preferences, while at the same time facilitating a decentralization of school control and an expanded role for teachers.

Under this concept, a local school may, with the assistance of an independent facilitator and at the request of teachers and parents, establish a diversified school within an appropriate local school. Diversified schools would serve as parallel full educational programs for all grade levels in a particular school plant. An independent facilitator, with the advice of the department of education when requested, would formulate guidelines and procedures to assist in the development of diversified school programs, provide information to parents and the community, and carry out other duties appropriate to the establishment and operation of diversified schools.

This chapter envisions that at the outset diversified schools will be added to the traditional programs of existing schools, with the first diversified school to be in operation no later than September, 1990.

Your Committee has also added an appropriation to the department of education for fiscal year 1989-1990 to carry out the purposes of the chapter.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2039, as amended herein, and recommends it pass First Reading in the form attached hereto as S.B. No. 2039, S.D. 1, and be recommitted to the Committee on Education for further consideration.

Signed by all members of the Committee except Senator Menor.

SCRep. 4 Housing and Hawaiian Programs on S.B. No. 1651

The purpose of this bill is to amend the laws of Hawaii relating to the housing and finance development corporation.

Your Committee has amended this short form bill by inserting substantive material the purpose of which is to clarify the dispositions of lands related to the Kealakehe affordable housing project and other nonresidential lands.

Specifically, the bill adds two sections to Chapter 201E, Hawaii Revised Statutes. The first provides that the corporation may not sell any lands in connection with the Kealakehe affordable housing project other than those lands which are to be used for residential purposes. The second specifies five conditions under which the corporation may lease lands for resort, commercial, shopping center, and golf course or other recreational uses, to wit:

- (1) They shall not be within 1,000 feet of the shoreline;
- (2) The corporation shall do all the designations and zoning;
- (3) The lease shall be for at least 55 years in exchange for a negotiated consideration;
- (4) The consideration may be cash deposited into the dwelling unit revolving fund; and
- (5) In lieu of cash, the corporation may accept improvements for the Kealakehe affordable housing project appropriate to bring the cost of residential units within the median income of applicants residing in West Hawaii.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1651, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1651, S.D. 1, and be recommitted to the Committee on Housing and Hawaiian Programs for further consideration.

Signed by all members of the Committee.

SCRep. 5 Ways and Means on S.B. No. 1734

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. 1734, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1734, S.D. 1, and be recommitted to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 6 Energy and Natural Resources on S.B. No. 1614

The purpose of this bill is to amend the laws of the State relating to natural resources.

Your Committee has amended this short form bill by inserting substantive material the purposes of which is to make an appropriation for the State of Hawaii's membership into the Pacific Marine Fisheries Commission (PMFC).

Your Committee finds that membership into the Pacific Marine Fisheries Commission would enhance the State's ability to effectively manage and promote the future of fisheries within the State.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1614, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1614, S.D. 1, and be recommitted to the Committee on Energy and Natural Resources for further consideration.

Signed by all members of the Committee except Senators Crozier, Fernandes Salling, A. Kobayashi and McCartney.

SCRep. 7 Energy and Natural Resources on S.B. No. 1612

The purpose of this bill is to amend the laws of the state relating to land.

Your Committee has amended this short form bill by inserting an appropriation in the amount of \$50,000 for fiscal year 1989-1990 for a feasibility and preliminary site selection study identifying possible sites for state industrial parks on the island of Maui.

The funds appropriated would be expended by the department of land and natural resources.

Your Committee finds that pursuant to Act 361, Session Laws of Hawaii, 1988, the department of land and natural resources is authorized to develop industrial parks in partnership with the counties. Presently, Maui County is the only county in the state without a state industrial park. Therefore, your Committee finds it appropriate for a feasibility and preliminary site selection study to be undertaken as contemplated by this measure.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1612, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1612, S.D. 1, and be recommitted to the Committee on Energy and Natural Resources for further consideration.

Signed by all members of the Committee except Senator Chang.

SCRep. 8 Energy and Natural Resources on S.B. No. 1617

The purpose of this bill is to amend the laws of the State relating to deep ocean resource recovery and utilization systems.

Your Committee has amended this short form bill by inserting an appropriation in the amount of \$3,000,000 for fiscal year 1989-1990 to plan, design, and construct an operational prototype deep ocean resource recovery and utilization system (DORRUS) facility.

Your Committee finds that the State of Hawaii is a world leader in pioneering developments relating to uses of deep ocean water. A DORRUS facility will produce aquaculture and agriculture products, energy, and fresh water suitable for Pacific island locations, and this facility is essential in establishing the state's preeminence in the development of this new ocean industry. Therefore, your Committee finds it appropriate for the construction of an operational prototype DORRUS facility in Hawaii.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1617, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1617, S.D. 1, and be recommitted to the Committee on Energy and Natural Resources for further consideration.

Signed by all members of the Committee Senators Hagino and George.

SCRep. 9 Health on S.B. No. 1627

The purpose of this bill is to enact a measure relating to health.

Your Committee has amended this short form bill by inserting appropriations for various health programs.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1627, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1627, S.D. 1, and be recommitted to the Committee on Health for further consideration.

Signed by all members of the Committee except Senator Menor.

SCRep. 10 Housing and Hawaiian Programs on S.B. No. 1772

The purpose of this bill is to establish an economic development research corporation within the department of Hawaiian home lands to provide research on housing development and financial services to assist the awardees or lessees of Hawaiian home lands.

Under current law, the Hawaiian homes commission is the executive body to the department of Hawaiian home lands. Accordingly, the commission has responsibility for such diverse issues such as, management of land and water resources, beneficiary profile, awards, land development, financial resources, organization, staff development, and community relations. The corporation proposed in this bill would assist the commission by providing research and counseling

assistance in the area of land development and financial services, thus allowing the commission to focus its efforts in other areas.

Your Committee has amended this short form bill to insert substantive material creating the corporation and granting it powers to (1) conduct research, studies, and investigations relating to housing and finance, (2) enter and perform contracts relating to housing and finance, (3) coordinate their work with state agencies, and (4) provide counseling on home ownership and available financial assistance. Your Committee finds that the corporation would assist the goal of the department, which is to develop and deliver land to native Hawaiians.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1772, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1772, S.D. 1, and be recommitted to the Committee on Housing and Hawaiian Programs for further consideration.

Signed by all members of the Committee.

SCRep. 11 Housing and Hawaiian Programs on S.B. No. 243

The purpose of this bill is to appropriate funds to the Office of Hawaiian Affairs to study the feasibility of establishing an economic development education foundation. The feasibility study will help to identify problems Hawaiians and native Hawaiians are having in securing meaningful employment and remaining employed, as well as starting and remaining in business.

Currently, Hawaiians and native Hawaiians constitute the highest unemployed group in the state and are under-represented in the various professions. This bill will help to address these problems of chronic unemployment, underemployment, and underrepresentation.

Testimony in support of S.B. No. 243 was presented by the Office of Hawaiian Affairs and by native Hawaiian, Mr. Art Frank. A recently completed needs assessment report by Alu Like, Inc., found there is a relationship between occupational attainment and educational achievement. Accordingly, the more education one has, the higher the pay.

The legislature finds that education for jobs and self-employment will provide native Hawaiians and Hawaiians the tool to improve themselves and their lives. In turn, they will become contributing members to their family, community and this state.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 243 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 12 Agriculture on S.B. No. 260

The purpose of this bill is to appropriate \$90,500 for fiscal year 1989-1990 for an in-depth survey of agricultural leases in Kona. The funds would be expended by the governor's agriculture coordinating committee.

Your Committee finds that this Act would address concerns arising from the land tenure system and gather basic facts to document Kona's current and future agricultural potential.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 260 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 13 Agriculture on S.B. No. 144

The purpose of this bill is to create a new department of environmental protection to have jurisdiction over all matters relating to protection of the environment from all sources of pollution, and to be responsible for the formulation and implementation of programs for environmental protection.

Currently responsibilities for environmental protection are shared by a number of agencies and institutions in the State. These include the environmental protection and health services division in the department of health, the office of environmental quality control and the environmental council, the pesticides branch in the department of agriculture, the department of land and natural resources, the coastal zone management program in the department of business and economic development, and the environmental center at the University of Hawaii. This bill would transfer all environmental protection functions to the proposed department.

Your Committee heard supporting testimony from the American Lung Association and the environmental center of the University of Hawaii. Opposing testimony was heard from the department of health, department of agriculture, and land use research foundation of Hawaii. Those in opposition felt instead that existing programs should be strengthened and supported, and new programs developed to address current and emergent issues.

Your Committee has amended this bill to require that other offices and departments with environmental protection responsibilities coordinate their planning and regulatory activities with the proposed department of environmental protection. The bill also includes language that requires specific coordination procedures for conflict resolution and consensus building between departments, particularly at the planning stages. In addition, the Committee asks that the Committee on Ways and Means look at the possibility of including the state parks division of the Department of Land and Natural Resources in the jurisdiction of the proposed department.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 144, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 144, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 14 Consumer Protection and Commerce on S.B. No. 210

The purpose of this bill is to stiffen the penalties imposed on public assistance recipients who are convicted of driving under the influence of alcohol or drugs or for traffic violations where points are assessed.

Under the current law, public assistance recipients are subject to the same penalties as are other drivers pursuant to sections 291-4, 291-7, and 291C-161, Hawaii Revised Statutes. This bill would provide for additional hours of community service assessed so as to reimburse the joint underwriting plan for the cost of maintaining the convicted driver's policy.

Your Committee received supporting testimony from the Director of Human Services, the Honolulu Police Department, and the Hawaii Independent Insurance Agents Association, and finds that this measure will serve notice to public assistance recipients, who pay no insurance premiums, that drunken driving and other serious traffic offenses will be severely enforced. Your Committee has continually striven to pursue legislation which would protect innocent citizens against irresponsible drivers, and this bill is a sensible and cost effective means of addressing at least part of the problem.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 210 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 and Tungpalan.

SCRep. 15 Education on S.B. No. 527

The purpose of this Act is to provide that the salaries of substitute teachers shall be compatible with the salaries of regular teachers, as calculated on a per diem basis.

Historically, substitute teachers have been included within the scope of collective bargaining for regular teachers of the department of education and have received commensurate per diem pay increases when the salaries of regular teachers were raised. However, the 1987 collective bargaining negotiations between the State and the teachers failed to include substitute teachers, indicating that there is need to statutorily protect the earning power of these important members of the educational community.

This bill would include substitute teachers within the classification plan provided by section 297-31.1, Hawaii Revised Statutes. The department of education would assign each substitute teacher to an appropriate class according to the department's certification requirements and pay them a per diem rate based on the amount provided in the classification/compensation plan for regular full-time teachers in the same class.

Your Committee received supporting testimony from the Superintendent of Education and the President of the Hawaii State Teachers Association and finds that substitute teachers are an essential part of the education system and are deserving of compensation appropriate to their professional role. Your Committee also finds that failure to include substitute teachers in collective bargaining negotiations, as was the case in 1987, could set an inappropriate precedent unless provision is made to statutorily relate the salaries of substitute teachers with salaries of regular teachers as provided in this bill.

Upon further consideration, your Committee has amended this bill by adding an appropriation for fiscal biennium 1989-1991 to provide appropriate pay adjustments to substitute teachers until such time as their pay is satisfactorily negotiated under collective bargaining as contemplated by this measure. Your Committee wishes to note that this appropriation is not intended to be a part of any future negotiated pay increase for any teachers, whether regular or substitute.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 527, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 527, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 16 Consumer Protection and Commerce on S.B. No. 369

The purpose of this bill is to appropriate \$32,064 for fiscal biennium 1989-1991 to establish a permanent condominium association clerk position in the professional and vocational licensing division, department of commerce and consumer affairs, and \$15,000 for fiscal year 1989-1990 for a computer system and office accoutrements for the registration of condominium associations.

Your Committee received supporting testimony from numerous condominium owners and associations as well as the department of commerce and consumer affairs and finds that there is a need to update voluminous data and records on condominiums which have been accumulating since 1961. This bill will enable the department to computerize this material and better discharge its duties relating to condominiums.

Your Committee has amended this bill by changing the effective date from upon approval to July 1, 1989, in conformance with recommended drafting procedures for appropriation bills, 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. 369, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 369, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Ikeda, Nakasato and Tungpalan.

SCRep. 17 Consumer Protection and Commerce on S.B. No. 1581

The purpose of this bill is to enact a measure relating to insurance.

Your Committee has amended this short form bill (1) by inserting a purpose section indicating the need for property insurance for home owners and home renters against loss by fire, theft, or casualty, together with reasonable rental expense reimbursement for temporary substitute housing after a loss, for risks not exceeding \$25,000 and with a deductible not exceeding \$50; and (2) to provide that every insurance company doing business in this State must offer such coverage at rates substantially the same as those charged in 1986, after adjustment for inflation.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. 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 Consumer Protection and Commerce for further consideration.

Signed by all members of the Committee except Senators Ikeda, Nakasato and Tungpalan.

SCRep. 18 Consumer Protection and Commerce on S.B. No. 370

The purpose of this bill was to establish condominium management recovery and education funds.

The condominium management recovery fund would be used to enable any association of apartment owners to recover project funds which are lost because of fraudulent or dishonest acts and which are not recoverable through fidelity bonds. Payments to the fund would be made on the basis of \$1 per year per apartment paid by the association of a project with six or more apartments, and \$1 per year by each managing agent for each apartment managed. The bill provides a two year statute of limitations on such recovery, as well as court procedures, and prohibits maximum liability to the fund to exceed \$25,000 per transaction and \$50,000 for any one association.

The department of commerce and consumer affairs would allocate seventy-five percent of the fees to the recovery fund and twenty-five percent to the education fund, which would be used to promote the advancement of education and research in the field of condominium management, condominium registration, and real estate for the benefit of the public and licensed agents.

Your Committee received supporting testimony from the Real Estate Commission, the Hawaii Council of Associations of Apartment Owners, the Hawaii Independent Condominium and Cooperative Owners, and others, and finds that this bill will afford needed protection to associations of apartment owners and will reduce claims against the real estate recovery fund.

Upon further consideration, your Committee finds that the education fund established by this measure is of great importance because of its anticipated favorable impact on the condominium/real estate industry. Therefore, your Committee has amended the bill to provide that half of all fees collected and amounts recovered from judgements pursuant to this bill should be deposited into the education fund. However, the percentage should not be fixed by law due to the possibility of a large judgement against the fund. In addition, your Committee has made the following amendments:

- (1) Clarified the amounts collectible under the condominium management recovery fund;
- (2) Moved paragraphs (1) and (2) on page two to page six as new paragraphs (2) and (3);
- (3) Converted paragraph (2) on page six to paragraph (4) in line with the above amendment;
- (4) Provided that contributions by associations and managing agents shall be \$2 per apartment for calendar year 1989 and \$1 per apartment each year thereafter, subject to adjustments that may be made by the Real Estate Commission from time to time as needed;
- (5) Provided that no association of apartment owners shall recover from the real estate recovery fund for any loss of condominium project funds occurring after the effective date of the bill; and
- (6) Numerous nonsubstantive technical amendments for the purposes of clarification, correction of misquoted statutory material, 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. 370, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 370, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Ikeda, McCartney, Nakasato and Tungpalan.

SCRep. 19 Agriculture on S.B. No. 1568

S.B. No. 1568 is a short form bill which is being fleshed out to provide assistance to the anthurium industry.

Your Committee finds that the anthurium industry constitutes an important component of the agricultural economy of the State. In recent years, however, the growth of the industry has been hindered by losses of plants and flower production due to a bacterial disease known as anthurium blight. Bacterial diseases of plants are extremely difficult to control. Often, the only available alternative is the removal and destruction of infected plant materials to prevent the transfer of bacteria from diseased to nondiseased plant stock. A major problem faced by the anthurium industry is the scarcity of disease free plants to replace the infected plants that must be destroyed.

Your Committee finds that there is an urgent need to expand the industry's capacity to develop alternatives to confront the problem of anthurium blight. This bill has been amended by providing an appropriation of \$300,000 toward the development of alternatives to minimize the effects of anthurium blight on Hawaii's agricultural economy.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1568, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1568, S.D. 1, and be recommitted to the Committee on Agriculture for further consideration.

Signed by all members of the Committee.

SCRep. 20 Agriculture on S.B. No. 666

The purpose of this bill is to amend the tree farm law to provide that any property of not less than 10 acres, in agricultural districts pursuant to §205-2 and conservation districts zoned for commercial use, is eligible for classification as a tree farm property if it is suited for the raising of commercial tree species and other forest products.

Current law requires that tree farms be at least 30 acres in size. Specifically, this bill would (1) require tree farms to be managed according to a management plan, which shall provide for the development, maintenance, and harvest of trees and other forest products while exercising conservation techniques to prevent the erosion of soils, (2) require the board to adopt rules for procedures, conditions and fees for establishing tree farms, (3) repeal provisions relating to real property tax exemptions, yield tax payments and returns, determination of marketability, and declassification, and (4) repeal provisions allowing adjacent lands to become part of the original tree farm property not subject to original agreement.

Your Committee finds that this bill is in accordance with state policy and is an appropriate vehicle to encourage the raising of commercial tree species and other forest products.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 666 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 21 (Majority) Corrections on S.B. No. 842

The purpose of this bill is to provide funding for the establishment of a religious program manager in the department of corrections. Such a program manager would be responsible to attend to the religious needs of the inmates in all state correctional facilities.

Your Committee heard testimony in support of this measure from the department of corrections and many church and religious groups. Your Committee finds that a religious program manager is needed to ensure that persons incarcerated in state correctional facilities are able to engage in their personal religious practices.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 842 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 Koki did not concur.

SCRep. 22 Corrections on S.B. No. 845

The purpose of this bill is to establish and fund several self-improvement programs for persons incarcerated at the Hawaii youth correctional facility. This bill also appropriates funds for planning of a new youth correctional facility and for renovations to existing correctional facility structures.

Your Committee heard testimony in support of this measure from the department of corrections and the department of health. Your Committee finds that the proposed appropriations are necessary to provide incarcerated youths opportunities to rehabilitate themselves, thus allowing a smoother reintroduction into society.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 845 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 23 Corrections on S.B. No. 895

The purpose of this bill is to require all state community correctional facilities to provide sex abuse education and treatment programs for incarcerated persons needing such programs.

Your Committee heard testimony in support of this measure from the department of corrections and the department of health. Your Committee finds that sex abuse education and treatment programs are an important component in the rehabilitation of sex offenders and that such programs should be offered in all state correctional facilities.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 895 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 24 Consumer Protection and Commerce S.B. No. 567

The purpose of this bill is to exempt charitable gift annuities donated to a nonprofit educational foundation of a public educational institution from the definition of insurance.

Thus, under this bill, nonprofit educational foundations such as the University of Hawaii Foundation would be excluded from regulation under the insurance code when they enter into charitable gift annuity agreements.

Your Committee received supporting testimony from the department of commerce and consumer affairs and the University of Hawaii Foundation and finds that a charitable gift annuity is a contract to pay a certain amount for the life of the beneficiary and may qualify as a tax free deductible gift. In addition, the fixed income from the agreement may have a substantial tax free portion (return of principal) to the beneficiary or beneficiaries whether or not they were the donor.

Your Committee further finds that charitable gift annuities should be exempt from the definition of insurance for the following reasons:

- (1) Donors purchasing charitable gift annuities will increase their gifts;
- (2) Other states have passed legislation similar to this, and in order to compete on an equal footing with other state universities foundations, the University of Hawaii Foundation needs the same insurance exclusion;
- (3) The typical charitable gift annuity is smaller than other deferred gifts, but this bill would make the benefits of deferred giving available to more people. Deferred giving would no longer be an option just for the wealthy;
- (4) In recent years, gift revenues to charities have leveled. The availability of the charitable gift annuity option will allow the University of Hawaii Foundation to meet the needs of a group of its donors and attract their support;
- (5) Although this measure removes the initial sale of charitable gift annuities from regulation by the insurance commissioner, charitable gift annuities will still be under the commissioner's authority; and
- (6) This measure should be revenue neutral for the State since the average gift is very small, only a portion of the contract will qualify as a deductible amount, and the donor may not elect to itemize deductions for income tax purposes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 567 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Blair, Hagino, Nakasato and Tungpalan.

SCRep. 25 Consumer Protection and Commerce on S.B. No. 1220

The purpose of this bill is to convert the condominium specialist position in the department of commerce and consumer affairs from temporary to permanent.

The temporary position was created pursuant to Act 278, Session Laws of Hawaii 1988, to assist consumers with information, advice, and referral on chapter 514A, Hawaii Revised Statutes, and chapter 16-107, Hawaii administrative rules, relating to condominiums. This bill would convert that position to permanent, exempt from the provisions of chapters 76 and 77.

Your Committee received supporting testimony from the Real Estate Commission, the Hawaii Council of Associations of Apartment Owners, Hawaii Independent Condominium and Cooperative Owners, the Hawaii Association of Realtors, and others, and finds that the condominium specialist has greatly assisted consumers and the Real Estate Commission and confirmed the belief of the Commission, the condominium community, and your Committee that owners need and will continue to need information, advice, and education on condominium laws and operations. This bill recognizes the problem, satisfactorily addresses it, and obviates the need for continued legislation in this area.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1220 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Blair, Hagino, Nakasato and Tungpalan.

SCRep. 26 Agriculture on S.B. No. 409

The purpose of this bill is to make an appropriation of \$85,804, or so much thereof as may be necessary for each year of the 1989-1991 fiscal biennium to control the spread of firetrees throughout the State.

Your Committee heard supporting testimony from the Department of Agriculture, the Natural Resources Defense Council, the Natural Areas Reserve Commission, and the Environmental Center at the University of Hawaii at Manoa and finds that the malignancy that the firetree presents is a problem that requires an immediate solution.

Your Committee has amended this bill by reducing the appropriation for each fiscal year to \$79,500 at the request of the Department of Agriculture and including biological control methods as a means to control the spread of the firetree.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 409, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 409, S.D.1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators B. Kobayashi and Matsuura.

SCRep. 27 Agriculture on S.B. No. 264

The purpose of this bill is to appropriate \$300,000 for each year of fiscal biennium 1989-1991 for the promotion of fresh Hawaiian pineapples in the twenty-two western states and western Canada.

The bill requires dollar-for-dollar matching funds from private contributions and the amount appropriated would be expended by the Department of Agriculture.

Your Committee heard supporting testimony from the Hawaii Farm Bureau Federation, Department of Agriculture, Hawaii Pineapple Growers and the College of Tropical Agriculture and Human Resources. The Committee also notes that on February 23, 1989, there will be a briefing by the Mainland industry representatives who are responsible for developing and implementing this program.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 264 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 B. Kobayashi and Matsuura.

SCRep. 28 Agriculture on S.B. No. 12

The purpose of this bill is to repeal Section 157-16, Hawaii Revised Statutes, relating to divulging of information under the milk control act.

Your Committee heard supporting testimony from the Department of Agriculture and finds that the passage of Act 262, Session Laws of Hawaii 1988, obviates the need for this section as confidentiality is safeguarded under that measure.

Your Committee on agriculture is in accord with the intent and purpose of S.B. No. 12 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi and Matsuura.

SCRep. 29 Agriculture on S.B. No. 411

The purpose of this bill is to make an appropriation of \$59,828, for fiscal year 1989-1990, and the same sum for fiscal year 1990-1991 to stop the epidemic spread of gorse infestations on the Counties of Maui and Hawaii.

Your Committee heard supporting testimonies from the Department of Hawaiian Home Lands, the Department of Agriculture, and the Natural Resources Defense Council and finds that the epidemic spread of gorse infestations on the counties of Maui and Hawaii require immediate attention. Gorse infestation has effectively removed 7,500 acres of land from pasture utilization on the island of Hawaii alone.

Your Committee has amended this bill by increasing the appropriation to \$79,828 for both fiscal years and substituting the Department of Agriculture for the Governor's Agricultural Coordinating Committee as the expending agency.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 411, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 411, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators B. Kobayashi and Matsuura.

SCRep. 30 Agriculture on S.B. No. 265

The purpose of this bill is to appropriate funds for fiscal year 1989-1990 to support: (1) hydroponic research for vegetable crops; (2) IPM programs for beans, cucumbers, and eggplants; and (3) research on leaf miner on celery.

Your Committee heard supporting testimony from the Governor's Agriculture Coordinating Committee, the College of Tropical Agriculture and Human Resources, and the Hawaii Farm Bureau Federation.

Your Committee has amended the bill by deleting item two, relating to IPM programs for beans, cucumbers, and eggplant as it is a high priority item and was submitted as a Governor's initiative. The Committee also deleted item three, research on leaf miner on celery, because it is included in another bill.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 265, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 265, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators B. Kobayashi and Matsuura.

SCRep. 31 Agriculture on S.B. No. 407

The purpose of this bill is to appropriate \$80,000 for each year of the 1989-1991 fiscal biennium to retain four neighbor island litter control specialist positions - two litter control specialist II SR15 positions on Maui, one litter control specialist II SR15 position on Kauai, and one litter control specialist II SR15 position on Hawaii.

Your Committee heard supporting testimony from the Outdoor Circle, the Governor's Advisory Committee on Litter Control, the Director of Health, the Mayor of Maui, and the Department of Human Concerns, County of Maui and finds that litter control is a problem that all our islands face and that it is the obligation of the State to confront this growing problem. Your Committee further finds that the litter control specialist positions have made a tremendous impact on the war against litter.

Your Committee has amended this bill by increasing the requested appropriation to \$90,000 for each fiscal year and by making the positions permanent.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 407, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 407, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators B. Kobayashi and Matsuura

SCRep. 32 Culture, Arts and Historic Preservation on S.B. No. 238

The purpose of this bill is to appropriate \$129,910 for the purchase and installation of equipment to extend the Hawaii Interactive Television system to serve Pahala, Naalehu, and South Point on the Big Island.

The funds shall be expended by the department of commerce and consumer affairs for fiscal year 1989-1990.

Your Committee finds that the expansion of the Hawaii Interactive Television System would add four channels to serve the big island, and with transmission reaching as far as Waimea, would allow students in these areas to participate in classes without having to travel to distant campuses.

Your Committee has amended the bill to increase the sum to be expended from \$129,910 to \$350,000 in order to extend transmission service to include Waimea as well as Pahala, Naalehu and South Point to match federal funds currently being applied for.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 238, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 238, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 33 Culture, Arts and Historic Preservation on S.B. No. 429

The purpose of this bill is to appropriate \$75,000 for each year of the biennium to provide for purchases of services to develop and implement interpretive historical programs targeted to schools.

The funds shall be expended by the department of land and natural resources for fiscal years 1989-1990, and 1990-1991.

Your Committee finds that preserving a sense of cultural identity is of significance, especially in a state as culturally diverse as Hawaii. Interpretive programs such as these will not only prove to be educationally rewarding; but will also enable the various ethnic groups of Hawaii to familiarize themselves with their own history.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 429 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 34 Culture, Arts and Historic Preservation on S.B. No. 306

The purpose of this bill is to appropriate \$100,000 for each year of the biennium to provide for the continuation of moving image preservation activities.

The funds shall be expended by the department of accounting and general services for fiscal years 1989-1990, and 1990-1991.

Your Committee finds that the historical value of preserving moving images as an educational tool, as well as an actual visual historical account makes funding of this program entirely worthwhile.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 306 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 35 Housing and Hawaiian Programs on S.B. No. 324

The purpose of this bill is to make more lands available for use by Hawaiian home lands beneficiaries now on the waiting list by providing the department with additional revenues for infrastructure improvements on Hawaiian home lands.

Currently, the lots on Hawaiian home lands cannot be fully used by lessees unless the lands are fully developed to provide for basic infrastructure. Accordingly, the department's highest priority is the implementation of its CIP program so that unimproved leased lots are developed and additional new lots can be awarded.

Your Committee heard supporting testimony from the Hawaiian Homes Commission and Alu Like and finds that this bill does not replace current priorities indicated in the Executive Biennium Budget.

Your Committee has amended this bill by inserting the sum of \$50,343,000 for basic infrastructural improvements on Hawaiian home lands.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 324, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 324, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 36 Health on S.B. No. 113

The purpose of this bill is to extend immunity from civil liability to ethics committees.

Section 663-1.7, Hawaii Revised Statutes, currently provides exemptions from civil liability to members of certain bodies, such as peer review committees. This bill would extend the list of exempted persons to include members of ethics committees.

Your Committee heard supporting testimony from the director of health and from the medical coalition for tort reform. The Hawaii academy of plaintiffs' attorneys testified that it does not oppose the bill. Your Committee finds the bill is worthy of its support.

Your Committee has amended this bill by making one grammatical and one technical word change only.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 113, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 113, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 37 Health on S.B. No. 474

The purpose of this bill is to make an appropriation for home and community-based services programs for persons with developmental disabilities.

Your Committee heard supporting testimony from the special education center of Oahu, the State planning council on developmental disabilities, the State commission on the handicapped, the association for retarded citizens of Hawaii, Angie Connor, M.D., and Kathy F. Campbell and finds that the purpose of this bill is deserving of its support. In passing this bill, your Committee wishes to state that it is not the Committee's intention to ignore individuals presently residing in the community.

Your Committee has amended the bill by making minor language changes only.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 474, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 474, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 38 (Majority) Health on S.B. No. 331

The purpose of this bill is to invalidate any surrogate parenting contract that provides for consideration in excess of the actual expenses incurred by the biological mother.

As defined in this bill, surrogate parenting contract is an agreement in which a natural mother agrees to bear a child to be adopted by parents genetically unrelated to the child. Currently, there is no law prohibiting or voiding such a contract.

Your Committee finds that surrogate parenting contracts which provide for payment in excess of actual expenses should be void as a matter of public policy.

Your Committee has amended this bill by clarifying terms and by deleting the penalty sections.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 331, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 331, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.
Senator McMurdo did not concur.

SCRep. 39 Health on S.B. No. 397

The purpose of this bill is to provide an income tax credit for part of the cost of materials and installation of a roof to replace a roof which was contaminated by lead.

This bill would amend Chapter 235, Hawaii Revised Statutes, by adding a new section to provide the tax credit and empower the Director of Taxation to adopt necessary rules.

Your Committee heard supporting testimony from the Hawaii Medical Association, which wished to expand the coverage of the bill to replacement of lead soldering connections or other components of catchment systems. Your Committee heard opposing testimony from the Director of Health based on the department's inability to certify that roofs contain lead and on its interpretation of the bill as failing to distinguish between roofs whose replacement have no bearing on reducing human lead exposure and those which do. Your Committee also heard opposing testimony from the Department of Taxation based on the bill's not having a restriction on the double benefit which would be realized by those taxpayers taking both a depreciation deduction and the income tax credit provided by this bill. Your Committee requested and received from the Department of Taxation language to address the latter objection to the bill.

Your Committee has amended this bill by adding additional descriptive words to the title of the new section to clarify that the scope of the new section includes water catchment systems, by adding additional new language to expand the coverage of the bill accordingly, and by inserting new language supplied by the Department of Taxation to eliminate the double benefit possible if a taxpayer took advantage of the provisions of this bill as well as currently existing depreciation deduction provisions. Your Committee also has amended this bill to require that the tax credit be limited to replacing water catchment systems determined to have contained lead, based on tests conducted by a reputable company as certified by the Department of Health.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 397, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 397, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 40 Health on S.B. No. 828

The purpose of this bill is to add a new part to the Hawaii Revised Statutes to establish within the department of health a birth defects monitoring program and to appropriate funds for this purpose.

Currently, the Hawaii Revised Statutes provide no such program.

Your Committee heard supporting testimony from the director of health, the State planning council on developmental disabilities, the commission on the handicapped, the advisory committee of the Hawaii birth defects monitoring program, several other organizations, and two individuals and finds that there is a clear need for the monitoring program which this bill would provide.

Your Committee has amended this bill with only minor word changes.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 828, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 828, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 41 Health on S.B. No. 1117

The purpose of this bill is to increase the degree of protection afforded to a person who is the subject of involuntary commitment proceedings by encouraging a second physician's evaluation of that person.

Section 334-60.3, Hawaii Revised Statutes, provides that a petition in support of commitment of a person for involuntary hospitalization may be accompanied by a certificate signed by a licensed physician who has examined the person within two days before submission of the petition. This bill would allow the petition to be accompanied by two certificates from different physicians.

Your Committee heard testimony from the Hawaii Mental Health Consumer Council, which supported the bill but suggested that "physicians" be changed to "psychiatrist". Your Committee also heard testimony from the Director of Health, who felt that the change may in some cases add some protection to a client in involuntary commitment

proceedings but who also was concerned about costs and the shortage of psychiatrists. Your Committee finds that the suggestions of the witnesses are valid and has amended the bill to substitute "psychiatrist" for "physician" and delete the proposal for two, rather than one certificate.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1117, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1117, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 42 Health on S.B. No. 775

The purpose of this bill is to make an appropriation for hiring a consultant and staff to establish mental health services for the hearing-impaired.

The bill would not amend state law but would help the State to comply with the requirements of the federal Rehabilitation Act of 1973, which calls for the eradication of discrimination of all types based on a person's disability.

Your Committee heard supporting testimony from the department of labor and industrial relations, the commission on the handicapped, the Hawaii centers for independent living, the aloha state association for the deaf, the State coordinating council on deafness, and the Galludet university center on deafness at Kapiolani community college. Your Committee finds that there is a definite need for the services provided for by this bill.

Your Committee has amended this bill with minor grammatical and wording changes only.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 775, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 775, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 43 (Majority) Agriculture on S.B. No. 357

The purpose of this bill is to make an appropriation of \$45,000 out of the general revenues of the State for each year of the 1989-1991 fiscal biennium to promote Hawaiian beef products; provided that the funds are matched dollar-for-dollar by private contributions.

Your Committee heard supporting testimony from the Hawaii Farm Bureau Federation, the Board of Agriculture, and the College of Tropical Agriculture and Human Resources at the University of Hawaii and finds that the need to promote locally produced beef products is very apparent and that an appropriation for this purpose would help the economic growth of the beef industry in Hawaii.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 357 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 Mizuguchi.
Senator Reed did not concur.

SCRep. 44 Agriculture on S.B. No. 266

The purpose of this bill is to appropriate \$241,500 for fiscal year 1989-1990, for eight permanent Plant Quarantine Inspector IV positions, computers, and portable radio equipment for the Plant Quarantine branch in the Department of Agriculture.

Your Committee has amended the bill by adding an appropriation of \$200,928 for the second year of the biennium for the Plant Quarantine Inspector IV positions since these are to be permanent positions.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 266, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 266, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Mizuguchi.

SCRep. 45 Education on S.B. No. 1839

The purpose of this bill is to establish a libraries revolving fund into which would be deposited all fines, fees, and charges collected pursuant to section 312-3.5, Hawaii Revised Statutes. The moneys deposited into the revolving fund would be expended by the public library system for replacement or repair of lost, damaged, and stolen library materials.

Your Committee heard testimony enthusiastically supporting the concept of a library fund; however, the State Librarian testified that the fund should be a special fund rather than a revolving fund. The Friends of the Library of Hawaii agreed, as does your Committee, and the bill has been appropriately amended by deleting the contents and inserting the substance of S.B. No. 525, with the following changes:

- (1) Section 312-4, Hawaii Revised Statutes, which provides for disposition of fines and related income, is amended to exclude income generated pursuant to Section 312-3.5;

- (2) References to "revolving" fund have been changed to "special" fund;
- (3) Moneys from the special fund shall be allocated to each library in an amount approximately proportionate to the circulation of that library during the previous year;
- (4) The obligation placed on each library to post a list of purchases made from the special fund has been changed to an authorization; and
- (5) Technical changes have been made which have no substantive effect.

Your Committee finds that this bill, as amended, presents a more efficient and cost-effective means of keeping our public library materials up to date as befits a major state library system.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1839, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1839, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 46 Agriculture on S.B. No. 1797

The purpose of this bill is to allow the Department of Agriculture to dispose of real property that has been acquired through foreclosure, voluntary transfer and other means, to recover loan proceeds for the agricultural loan revolving fund by amending Sections 155-4 and 171-2, Hawaii Revised Statutes.

Under current law, real property the Department acquires through foreclosure or voluntary transfer by the borrower, falls under the definition of "public lands" and is within the jurisdiction of the Department of Land and Natural Resources. Once the property falls into this category, recovery becomes difficult because provisions of Chapter 171 apply. This bill excludes property acquired by the Department of Agriculture from the definition of "public lands" thereby allowing the State greater flexibility to recover loan funds through timely disposal of real property.

Your Committee heard supporting testimony from the Department of Agriculture and finds this bill would assist the Department in recovering money through sale of acquired property held as collateral on the loans.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1797 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 47 Agriculture on S.B. No. 1498

The purpose of this bill is to appropriate \$244,000 to fund manual eradication of the weedy vine banana poka. The funds would be expended by the Department of Land and Natural Resources.

Your Committee heard supporting testimony from the Department of Agriculture, the Department of Land and Natural Resources, and the University of Hawaii Environmental Center.

Your Committee has amended the bill by making the appropriation for fiscal biennium 1989-1991, instead of fiscal year 1989-1990. Your Committee finds the amendment is needed because of the seriousness of the threat to endangered flora.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1498, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1498, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 48 Agriculture on S.B. No. 684

The purpose of this bill is to amend Section 237-4, Hawaii Revised Statutes, by inserting the phrase "of the feedlot operator's service to a licensed producer of poultry or animals" in paragraph 5.

This bill is an administrative measure seeking to restore some wording in the law that was inadvertently dropped when the law was amended. When the Legislature by Act 204, Session Laws of Hawaii 1971, amended the general excise tax law, it omitted the phrase "of the feedlot operator's service to a licensed producer of poultry or animals." Without this phrase, the clause does not make any sense.

Your Committee heard supporting testimony from the Department of Taxation. Concerns were raised by Kahua Ranch and Hawaii Meat Company regarding the effect of the bill on the tax structure. Your Committee was also concerned that the question of cost versus charges was not clarified. According to a letter from the State Department of Taxation, the segregated cost of the feed means the retail cost of the feed charged to the ranchers. This charge should not include any costs related to the feed lot services provided by feed lot to the ranchers. With this clarification, the Committee feels that this "housekeeping" amendment would clarify the application of the law as it was originally proposed.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 684 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 49 Government Operations on S.B. No. 16

The purpose of this bill is to provide special license plates for survivors of the attack on Pearl Harbor, former prisoners of war (POW's), recipients of the Medal of Honor, and recipients of the Silver Star.

At the hearing on this measure, your Committee also received testimony on S.B. No. 121, which proposed the same concept for survivors of the attack on Pearl Harbor and veterans who are one hundred per cent disabled. Your Committee has combined both bills.

Your Committee received testimony from the Department of Transportation (DOT), the Office of Veterans Services of the Department of Defense (DOD), the Department of Finance (C&C), Hawaii Chapter of the American Ex-Prisoners of War, American Freedom Coalition, Eagle Forum, Pearl Harbor Survivors Association, and numerous interested individuals.

With regard to survivors of the attack on Pearl Harbor, your Committee was informed that there are approximately eighty five such survivors presently living in Hawaii. Approximately one-third of the states currently provide special license plates for survivors of the attack on Pearl Harbor. It is somewhat ironic that Hawaii is not yet among those states.

In order to qualify for a special license plate, applicants would need to establish that they were members of the armed service and providing military service on Oahu or off-shore at a distance of not more than three miles at the time of the attack.

With respect to former-POW's, your Committee was informed that over ninety per cent of the states currently provide special license plates. There are approximately 200 former POW's currently residing in Hawaii. These individuals often endured wounds or injuries in addition to the deprivations of wartime incarceration. Many still suffer ill effects from the deprivation and mistreatments they suffered. Hawaii should not be the last state to recognize the extra sacrifice of the former-POW.

With respect to recipients of the Medal of Honor, your Committee was informed that this singular honor is rarely bestowed and the recipients often did not survive to personally receive the honor. There do not appear to be any Medal of Honor recipients currently residing in Hawaii, but the substantial military presence in Hawaii makes it likely that such outstanding individuals will be in residence from time to time.

Five soldiers born in Hawaii have been awarded the Medal of Honor, all of them posthumously. Your Committee takes this opportunity to recall the heroic deeds and ultimate sacrifice made by Sgt. Leroy Mendonca and Pfc. Herbert K. Piliilau in the Korean military action. Likewise, we recall the names of Cpl. Terry Teruo Kawamura, P. Sgt. Elmelindo R. Smith, and Sgt. Rodney J.T. Yano who died heroically in Vietnam.

With respect to recipients of the Silver Star, your Committee finds that this decoration is only awarded to those who, while serving in the armed forces, distinguish themselves by gallantry in action in military operations against an enemy of the United States. Gallantry in action means heroism of high degree involving risk of life.

Your Committee was advised, however, that there are three combat decorations, one for each branch of the armed services, which are intermediate between the Silver Star and the Medal of Honor. These medals are the Air Force Cross, the Navy Cross, and the Distinguished Service Cross (Army). Your Committee is not aware of the number of recipients of these medals who reside in Hawaii. It is very roughly estimated at 200 individuals.

With respect to the one hundred per cent disabled, this category would only include such individuals as were disabled one hundred per cent while providing military service. It is not known how many, if any, such individuals reside in Hawaii.

Your Committee amended the bill, as noted, to include veterans who were one hundred per cent disabled while providing military service and recipients of combat medals which rank between the Silver Star and the Medal of Honor.

In addition, your Committee has amended the bill by clarifying the intent to allow the director of finance to waive any fees customarily charged for number plates. Other amendments were made for technical reasons.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 16, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 16, S.D. 1, and be referred to the Committee on Transportation.

Signed by all members of the Committee except Senators Cobb and Yamasaki.

SCRep. 50 Government Operations on S.B. No. 14

The purpose of this bill is to establish the Martin Luther King, Jr. celebration commission, to coordinate state-sponsored events commemorating the memory and principles of Martin Luther King, Jr.

The bill provides for a seventeen member commission, to be appointed by the governor, which is representative of Hawaii's ethnically diverse population, business and labor, community organizations, education organizations, all levels of government, and organizations devoted to peace and social justice. The bill requires that at least two members be appointed from each county.

Your Committee received supportive testimony from the Department of Personnel Services (DPS), the Martin Luther King, Jr. Interim Holiday Advisory Commission (MLKIHAC), the Hawaii State Teachers Association (HSTA), and many others. It was recommended by some of the people testifying that the name of the commission be changed by deleting the word "celebration", that the governor be required to appoint only one member from each county, and that the commission be empowered to initiate events. Your Committee has amended the bill to adopt these recommended changes. The bill has been further amended to make technical and clarifying language changes which have no substantive effect.

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 referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Cobb and Yamasaki.

SCRep. 51 Government Operations on S.B. No. 477

The purpose of this bill is to provide for the purchase of Palmyra with the proceeds of a general obligation bond issue. The amount of the bond issue is not specified.

Your Committee heard testimony from the department of land and natural resources, three scientists from the Ocean Basins Division of the University of Hawaii Marine Minerals Technology Center, and Peter Savio, agent for the present owners.

Your Committee finds that, like the Louisiana Purchase and "Seward's Folly" (Alaska), this acquisition would be made without precise knowledge of all the future benefits. However, history has repeatedly proven that territorial expansion is beneficial to the acquiring government. In this instance, such acquisition is not to the detriment of any indigenous population. It is "manifest destiny" without "colonialism."

Your Committee is aware that the acquisition of Palmyra will not extend the boundaries of Hawaii or the United States of America, until Congress acts. In fact, there may be advantages in not taking the step of including Palmyra in the State and national boundaries. Those decisions can be delayed; the acquisition is urgent.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 477 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 and Yamasaki.

SCRep. 52 Government Operations on S.B. No. 3

The purpose of this bill is to provide for eventual access to archival records which were transferred to the State with restrictions that make the records inaccessible.

The bill vests title to archival records in the State and removes restrictions on access to those records fifty years after the creation of the record.

The Department of Accounting and General Services, the Department of Health and the Office of Information Practices of the Department of the Attorney General (OIP) submitted testimony in support of the bill. OIP stated that access to valuable sources of information should not be indefinitely restricted because of confidentiality or privacy considerations. OIP reiterated the recommendation from a 1988 study by the Legislative Reference Bureau (LRB), that the period of restriction be established at seventy-five years to reflect the average human lifespan.

Your Committee has amended the bill by increasing the period for which access may be restricted from fifty years to seventy-five years. This longer period conforms to the recommendation of the LRB and to the general practice in other states.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Menor.

SCRep. 53 Government Operations on S.B. No. 610

The purpose of this bill is to appropriate funds to assist the counties in upgrading their fire protection facilities to current fire protection standards.

Your Committee notes that the appropriated sums will be matched by the respective counties. For example, Oahu needs to expend \$35 million to upgrade its fire protection facilities to current standards and, this year, has committed \$3 million for that purpose. At the current rate, Oahu's system will not be upgraded until the 21st century. State assistance will allow the counties to upgrade more quickly so that lives and property will be better protected. Adequate fire protection is one of the most basic services provided by government and should have a very high priority.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 610 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 and Yamasaki.

SCRep. 54 Corrections on S.B. No. 1313

The purpose of this bill is to appropriate \$82,000,000 for fiscal year 1989-1990 for the following projects at state correctional facilities:

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|-----|--|--------------|
| (1) | Design, construction, and equipment for a new detention center at Oahu Community Correctional Center. | \$44,000,000 |
| (2) | Design, construction, and equipment for a new housing and administrative support spaces; and renovation of an existing cottage at the Women's Community Correctional Center. | \$36,500,000 |
| (3) | Plans, design, construction, and equipment to conform state correctional facilities to current health and safety requirements. | \$ 1,500,000 |

Your Committee heard testimony in support of this measure from the Department of Corrections. Your Committee finds that improvements to state correctional facilities are necessary to accommodate the needs of both incarcerated persons and the general public.

Your Committee has amended this bill by increasing the appropriation for the new detention center at the Oahu Community Correctional Center to \$60,540,000, and by reducing the appropriation to the Women's Community Correctional Facility to \$22,500,000. The total appropriation in the amended bill is \$84,540,000.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 1313, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1313, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 55 Agriculture on S.B. No. 570

The purpose of this bill is to appropriate \$155,000 for fiscal year 1989-1990, and \$55,000 for fiscal year 1990-1991, for the completion of a computerized system to detect pesticides and other chemicals in Hawaii's groundwater.

Your Committee heard supporting testimony from the University of Hawaii Environmental Center, the Department of Health, the Department of Agriculture, the Board of Water Supply of the City and County of Honolulu, and the Hawaii Medical Association.

Your Committee finds that adequate evaluative systems to detect pesticides and other chemicals in Hawaii's groundwater is of paramount importance to the State. However, your Committee is concerned that a comprehensive plan for protection of Hawaii's groundwater must be developed. Such a plan should describe in detail how to best manage the relationship between agricultural use of chemicals and pesticides, and groundwater protection.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 570 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 and Aki.

SCRep. 56 Agriculture on S.B. No. 538

The purpose of this bill is to amend Section 155-8(c), Hawaii Revised Statutes, and set the interest rate for class "F" (New Farmer Program) agricultural loans at six percent a year. This bill also deletes the limitation on initial loans for new farmers to the terms specified for class "A" (Farm Ownership and Improvement) and "C" (Farm Operating) loans.

Your Committee heard supporting testimony from the Department of Agriculture and finds this bill would encourage more people to consider a farming career thereby expanding the economic base of the State.

Your Committee has amended this bill by increasing the interest rate for class "F" (New Farmer Program) loans from six percent to eight percent a year.

Your Committee has also made technical nonsubstantive amendments.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 538, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 538, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Solomon and Aki.

SCRep. 57 Human Services on S.B. No. 1835

The purpose of this bill is to repeal section 346-4 of the Hawaii Revised Statutes which requires the director of the department of human services to appoint one administrator for each of the several counties.

This bill is a housekeeping measure which will eliminate the requirement to appoint county administrators. The department of human services is presently organized by divisions with branch offices, making the positions in section 346-4 obsolete.

Your Committee heard testimony in support of this measure from the department of human services.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1835 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 58 Human Services on S.B. No. 968

The purpose of this bill is to require the department of human services to make protective day care payments as a special needs item to persons and families eligible for financial assistance in cases of child neglect or abuse requiring placement of a child in day care. This bill also provides that referrals for protective child care payment shall be from the department of human services' child welfare program and that the rate of payment shall be set by the department.

Presently, protective day care is provided with State funds under the child protective services program as part of a family treatment plan in cases of child abuse and neglect or high risk of abuse and neglect.

Your Committee heard testimony in support of this bill from the department of human services and finds that this measure will enable the State to secure federal financial participation in the Aid to Families with Dependent Children (AFDC) program.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 968 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 59 Human Services on S.B. No. 971

The purpose of this bill is to amend the Uniform Probate Code to allow the department of human services to recover payment for burial services made on behalf of a deceased public assistance recipient or an unclaimed corpse through an informal affidavit process.

Presently, the informal affidavit process is allowed only for heirs or next of kin of a decedent, and the only way for the department of human services to claim recovery for burial services is through the formal probate process.

Your Committee heard supporting testimony from the department of human services and finds that passage of this measure will simplify the recovery process. In 1988, the department petitioned the court for recovery of 103 cases, and seeks to recover payment only in situations where the circuit court is the guardian and the decedent does not have any heirs or next of kin.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 971 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 60 Human Services on S.B. No. 1397

The purpose of this bill is to expand the scope of payments for interpreter services.

The Hawaii State Coordinating Council on Deafness presently administers funds for providing sign language interpreters for hearing impaired people participating in government programs which are not recipients of federal funds. Currently, section 374D-4, Hawaii Revised Statutes states that funds will be provided specifically for persons participating in State programs and activities.

This bill would allow interpreter funds to be used for programs and activities of the State and its political subdivisions which do not receive federal financial assistance, and permit payment of interpreter services to include transportation and per diem expenses when necessary.

Your Committee heard testimony in support of this measure from the State Commission on the Handicapped and the State Coordinating Council on Deafness. Your Committee finds that the present law is too restrictive and the proposed amendments will broaden the law by including county programs and activities, as well as provide for much needed interpreter services on the neighbor islands.

Your Committee believes that the State has an obligation to provide interpreter services to enable hearing impaired people to participate in city council, neighborhood board, and legislative meetings, as well as other government-related activities. In addition, interpreter services are scarce or nonexistent on the neighbor islands, and your Committee finds that expanding the use of funds for per diem and transportation expenses would allow an interpreter to travel from Oahu to the neighbor islands as needed. The amendments proposed in this bill will ensure full participation of the State's hearing impaired population in government programs on all islands.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1397 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 61 Human Services on S.B. No. 1980

The purpose of this bill is to establish a Children's Foundation within the Governor's Office of Children and Youth.

The primary mission of the foundation will be to enrich and improve the quality of life of Hawaii's children through innovative programs, research, and opportunities for service to the community. The bill provides for the appointment of a thirteen member board of trustees, twelve to be selected by the governor, and the director of the office of children and youth to serve as an ex officio member. In addition, the foundation will be empowered to accept gifts and endowments, and raise funds to develop enrichment opportunities for children, subject to an annual audit by an independent certified public accountant.

Your Committee received testimony in support of this measure from the Governor's Office of Children and Youth and finds that the Children's Foundation will provide the means of achieving widespread financial support from the community for critical need areas such as child care, foster care, child abuse and neglect, juvenile justice, as well as programs to enrich the lives of children through culture and the arts.

Your Committee amended the bill by making nonsubstantive changes to correct a typographical error and to conform with recommended drafting style.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1980, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1980, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 62 Human Services on S.B. No. 468

This bill provides for an appropriation out of the general revenues to establish, in conjunction with the private sector, innovative after-school programs for handicapped pre-school and elementary school children.

Your Committee heard supporting testimony from several witnesses. Principal testimony supported "Therapeutic Horsemanship for the Handicapped," an example of a program supported by testimony of its participants, their parents, and the Department of Education (Windward District). The testimony also recognized the need for similar innovative programs. Your Committee finds the clearly-articulated goals, objectives, and structure of such programs, coupled with data from the Department of Human Services, the Department of Health, and the Department of Education, support the intent of the bill.

Further, your Committee finds the scope of such programs extends even beyond custodial values and provides educational, social, physical, and mental health components that are to be encouraged. Participation from the private sector provides both financial and broad community support that is consistent with administration and legislative initiatives.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 468 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 63 Consumer Protection and Commerce on S.B. No. 2025

The purpose of this bill was to distinguish between individual trustees and corporate trustees and statutorily provide fee and expense schedules for each.

Specifically, the bill would do the following:

- (1) Define corporate trustee 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;
- (2) Provide that statutory fees and expenses shall apply to individual trustees who do not have a corporate trustee as a co-trustee;
- (3) Establish separate fees and expenses for corporate trustees and individual trustees with a corporate co-trustee;
- (4) Provide that in the case of charitable trusts, the income of a trustee shall be no more than \$250,000 per year, the commission income derived from sources other than condemnation sales of trust property shall be limited to \$100,000 per year, and the total annual income of the trustee, including sales and commissions shall be publicly disclosed within three months of the end of the income year;
- (5) Allow a trust instrument to provide for a specific rate or amount of compensation for a trustee, and allow a trustee to agree to serve for a specific rate or amount of compensation; and
- (6) Provide for the reasonable compensation of corporate trustees for specified services subject to court approval.

Your Committee received testimony from trust companies and charitable trust beneficiaries and after due consideration has decided to amend this bill by deleting its substance and inserting a provision into section 607-20, Hawaii Revised Statutes, requiring trustees of charitable trusts to disclose, in their annual court accounting, the amount of their compensation. Your Committee believes that this amendment satisfactorily addresses concerns about undisclosed

commissions of trustees of charitable trusts without putting undue or unwarranted restrictions on the ability of these individuals to earn a fair income based on the skill with which they handle their clients' estates.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2025, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2025, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Blair, Chang, Nakasato and Koki.

SCRep. 64 Consumer Protection and Commerce on S.B. No. 1816

The purpose of this bill is to require that all claims made to the Medical Claims Conciliation Panel (MCCP) be made in writing and to provide that the Panel should receive all medical records relating to the care of the patient which are necessary to complete its review of a case.

Your Committee received supporting testimony from the Department of Health, the Department of Commerce and Consumer Affairs, and the Medical Coalition for Tort Reform. The Department of Health stressed the importance of the Panel getting only those records relating specifically to the patient's medical care. The Hawaii Academy of Plaintiffs Attorneys supported the bill in part but raised some concerns about the potentially narrow reading which might be given the term "medical records."

Your Committee believes strongly that anyone who wants to file a case before the MCCP should be required to make that claim in writing and sign it. Given the seriousness of the allegation that such a claim represents, the requirement added by this bill is appropriate.

Your Committee also believes strongly that the MCCP should not permit general discovery, which would allow its process to become like a judicial proceeding. It is also the intent of your Committee that the MCCP should have full access to the records it needs to do its work effectively. The bill has therefore been amended to provide that discovery shall not be allowed except for the records which by statute are already matters for the Panel to be considered under provisions of the section involved.

In making this amendment your Committee does not intend to allow discovery of financial and billing records, employee schedules, peer review materials, and items which have no bearing on the care of the patient.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1816, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1816, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Blair, Chang, Nakasato and Koki.

SCRep. 65 Consumer Protection and Commerce on S.B. No. 1580

The purpose of this bill is to amend the laws relating to consumer protection.

Your Committee has amended this short form bill by inserting substantive material amending sections 441-38 and 441-39 of the Hawaii Revised Statutes to allow a cemetery or pre-need funeral authority to direct the trustee to apply the principal or any part of payments received for deposit within the pre-need trust toward the purchase of a fully paid life insurance policy on the trust beneficiary.

The bill requires that the life insurance policy have a policy face value greater than the full amount of the pre-need trust and be subject to an automatic face value escalation clause. In addition, the bill allows for the proceeds of such insurance policy to be used to pay for all pre-need interment and pre-need funeral costs and services or all funeral costs and expenses contracted for and provided to the deceased purchaser or designee.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1580, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1580, S.D. 1, and be recommitted to the Committee on Consumer Protection for further consideration.

Signed by all members of the Committee except Senators Blair, Chang, Matsuura and Nakasato.

SCRep. 66 Consumer Protection and Commerce on S.B. No. 1469

The purpose of this bill is to allow Hawaii corporations to limit the personal liability of their officers or directors under certain circumstances.

Specifically, the bill would empower a Hawaii corporation to eliminate or limit the personal liability of its directors and officers for breach of fiduciary duty, provided such protection is formally agreed upon and adopted by the shareholders. The corporation would not be empowered to offer such protection for breach of loyalty, intentional misconduct or disregard of fiduciary duty, willful or negligent violation of provisions relating to stock purchases or redemptions, or for any other transaction from which the director or officer received an improper benefit.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and Sharon Himeno representing Alexander & Baldwin, Inc., and finds that this bill will enable officers and directors of Hawaii corporations to make the kinds of hard decisions that must be made if a corporation is to be competitive and successful in today's risky and often confrontative business climate.

Upon further consideration, your Committee has amended this bill by providing that "corporation" shall mean "any corporation having a class of equity securities registered pursuant to the Security and Exchange Act of 1934, as amended, which are either listed on a national securities exchange or traded over-the-counter on the National Market of the National Association of Securities Dealers, Inc. Automated Quotation System."

Your Committee has also made some 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. 1469, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1469, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Blair, Chang, Nakasato and Koki.

SCRep. 67 Culture, Arts and Historic Preservation on S.B. No. 351

The purpose of this bill is to appropriate funds for a grant-in-aid to the Friends of Waipahu Cultural Garden Park for a construction coordinator position.

The construction coordinator would plan and coordinate the project details while working under the direct supervision of the President of the Friends of Waipahu Cultural Garden Park.

Your Committee finds that the request for funding is warranted and would facilitate a more efficient production level at the Waipahu Cultural Garden Park.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 351 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 68 Culture, Arts and Historic Preservation on S.B. No. 1029

The purpose of this bill is to appropriate the sum of \$147,600 for fiscal biennium 1989-1991 to the Bishop Museum, the State of Hawaii Museum of Natural and Cultural History, to operate and maintain the traveling starlab program.

The funds shall be expended by the Department of Business and Economic Development for fiscal years 1989-1990, and 1990-1991.

Your Committee finds that the traveling starlab program would promote student knowledge of astronomy and the earth sciences. It would also enhance existing science education programs, as well as promote public awareness and understanding of Hawaii's role in the space age.

Your Committee has amended this bill by specifying the amounts for each fiscal year.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1029, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1029, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 69 Culture, Arts and Historic Preservation on S.B. No. 703

The purpose of this bill is to appropriate \$60,000 to provide for the establishment of a Hawaii Public Radio station in Lihue, Kauai, to make available to the public a twenty-four hour, daily schedule of educational, informational, and cultural radio programming.

The funds shall be expended by the Department of Accounting and General Services to construct the station with federal matching funds providing seventy-five percent of the cost of construction.

Your Committee heard testimony in support of this bill from Hawaii Public Radio and finds that the addition of a Hawaii Public Radio station in Lihue will help the Public Radio system and will encourage Statewide coverage by Hawaii Public Radio.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 703 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 70 Culture, Arts and Historic Preservation on S.B. No. 1506

The purpose of this bill is to appropriate the sum of \$233,800 for a grant to the State Foundation on Culture and the Arts to fund the program portion of Kawaiahao Church Choir's "Hawaii Aloha" tour.

The funds shall be expended by the State Foundation on Culture and the Arts for fiscal year 1989-1990.

Your Committee finds that funding such a tour to mainland and European cities would serve to promote Hawaii's culture and talent through music, song, and dance.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1506 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 71 Culture, Arts and Historic Preservation on S.B. No. 1125

The purpose of this bill is to establish a temporary commission consisting of fifteen members to be appointed by the Governor to prepare an overall program to celebrate the two hundredth anniversary of the arrival of the Portuguese people in Hawaii. The amount to be appropriated will be determined by the Committee on Ways and Means.

The funds shall be expended by the Office of the Governor for fiscal year 1989-1990.

Your Committee finds that the Portuguese people have left an indelible mark on Hawaii's culture and society and wishes to recognize their achievements and their significant contributions to the State. Such a program to commemorate the bicentennial of their arrival in Hawaii would be entirely appropriate.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1125 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 72 Culture, Arts and Historic Preservation on S.B. No. 1030

The purpose of this bill is to appropriate \$75,000 for each year of the biennium to create an Office of Program Planning in the Bernice Pauahi Bishop Museum to establish a coordinated space and earth science program.

The funds shall be expended by the Department of Business and Economic Development for fiscal years 1989-1990, and 1990-1991.

Your Committee finds that this program would promote public awareness and understanding of Hawaii's role in the space age through coordination of both formal and informal educational programs and facilities operated by existing private and public entities in the State, specifically, the Bishop Museum, the State of Hawaii Museum of Natural and Cultural History, the University of Hawaii, and the Department of Education.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1030 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 73 Education on S.B. No. 1355

The purpose of this bill is to bring the department of education into compliance with federal legislation relating to transition of students with disabilities into the adult world. This would be accomplished by developing individualized transition plans for each such student age fifteen or over and creating an interim statewide transition coordinator position to ensure timely, quality implementation of individualized transition plans consistent with federal legislation.

Specifically, the bill creates a new section in chapter 301, Hawaii Revised Statutes, providing for:

- (1) Individual transition plans for each disabled child fifteen years or older, consisting of multidisciplinary educational, vocational, recreational, leisure, financial support, community participation, home, family, and health service goals; and
- (2) Transition specialists to coordinate planning and implementation of individualized transition plans, including assembling appropriate persons for participation, overseeing and coordinating development of the plans, ensuring coordination with skill objectives, follow-up, liaison between students and adult service providers, educating and empowering family members, and conducting needs assessments for input into inter-agency systemwide planning.

The department would be authorized to hire a temporary civil service transition coordinator, who would be provided sufficient clerical and support staff to perform a full range of duties including coordination of inter-agency planning and implementation, document preparation, curriculum and service prioritization, in-service training, developing incentives and public relations activities, and promoting family and community involvement.

The bill also appropriates \$62,300 for fiscal year 1989-90 and \$62,200 for fiscal year 1990-1991 to hire the interim statewide transition coordinator along with necessary clerical support staff, and an unspecified sum for hiring forty permanent off-ratio positions to serve as transition specialists within the various schools.

Your Committee received much testimony in favor of this bill and finds that it is necessary for the State to be in compliance with federal standards and laws. Your Committee further finds that this measure would accomplish this purpose and would be beneficial to our young students with special needs in their efforts to enter adulthood with the maximum amount of self-sufficiency possible.

Your Committee has amended this bill by clarifying the distinction between transition coordinators and the transition specialist and by clarifying that the department shall develop transition plans to the extent that resources are available. Your Committee has also made some technical changes which have no substantive effect.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1355, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1355, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 74 (Majority) Education on S.B. No. 1883

The purpose of this bill is to authorize the State Librarian to appoint a special assistant. The bill amends the civil service exemption law to include the special assistant and one secretary for the special assistant as exempt employees.

Your Committee received supporting testimony from the State Librarian and the Friends of the Public Library and finds that there is a need for this position to carry out a wide range of duties including special projects, legislative interrelation, public information dissemination, and coordination of projects with certain area, state, and national organizations.

Your Committee has amended this bill by correcting several misquotations of text from section 76-16, Hawaii Revised Statutes. These changes have no substantive effect.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1883, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1883, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Levin
Senator Ikeda did not concur.

SCRep. 75 Ways and Means on S.B. No. 1233

The purpose of this bill is to appropriate \$70,000 for each year of fiscal biennium 1989-1991 to the Hawaii Visitors Bureau to promote the Hula Bowl. The funds would be expended by the department of planning and economic development.

Your Committee finds that the Hula Bowl is a major sporting event which focuses nationwide attention on Hawaii and has the capability of bringing millions of dollars into Hawaii's economy. Therefore, your Committee finds it appropriate and in the public interest to provide the support contemplated by this measure.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1233 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 76 Tourism, Recreation and Planning on S.B. No. 1272

The purpose of this bill is to appropriate \$50,000 for fiscal year 1989-1990 and \$70,000 for fiscal year 1990-1991 to the Hawaii Visitors Bureau to promote the Aloha Bowl. The funds would be expended by the department of business and economic development.

Your Committee finds that the Aloha Bowl is a major sporting event which focuses national attention on Hawaii and is capable of bringing millions of dollars into Hawaii's economy. Therefore, it is appropriate to provide the public support contemplated by this measure.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1272 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 77 Tourism, Recreation and Planning on S.B. No. 1273

The purpose of this bill is to appropriate \$75,000 for each year of fiscal biennium 1989-1991 to the Hawaii Visitors Bureau for the Hawaii open amateur baseball tournament. The funds would be expended by the department of business and economic development.

Your Committee finds that the Hawaii open amateur baseball tournament has the potential to enhance state and legislative objectives relating to tourism, recreation, and economic development and is therefore an appropriate subject for public support.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1273 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 78 Tourism, Recreation and Planning on S.B. No. 1276

The purpose of this bill is to appropriate \$50,000 for each year of fiscal biennium 1989-1991 to the visitor industry education council. The funds would be expended by the department of business and economic development.

Your Committee finds that the visitor industry education council serves an important function and is a proper subject for legislative funding.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1276 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 79 (Majority) Tourism, Recreation and Planning on S.B. No. 1301

The purpose of this bill is to appropriate \$91,600 for fiscal year 1989-1990 and \$85,300 for fiscal year 1990-1991 to the Hawaii Visitors Bureau (HVB) for the Hawaii canoe/kayak teams's youth training program. The funds would be expended by the department of business and economic development.

Your Committee finds that support of the HVB's canoe/kayak youth training program is consistent with State policies relating to recreation and will help the visitor industry promote Hawaii as a leading sports center in the Pacific.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1301 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 Nakasato did not concur.

SCRep. 80 Tourism, Recreation and Planning on S.B. No. 278

The purpose of this bill is to appropriate \$45,000 for fiscal year 1989-1990 to be expended by the department of land and natural resources for environmental impact studies at Waikiki Beach and Ala Moana Beach and a sand inventory study at Ala Moana Beach Park.

The department would report findings to the 1990 legislature.

Your Committee finds that beach erosion is a serious problem which threatens recreational beaches, especially those fronting popular beach parks used by residents and tourists. The studies funded by this bill would be an important first step towards the establishment and implementation of environmentally benign and cost effective sand recovery systems to preserve our precious beach resources.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 278 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 81 Tourism, Recreation and Planning on S.B. No. 139

The purpose of this bill is to establish the Hawaii water safety authority within the department of transportation.

The authority would consist of nine members appointed by the governor and be responsible for setting standards for ocean recreation safety, including lifeguards, data collection relating to water safety incidents, and the management of all ocean recreation activities in the State. Ocean recreation would include swimming, diving, sailing, water skiing, surfing, parasailing, fishing, and canoeing. Regulation of thrill craft would also be placed under the authority.

Issues relating to water safety are currently addressed by the Hawaii Ocean Resources Management Program and the Hawaii Ocean and Marine Resources Council established pursuant to Act 235, Session Laws of Hawaii 1988, and section 267-16, Hawaii Revised Statutes, relating to operation of thrill craft and parasailing. Your Committee finds that this bill would consolidate these regulatory functions under one body and would thus promote water safety and expedite vital functions of the department of transportation such as enforcement and information gathering. This bill would also result in the coordination of lifesaving and beach maintenance, functions that are now divided between the State and the various counties.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 139 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 82 Tourism, Recreation and Planning on S.B. No. 2023

The purpose of this bill is to appropriate \$350,000 for each year of fiscal biennium 1989-1991 to the Waikiki Convention Center Authority for operating costs.

Your Committee finds that the Waikiki Convention Center Authority, which was established pursuant to Act 96, Session Laws of Hawaii 1988, requires the funding provided by this measure to carry out its purposes.

Your Committee has amended this bill by increasing the amount appropriated to \$485,000 for each year of the 1989-1991 fiscal biennium to include eight positions.

Your Committee on Tourism, Recreation and Planning 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. 83 Tourism, Recreation and Planning on S.B. No. 277

The purpose of this bill is to statutorily authorize the counties to provide lifeguard services at state beaches when warranted by public use and safety conditions. The department of land and natural resources and the county would decide what beaches require such services.

The bill also appropriates \$481,980 to reimburse the counties for lifeguard services provided during fiscal year 1989-1990.

Currently, lifeguard services at most state beaches are provided by the counties at their own expense, but some state beaches remain unattended due to county fiscal constraints.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources and finds that this bill would promote water safety by enabling the provision of needed lifeguard services which the counties could not otherwise afford to provide.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 277 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 84 Tourism, Recreation and Planning on S.B. No. 1302

The purpose of this bill is to appropriate \$550,000 for fiscal year 1989-1990 for operating expenses of the governor's international visitor industry congress. The funds would be expended by the office of state planning.

The congress would be comprised of representatives of other states and foreign countries meeting to share information and plan strategies relating to the visitor industry. Through such sharing and free exchange of information, the worldwide impact of the visitor industry may be monitored and controlled to some extent so as to preserve irreplaceable and unique lifestyles and cultures.

Your Committee finds that an international visitor industry congress would be beneficial to Hawaii's visitor industry and would enhance Hawaii's position of leadership in the century of the Pacific.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1302 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 85 Tourism, Recreation and Planning on S.B. No. 1278

The purpose of this bill is to appropriate \$100,000 for each year of fiscal biennium 1989-1991 to the Hawaii Visitors Bureau for promotion of the Honolulu Marathon. The funds would be expended by the department of business and economic development.

Your Committee finds that the Honolulu Marathon is a significant sporting event which benefits Hawaii's visitor industry and economy in general and focuses worldwide attention on Hawaii as the rapidly growing sports center of the Pacific. Legislative support is therefore appropriate and in line with established policies relating to the visitor industry, recreation, and economic development.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1278 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 86 Tourism, Recreation and Planning on S.B. No. 1277

The purpose of this bill is to appropriate \$62,500 for fiscal year 1989-1990 and \$63,500 for fiscal year 1990-1991 to the Hawaii Visitors Bureau for the Festival of the Pacific. The funds would be expended by the department of business and economic development.

Your Committee finds that the Festival of the Pacific should be publicly supported because it is a significant event which can focus worldwide attention on Hawaii and has the potential to enhance state and legislative objectives relating to tourism, recreation, culture, and economic development.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1277 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 87 Tourism, Recreation and Planning on S.B. No. 228

The purpose of this bill is to appropriate funds for fiscal year 1989-1990 to put on a two-week festival of amateur athletics in Hawaii. The money would be expended by the department of business and economic development.

The games would be open to 48 nations in the Pacific Basin and would feature 172 events covering 15 individual and team sports such as gymnastics, swimming, boxing, basketball, and outrigger canoeing. Approximately 3,400 athletes and coaches and 2,000 media people would attend.

Your Committee finds that a festival of amateur athletics could generate between \$32 million and \$64 million in wages and salaries and bring between \$5.6 million and \$12 million in tax revenues into the State. It would also help focus attention on Hawaii's efforts to become a world leader in health and fitness through sports and recreation, which is a prime objective of the legislature and the State as we enter the century of the Pacific.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 228 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 88 Tourism, Recreation and Planning on S.B. No. 1715

The purpose of this bill is to amend the laws of the State relating to convention centers.

Your Committee has amended this short form bill by inserting a substantive amendment to section 206X-9(c), Hawaii Revised Statutes, which would give existing licensees and lessees who are displaced because of development within the convention center district the option of receiving a settlement payment in lieu of permanent or temporary relocation by the private developer.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1715, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1715, S.D. 1, and be recommitted to the Committee on Tourism, Recreation and Planning for further consideration.

Signed by all members of the Committee except Senators Cobb and McMurdo.

SCRep. 89 Tourism, Recreation and Planning on S.B. No. 303

The purpose of this bill is to appropriate \$30,000 for each year of fiscal biennium 1989-1991 as a grant-in-aid for the Great Aloha Run. The funds would be expended by the department of business and economic development.

Your Committee finds that this popular athletic and social event is capable of focusing major attention on Hawaii and bringing significant funds into the State's economy. It is also in line with legislative and State objectives and policies relating to recreation, tourism, and health. Therefore, your Committee finds that the expenditure of public funds, as contemplated by this measure, is appropriate and in the public interest.

Your Committee has amended this bill by increasing the appropriations to \$45,000 for each fiscal year and by making technical changes which have no substantive effect.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 303, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 303, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 90 Energy and Natural Resources on S.B. No. 165

The purpose of this bill is to amend Act 390, Session Laws of Hawaii 1988, to permit funds to be expended for exploratory drilling for geothermal resource development at approved subzones in both Hawaii and Maui counties. As originally written, Act 390 permitted funds to be expended in only the county of Hawaii.

Your Committee heard testimonies from the department of business and economic development, Maui Electric Company, True Geothermal Energy Company and Mr. Harry J. Olson.

Your Committee has amended this bill to ensure that these funds are expended only on geothermal resource subzones and to allow a portion of the funds to be expended for planning and engineering. The total remains \$3,000,000.

The language introducing the section being amended by this bill has been amended to more clearly identify the section affected.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 165, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 165, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 91 Energy and Natural Resources on S.B. No. 304

The purpose of this bill is to provide a grant-in-aid of \$294,900 to the organization, Protect Kaho'olawe 'Ohana, to continue activities related to a water resources study on the island of Kaho'olawe.

Testimonies in support of the bill were received from the department of land and natural resources, the county of Maui and from the Protect Kaho'olawe 'Ohana.

The Protect Kaho'olawe 'Ohana, presently under contract with the department of land and natural resources, is conducting a study to identify all potential sources of water on the island of Kaho'olawe. A report summarizing the study will be completed by mid 1989. The 'Ohana has reported significant progress in its research into water resources and resource preservation.

Testimony received from the department of land and natural resources questions whether funds would be best provided to the 'Ohana by a grant-in-aid or through an appropriation directed through the department.

Your Committee recognizes the continued need for collection of water resource and conservation data of the island of Kaho'olawe.

Based upon the testimonies received, your Committee has amended the bill by reducing the appropriation from \$294,900 to \$251,520. Your Committee defers to the Committee on Ways and Means, in the manner which the funds will be delivered to the Protect Kaho'olawe 'Ohana.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 304, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 304, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 92 Energy and Natural Resources on S.B. No. 391

The purpose of this bill is to appropriate funds in the amount of \$232,500, or so much thereof as may be necessary for fiscal years 1989-1990, 1990-1991, and 1991-1992, to be expended by the Department of Land and Natural Resources for site improvements at the Natural Energy Laboratory of Hawaii to develop a marine fish hatchery and pre-pilot-scale aquaculture demonstration facility.

The Department of Land and Natural Resources and the Natural Energy Laboratory of Hawaii submitted testimony in support of the bill.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 391 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 93 Energy and Natural Resources on S.B. No. 449

The purpose of this bill is to increase from \$15,000,000 to \$20,000,000, the amount of special purpose revenue bonds authorized to be issued to assist the Mauna Kea Power Company, a Hawaii corporation, in the construction and operation of a hydroelectric power plant on the Honolii stream in Hawaii County.

Act 263, Session Laws of Hawaii 1987, authorized the issuance of \$15,000,000 in special purpose revenue bonds to assist the Mauna Kea Power Company. This bill increases the amount authorized to \$20,000,000 and clarifies that the proceeds from the sale of the bonds may be used to pay off any interim financing obtained to initiate project construction.

Your Committee heard testimonies from the Department of Business and Economic Development and the Mauna Kea Power Company.

Your Committee has amended the bill to ensure that this measure is in compliance with federal laws governing the types of project expenses which can be paid for using special purpose revenue bonds by deleting the period on page one, line 12 and adding the following phrase: "in accordance with applicable federal tax laws." The same phrase was also inserted on page two, line 5 for the same purpose.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 449, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 449, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 94 Energy and Natural Resources on S.B. No. 475

The purpose of this bill is to appropriate funds in the amount of \$300,000 for fiscal year 1989-1990 to establish a Hawaii OTEC consortium.

The intent of the bill is to maintain Hawaii's world leadership role in ocean thermal energy conversion research, development and demonstration, and to market the expertise gained by local research organizations and consulting firms.

Testimonies in support of the bill were received from the Department of Business and Economic Development, Dillingham Construction Pacific, Ltd. and the R. M. Towill Corporation.

Your Committee on Energy and Natural Resources has amended this bill by replacing the University of Hawaii with the Department of Business and Economic Development as the expending agency in Section 3.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 475, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 475, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 95 Energy and Natural Resources on S.B. No. 476

The purpose of this bill is to reduce the general excise tax from four percent to one-half of one percent on the sales of fuel to producers of electric energy, utility gas energy, or steam and electric energy if the fuel is used for the production and sale of electric power, gas energy, or steam.

Your Committee heard testimonies from the Department of Taxation, Hawaiian Electric Company, Inc., Kauai Electric Division of Citizens Utilities Company and the Tax Foundation of Hawaii.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 476 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 96 Energy and Natural Resources on S.B. No. 1049

The purpose of this bill is to appropriate funds to undertake a study to determine the feasibility and cost of interfacing a hydrogen production system to an ocean thermal energy conversion plant.

Your Committee heard supporting testimonies from the Department of Business and Economic Development, the Pacific International Center for High Technology Research (PICHTR) and Mr. Kelton McKinney and finds that the study of a hydrogen production system is worthy of public support.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1049 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 97 Energy and Natural Resources on S.B. No. 1074

The purpose of this bill is to appropriate funds for a grant-in-aid to the City and County of Honolulu for plans and construction for the Honolulu Program of Waste Energy Recovery (HPOWER) facility.

Your Committee heard supporting testimony from the administration and members of the council of the City and County of Honolulu, the Department of Business and Economic Development, and the American Lung Association.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1074 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 98 Energy and Natural Resources on S.B. No. 1884

The purpose of this bill is to amend Section 171-19, Hawaii Revised Statutes, to expand the maintenance uses and increase the maintenance spending limit of the Department of Land and Natural Resources' "special land and development fund" from \$200,000 to \$500,000. In addition, the bill would allow the Department to exceed the new \$500,000 spending limit with the prior approval of the Governor.

Testimony in favor of the bill was received from the Department of Land and Natural Resources. Presently, Section 171-19, Hawaii Revised Statutes authorizes the Board of Land and Natural Resources \$200,000 per year out of the special land and development fund for the incidental maintenance of lands under the control and management of the Board. The fund is used for repair of sidewalks, removal of fallen trees or trees posing a danger to structures, stream clearing and many other uses associated with the statewide maintenance of Department lands, including marijuana eradication.

Experience has shown that the present spending limit is insufficient and does not allow the Department to keep up with its maintenance requirements. Your Committee finds that an increase in the allowable maintenance expenditures from the special land and development fund is in order.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1884 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 99 Energy and Natural Resources on S.B. No. 1910

The purpose of this bill is to amend Chapter 173A, Hawaii Revised Statutes to provide the means for preserving resource value lands in the State through land banking. The bill also appropriates \$40,000,000 for fiscal biennium 1989-1991 for the purpose of acquiring and land banking resource value lands.

Testimony recommending passage of the bill was received from the Department of Land and Natural Resources and from the Land Use Research Foundation of Hawaii. Your Committee finds that given Hawaii's rapidly growing population and the demands of a modern society, many resource value lands in the State require placement under public ownership and management in order that these lands, land uses, and values be preserved for the present and future generations.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1910 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 100 Energy and Natural Resources on S.B. No. 671

The purpose of this bill is to amend section 199-7, Hawaii Revised Statutes, to authorize the seizure of all natural resources used or taken in violation of the provisions of Chapter 6E, Title 12, or any rules adopted thereunder.

Your Committee heard supporting testimony from the Department of Land and Natural Resources and finds that the need for the authorization of seizure and forfeiture of unlawfully acquired natural resources could be used as a valuable deterrent against unlawful acts in this area.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 671 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 101 Energy and Natural Resources on S.B. No. 1046

The purpose of this bill is to authorize the Director of Finance to issue general obligation bonds to be used for plans and construction of a precommercial biomass gasification and gas-cleanup research plant in Hawaii.

Your Committee heard supporting testimony from the Department of Business and Economic Development and the Hawaii Natural Energy Institute.

The University of Hawaii is currently heading a local team to compete for a \$10 million Department of Energy solicitation to establish a national biofuels test center. This bill appropriates funds to improve the ability of Hawaii to compete in this effort by providing State matching funds for this project.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1046 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 102 Government Operations on S.B. No. 1856

The purpose of this bill is to delay the repeal of Act 321, Session Laws of Hawaii 1986, from June 30, 1989 to June 30, 1994, as it pertains to the University of Hawaii (UH). In addition, the bill authorizes the governor to suspend the provisions of Act 321, as it pertains to the UH, upon a determination that such suspension is required to ensure the economic and efficient management of the State's financial resources.

Act 321, Session Laws of Hawaii 1986, granted administrative flexibility to both UH and the Department of Education (DOE), for certain fiscal operations. The Act provided for periodic review and an automatic repeal on June 30, 1989. (Not to be confused with Act 320, Session Laws of Hawaii 1986, which granted flexibility relating to budget execution.)

Your Committee reviewed Report No. 89-18, by the Legislative Auditor, entitled "Evaluation of the Administrative Flexibility Legislation Affecting the Department of Education and the University of Hawaii, Acts 320 and 321, Session Laws of Hawaii 1986, Final Report." Your Committee concurs with the three relevant recommendations, on page 25, that:

- (1) The Act be extended for five years,
- (2) The payroll function be retained by the Department of Accounting and General Services (DAGS), and
- (3) The payment of interest policy be brought into conformance with the practices of the DAGS.

Your Committee received testimony in support of the bill from DAGS and UH. Your Committee notes that UH, unlike DOE, does not intend to assume the payroll function which is currently provided by DAGS. They are also, according to oral testimony presented at the hearing, working with DAGS to achieve a consistent policy on the payment of interest for late payment of invoices.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1856 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 103 Government Operations on S.B. No. 1825

The purpose of this bill is to (1) increase, from \$750,000 to \$1 million, the amount which the governor may expend for immediate relief of any single major disaster, (2) provide for an additional \$1 million to be used for the purpose of matching federal disaster relief funds following a presidential declaration of disaster, and (3) appropriate \$1.5 million for fiscal year 1989-1990 and an equal amount for fiscal year 1990-1991.

Your Committee received testimony from the Department of Defense stating that the increase in the amount that may be expended by the governor is necessary to minimize the financial burden placed upon counties and state departments. During the past years, counties suffering from a major disaster have had to reallocate substantial sums to meet the costs of repair, restoration, reconstruction, or replacement of public facilities. In some instances, repair of public facilities has been delayed or postponed due to county budget constraints.

Your Committee finds that the additional funds made available by the State will enhance the counties' capability to effect timely repairs and undertake necessary hazard mitigation actions. Your Committee further finds that the provision for the additional \$1 million is necessary to permit the Governor to assure the availability of State funds required to match the cost of public and private assistance programs offered by the federal government.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1825 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 104 Government Operations on S.B. No. 1266

The purpose of this bill is to amend Act 216, Session Laws of Hawaii 1987, by repealing item K-27 of part IV, section 280 and reappropriating the same amount for the same project, but expanding the language of the appropriation to include improvements, designing, and planning in addition to construction.

Your Committee received supporting testimony from Joann Yukimura, Mayor of the County of Kauai, stating that subsequent to the passage of Act 216, the County of Kauai was advised by the State administration that the appropriation could not be legally utilized for the purposes of design, and if such a purpose was intended the County would have to seek an amendment to the legislation to provide for design work. Your Committee finds that the exclusion of the word "design" was an inadvertent oversight, and that this bill is necessary for the County to accomplish what was originally intended.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1266 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 105 Government Operations on S.B. No. 168

The purpose of this bill is to exempt goods and services sold to the counties from the general excise tax, by adding a new section to Chapter 237, Hawaii Revised Statutes.

Your Committee finds that this exemption will save the counties millions of dollars and reduce their need for direct subsidies from the State of Hawaii.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 168 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 106 Government Operations on S.B. No. 6

The purpose of this bill is to amend the State Tort Liability Act to: 1) increase the attorney general's settlement authority from \$10,000 to \$25,000, 2) give the comptroller authority to settle cases under \$5,000, with the attorney general's consent, and 3) require the attorney general and the comptroller to submit annual reports on the cases they settled.

Your Committee received testimony from the Department of the Attorney General and the Department of Accounting and General Services recommending that the bill be amended to:

- (1) Grant the comptroller concurrent authority, with the attorney general, to arbitrate, compromise, or settle tort claims for \$10,000 or less.
- (2) Require that claims settled for \$25,000 or less be funded by the state risk management revolving fund.
- (3) Require the comptroller to prepare, each fiscal year, a report of all claims paid from the state risk management revolving fund.
- (4) Allow the attorney general to arbitrate, compromise, or settle any claim without the requirement that settlements be preceded by the filing of a lawsuit and court approval.

- (5) Make conforming and non-substantive changes for purposes of clarity and procedural improvement.

Your Committee on Government Operations concurs with the suggestions made by the attorney general and the comptroller and has amended the bill accordingly.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 6, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 6, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 107 Government Operations on S.B. No. 612

The purpose of this bill is to appropriate funds for a hazard mitigation program within the civil defense division of the Department of Defense (DOD).

Your Committee received supporting testimony from Alexis T. Lum, State Adjutant General and Director of Civil Defense of the DOD, stating that hazard mitigation is a complex procedure that involves engineering and technological and legal actions to correct potentially hazardous conditions. Moreover, any hazard mitigation program will cross the purview and authority of the private and public sectors. Thus, a viable state-wide hazard mitigation program would require the establishment of an ongoing program and funding commitment over a long period of time.

The DOD recommended that the amount of \$110,000 be appropriated for a professional planner, clerical support, supplies, and travel expenses. Your Committee has adopted the recommendation of the DOD and amended the bill to insert the amount of \$110,000.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 612, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 612, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 108 Health on S.B. No. 115

The purpose of this bill is to provide a general excise tax exemption for amounts received by a hospital, infirmary, medical center, or health care facility for furnishing medical or other care to certain individuals as well as amounts received for professional services by a licensed practitioner of medicine, osteopathy, dentistry, or optometry.

Sections 237-24 and 237-24.5, Hawaii Revised Statutes, provide an exemption from the general excise tax for a number of situations. This bill would add exemptions for the medical care and services above.

Your Committee heard supporting testimony from the Hawaii Medical Society, the Hawaii Psychological Association, Hawaii Dental Service, and from several other organizations and individuals. Most supported this bill without reservation; some supported it if their specialty were included. Opposing testimony was heard from the Department of Taxation and the Director of Health, who both supported the administration's approach, a medical services tax credit. Another witness pointed out an exemption for some providers of services under section 237-23(a)(8), Hawaii Revised Statutes, and questioned the effect of the proposed amendment.

Your Committee prefers a tax exemption to a tax credit. If our experience with the tax credit meant as an offset to the four percent tax of food is any example, it is clear that the public does not recognize or appreciate such an approach. Moreover, tax credit for food has done little to diminish pressure to do away with the four percent tax.

The two points raised by the Department of Taxation in opposition to a tax exemption and in favor of a tax credit are not compelling. The Department argues that residents and non-residents will both benefit from a tax exemption. However, the Department says that of the \$30 million in estimated lost revenue, \$25 million is paid by local residents. Therefore, the difference is not significant enough to override the benefits of the exemption. The second argument is that it will be difficult to audit transactions by a medical provider and separate out those transactions which are taxable from those which are exempt. However, your Committee believes that the overwhelming number of providers of medical services will be providing only tax exempt services, and therefore any auditing problems will be minimal.

Your Committee has amended this bill so that those expenses allowable as deductions for income tax purposes, with respect to "medical, dental, etc., expenses," under section 213 of the Internal Revenue Code will become amounts not taxable under section 237-24.1, Hawaii Revised Statutes. In addition, your Committee has made one technical correction in the statutory reference on line 9 of the bill.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 115, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 115, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 109 Health on S.B. No. 1476

The purpose of this bill is to establish statutory provisions relating to physician peer review activities in Hawaii and specifically to elect to have the federal Health Care Quality Improvement Act of 1986, particularly its limitation of damages section, apply in this State.

This bill would enact statutory provisions to ensure that the federal Health Care Quality Improvement Act of 1986, applies to Hawaii. This bill establishes standards for professional review actions, including notice of action and written findings; provides for limitation of damages for those involved in a professional review action of a professional review body if the body meets all the standards established by this bill; allows the awarding of court costs and attorneys' fees in suits brought pursuant to a review action when the defendant substantially prevails and certain other conditions have been met; and requires insurance companies and other entities making settlements in medical malpractice actions to report to the U.S. Secretary of Health and Human Services the amount of the payment, the name of the hospital with which the physician is associated, the basis of the claim or action, and other pertinent information.

This bill also requires the Department of Commerce and Consumer Affairs to report sanctions against physicians, supplying information including the physician's name, the basis for the sanction, and other pertinent information; requires the reporting of adverse professional review actions, including the surrender of clinical privileges, taken by health care entities to the U.S. Secretary of Health and Human Services, with the loss of certain protections if the health care entity fails substantially to comply; provides reporting requirements for the just-mentioned reports; requires hospitals to request specified information from the Secretary of Health and Human Services, or designated agency, on physicians applying for or granted clinical privileges; and provides exemption from discovery for proceedings and records of hospital or clinic quality assurance committees.

Additionally, the bill requires a designated agency to adopt rules on disclosure of information and establishment of procedures in the case of a dispute about the accuracy of the information reported to the agency; provides for the provision of the information reported under the new law to certain professional boards and health care entities; provides for confidentiality of the just-mentioned information and provides penalties for unauthorized disclosure; provides rulemaking powers for the Department of Consumer Affairs, any state licensing board, or any state agency designated by the U.S. Secretary of Health and Human Services under this Act; provides for exemption from discovery for hospital or clinic quality assurance committees' proceedings and records; and provides that any conflict between the professional society and peer review committee provisions of section 663-1.7, Hawaii Revised Statutes, and the provisions created by this bill shall be resolved in favor of the new provisions.

Your Committee heard testimony from the Department of Commerce and Consumer Affairs, the Director of Health, officials at Straub Clinic and Hospital, the Hawaii Academy of Plaintiffs' Attorneys, and the Medical Coalition for Tort Reform. Most of the testimony was partly in support of and partly in opposition to this bill. The Department of Commerce and Consumer Affairs testified that the reporting requirements of the federal law were so complex that duplication in the State law would be a problem. The Hawaii Academy of Plaintiffs' Attorneys opposed the section of the bill that would resolve conflicts in State law in favor of the law provided by this bill. The Medical Coalition for Tort Reform proposed an entire alternate draft. Your Committee finds that quality peer review can be supported and encouraged better by adopting an alternate version of this bill.

Your Committee has amended this bill by deleting substantial portions of the text and substituting new provisions. As amended, this bill opts out of Part A of the federal Health Care Quality Improvement Act of 1986; provides the standards for professional review actions and maintains the limitation of damages provisions in the introduced bill; substitutes new notice of hearing provisions and new options for holding hearings; includes new legal representation, record, witnesses, evidence, and written statement provisions; retains the provisions relating to a physician's rights after a hearing, attorney's fees, and the construction of the statutes regarding liabilities, immunities, and other considerations.

Additionally, the amended bill empowers the Director of the Department of Commerce and Consumer Affairs to adopt rules and voluntary guidelines. The amended bill does not include the latter sections of the bill as introduced concerning reporting by payors, reporting of sanctions by the Department of Commerce and Consumer Affairs, reporting by health care entities, form of reporting, duty of hospitals to request certain information concerning physicians from the federal government, rules concerning disclosure and correction of information, miscellaneous reporting provisions, and the provisions stating that the new provisions of law shall prevail over any other State law provisions with which they conflict.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1476, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1476, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 110 Health on S.B. No. 1248

The purpose of this bill is to convert ten temporary positions within the Department of Health to permanent civil service positions and to grant the incumbents of those positions permanent civil service status.

Your Committee heard supporting testimony from the Director of Health, the Hawaii Nurses' Association, the chairperson of the Health Task Force of the Founders Group of the Kokua Council for Senior Citizens of Hawaii, and from two individuals who have been involved with the frail and elderly care program. All witnesses supported this bill. Your Committee finds that the Public Health Nursing Branch of the Department of Health is deserving of strong support and that it cannot continue to operate with temporary public health nursing positions and deliver the best quality services.

Your Committee has amended this bill by correcting a spelling error and by deleting one of the positions listed in this bill as one affected by its action.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1248, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1248, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 111 Health on S.B. No. 929

The purpose of this bill is to provide funding for a three-year demonstration project to begin implementation of a statewide quality assurance system for services and programs for persons with developmental disabilities.

Your Committee heard supporting testimony from the Director of Health, the State Planning Council on Developmental Disabilities, and several other witnesses. Some witnesses questioned the propriety of having the Department of Health as the expending agency for the appropriation as the department is the main provider of services to developmentally disabled persons and therefore would not be able to provide the degree of independence required of a quality assurance program.

Your Committee agrees with the testimony concerning the independence of the expending agency and has amended the bill by changing the expending agency from the Department of Health to the Office of the Governor and by making nonsubstantive language and punctuation changes.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 929, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 929, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 112 Health on S.B. No. 655

The purpose of this bill is to increase the number of additional deputies in the department of health exempt from civil service from one to four.

Section 76-16, Hawaii Revised Statutes, currently provides that certain persons are exempt from civil service, including a deputy in the department of health. This bill would increase that number to four deputies.

Your Committee heard supporting testimony from the Director of Health and finds that there is good reason for the proposed increase. The increase in exempt deputies will allow the department to insure openness to the public, provide better management of the Department of Health by narrowing the span of control for the top departmental managers, concentrate more on specific issue areas, and to provide a better basis for proactive planning for the future. However, your Committee finds that the addition of three deputies is sufficient. It is your Committee's intent that these be additional deputy directors for personal health services and for health promotion and disease prevention. Your Committee does not intend that there be an additional deputy director for behavioral health at this time.

Your Committee has amended this bill by changing the number of additional deputies in the Department of Health from four to three.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 655, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 655, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 113 Consumer Protection and Commerce on S.B. No. 556

The purpose of the bill is the adoption of the current version of the Uniform Limited Partnership Act.

The State has adopted the 1916 version of the Uniform Limited Partnership Act. The Act has been amended by the Uniform Law Commissioners in 1976 and 1985. This bill would amend the Hawaii law to be in conformance with the modern version of the Uniform Limited Partnership Act.

Your Committee has amended the bill to include the 1985 revisions.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 556, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 556, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 114 Consumer Protection and Commerce on S.B. No. 959

The purpose of this bill is to effect three changes to the statutes governing the State's consumer protection agencies: (1) to toll the running of the statute of limitations in certain instances; (2) to impose personal liability for restitution to consumers upon officers, directors, and agents of a corporation in certain instances; and (3) to consolidate the authority of the Office of Consumer Protection to seek an injunction in all cases where that office is empowered to sue.

The tolling provision provides a mechanism to toll the statute of limitations for bringing an action under chapter 480, Hawaii Revised Statutes, including section 480-2. Management of cases has been hampered when respondents have

removed themselves from the State, filed petitions for relief under the Bankruptcy Code, or have had criminal actions brought against them. While these may each be legitimate reasons why a civil action brought by the State cannot proceed, they are not a sufficient reason to cut off the State's power entirely. The present statute has no tolling provisions and all enforcement actions are barred unless commenced within four years after the cause of action accrues. This amendment will toll the running of the statute of limitations for actions under chapter 480 in the situations listed above and should provide adequate time for investigation of complex cases and flexibility in enforcement.

Second, this bill codifies the holding of Eastern Star, Inc., S.A. v. Union Building Materials Corp., 6 Haw. App. ___, 712 P.2d 1148 (1985). In some cases, an empty shell is all that remains of corporations from which to obtain consumer restitution. In many instances, the persons who have profited from the unlawful acts or practices of the corporations are the principals who controlled or should have controlled the activities of the corporation, namely, individual directors, officers, or other agents. The Eastern Star case imposes personal liability on individual directors, officers, and agents of a corporation where the corporation has been adjudged responsible to pay restitution to injured persons and where the directors, officers, or agents in question have authorized, ordered, done, or actively or passively participated in any of the acts which caused the injuries. In such cases, liability would be joint and several. This amendment tracks that case, allowing an avenue of possible recovery when the corporation is judgment-proof but the individuals are not.

Third, this bill consolidates and clarifies the authority of the Office of Consumer Protection to seek an injunction in all cases where it is empowered to sue. The current provision extends only to cases involving persons practicing a licensed discipline without benefit of a license.

Your Committee heard support testimony from the Department of Commerce and Consumer Affairs which requested an amendment to section 28-1, Hawaii Revised Statutes, to clarify the proposition that the Attorney General's authority in consumer protection matters is concurrent with the authority of the Director of the Office of Consumer Protection. This amendment would eliminate an apparent incongruity in the law and would be consistent with statutory provisions which presently allow such concurrent jurisdiction in the area of unfair competition and unfair or deceptive practices, section 480-20(c), Hawaii Revised Statutes. There is no derogation in the authority of either the Office of Consumer Protection or the Attorney General by this amendment. This amendment comports with the Legislature's intent that the Attorney General and the Office of Consumer Protection cooperate with one another to promote the interests of Hawaii's consumers.

Your Committee has also amended this bill by providing that a court hearing on an action for restitution under section 487-14 may, but need not, include in its orders that the corporation and the individual directors, officers, or agents who were involved in the acts are jointly and severally liable for payment of restitution.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 959, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 959, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 115 Corrections on S.B. No. 1991

The purpose of this bill is to appropriate funds to implement a plan of action developed by the Developmentally Disabled and Handicapped Prisoner Steering Committee to address the needs of developmentally disabled and handicapped persons who are incarcerated in state correctional facilities.

In a report issued in December of 1987 the steering committee recommended the establishment of a task force to conduct a pilot project that would:

- 1) Identify the characteristics of developmentally disabled and handicapped persons within the correctional system population;
- 2) Determine the effectiveness of the current mental health intake screening process for such persons;
- 3) Initiate or continue individual service programs for such persons while they are under the jurisdiction of the Department of Corrections (DOC);
- 4) Implement a training program to help DOC staff recognize the special needs of such persons;
- 5) Establish a case management system to monitor and provide needed services for such persons;
- 6) Establish an interagency network system to provide technical assistance, training, and follow-up services for such persons; and
- 7) Explore possible sources of funding for future programs and services for such persons.

Your Committee heard testimony in support of this measure from many government and private entities dealing with the developmentally disabled and handicapped segment of the corrections system population, including the DOC, the Department of Human Services, the Hawaii Paroling Authority, the Judiciary, the State Planning Council on Developmental Disabilities, the Commission on the Handicapped, and the Protection and Advocacy Agency of Hawaii.

Testimony indicated that inmates who are physically, mentally, or developmentally disabled have special needs that are not being addressed or are being inadequately addressed by the current system. Studies show that there is currently no effective system for appropriately identifying and servicing the disabled criminal offender in our prison systems, and that

this offender is more likely to be arrested, convicted, sentenced to prison, and, once incarcerated, victimized by the general prison population.

Your Committee concurs with the recommendations of the Developmentally Disabled and Handicapped Prisoner Steering Committee and finds that the appropriation of funds to implement the steering committee's plan of action is necessary to ensure that developmentally disabled inmates receive fair treatment and rehabilitative services throughout their incarceration.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 1991 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 116 Corrections on S.B. No. 916

The purpose of this bill is to appropriate \$608,504 for fiscal year 1989-1990, and \$548,604 for fiscal year 1990-1991 to fund the development and implementation of activities related to the Hawaii master plan for treatment of sex offenders. The appropriations are broken down as follows:

- (1) For fiscal year 1989-1990:
 - \$236,000 to the Department of Corrections;
 - \$108,744 to the Hawaii Paroling Authority;
 - \$263,760 to the Judiciary.
- (2) For fiscal year 1990-1991:
 - \$236,000 to the Department of Corrections;
 - \$ 78,744 to the Hawaii Paroling Authority;
 - \$233,860 to the Judiciary.

Your Committee heard testimony in support of this measure from the Department of Corrections, the Hawaii Paroling Authority, the Judiciary, the Department of Human Services, the Department of Health, and others. Your Committee finds that the funds appropriated are necessary to establish a comprehensive system of treatment services to rehabilitate sex offenders.

Your Committee has amended this bill by increasing the appropriations to the Judiciary to \$335,324 for fiscal year 1989-1990, and \$275,324 for fiscal year 1990-1991. The totals for the appropriations in the amended bill are \$680,068 for fiscal year 1989-1990, and \$590,068 for fiscal year 1990-1991.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 916, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 916, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 117 Corrections on S.B. No. 950

The purpose of this bill is to amend Section 353-63, Hawaii Revised Statutes, so as to limit the compensation of members of the Hawaii Paroling Authority who are employed on a part time basis and to specify that part time members are not entitled to benefits such as sick leave and vacation, but can be reimbursed for expenses incurred for travel and incidentals.

Your Committee finds that the amendatory language provided by this bill is necessary to help clarify the existing section.

Your Committee has amended this bill by adding an appropriation of \$16,000 for fiscal year 1989-1990, and \$16,500 for fiscal year 1990-1991 to cover increased operating costs.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 950, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 950, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 118 Higher Education on S.B. No. 2022

The purpose of this bill is to delete the requirement of self sufficiency for University child care centers and to enable the Legislature to provide supplementary funding.

In 1986 the Legislature created a child care center revolving fund, thereby providing statutory authority for the University of Hawaii to operate child care centers. However, the requirement that such centers must be self supporting precludes the Legislature from providing any needed financial assistance. Legislative appropriations to the University child care centers would, in all probability, reduce the costs of child care and enhance accessibility to postsecondary education for a significant segment of the population.

Legislative action is also essential because of the significant costs associated with University child care programs. Like all childcare that enhances children's development it requires qualified, consistent staff, and low group size and teacher-child ratios. It also has its own unique costs. Not all students need full day care five days a week for twelve months. But campus childcare must bear the burden of being open and available all year. Because of "down" time (in the afternoon, between semesters, and during summer) utilization varies from 75-90 percent for 45 weeks and 20-30 percent for 5 weeks. Additionally, the campus childcare population is transient. Student parents graduate at the end of every semester resulting in four distinct enrollment periods making administration much more difficult and costly.

Your Committee has received a plethora of testimonies from University students and staff with children at the University of Hawaii Manoa Childcare Center. Supporting testimony was also received from the University of Hawaii, University of Hawaii Professional Assembly (UHPA), the Office of Children and Youth and People Attentive to Children (PATCH). The testimonies not only commended the Center for its program and staff, but also described the crisis facing childcare in the State. Many people conveyed the frustrating experience of trying to find affordable, quality childcare services.

Upon examining this bill, your Committee finds that Section 2 would preclude the Center from accepting fees because fees and other receipts may not be commingled with state general funds. Thus, pursuant to recommendations made by the President of the University of Hawaii, Section 2 of the bill as received was deleted, which leaves Section 304-8.91 intact and unamended, and Section 3 of the bill as received was amended to allow the Center to accept state general revenue funds.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 2022, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2022, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 119 Higher Education on S.B. No. 340

The purpose of this bill is to provide \$4,000,000 for design and construction of a Center for Applied Aquaculture.

The 1988 session of the Legislature appropriated \$1,000,000 out of the general fund to the Department of Land and Natural Resources for planning, design and construction of the Center. These monies along with the \$4,000,000 proposed by this bill, provide the State matching support of the \$5,000,000 needed to secure \$6,375,000 of Federal funds from the United States Department of Agriculture.

Your Committee received supporting testimony from the Department of Land and Natural Resources and the Oceanic Institute. Your Committee supports the intent of this bill to develop a world class aquaculture facility provided that the facility maintain close and sustained cooperative work between the University of Hawaii and the Institute. Your Committee expressed concern regarding the proper expending agency but finds that coordination could best be effected by continuing to have it coordinated through the Department of Land and Natural Resources.

Your Committee is amending the bill by designating the Department of Land and Natural Resources as the expending agency.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 340, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 340, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 120 Higher Education on S.B. No. 1129

The purpose of this bill is to appropriate funds for a theater and a community service building at the University of Hawaii, Kauai Community College.

Your Committee heard testimony in support of this bill from the chancellor for community colleges at the University of Hawaii who stated that the theater will be the only theater on the island, and is in the pre-schematic phase of the design. The proposed theater will serve the island community as well as the college, and will also serve the Department of Education as they develop their performing arts learning center.

In addition, the college plans to include an art gallery as part of the theater so students and patrons will be able to view art collections of both Kauai artists and special showings as scheduled.

The design phase of the community services building is complete and the funds requested in this bill are for construction costs.

Upon consideration, your Committee amended this bill by deleting the appropriation for the community services building.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1129, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1129, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 121 Higher Education on S.B. No. 1784

The purpose of this bill is to establish a revolving fund for the College of Tropical Agriculture and Human Resources at the University of Hawaii into which receipts from the sale of products resulting from crop research and extension experiments and demonstrations can be deposited.

Presently, the College of Tropical Agriculture and Human Resources has revolving funds for animal products and seeds. The funds generate approximate annual revenues of \$300,000 and \$50,000, respectively.

Your Committee heard testimony in support of this measure from the dean of the College of Tropical Agriculture at the University of Hawaii and finds that the establishment of a revolving fund for crops would accelerate research programs and the delivery of results by removing some of the constraints of limited resources. Testimony indicated that approximate annual revenues from this revolving fund would be \$50,000.

Your Committee amended this bill by including videotape publications as a category of products that result from modern technologies.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1784, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1784, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 122 Higher Education on S.B. No. 564

The purpose of this bill is to provide supplemental funding for the observances of the twenty-fifth anniversary of the University of Hawaii Community Colleges.

The funds as proposed would be used to develop special informational materials and visual displays marking the contributions of our colleges and their alumni, special speaker series and cultural programs, and conferences.

An expenditure plan submitted by Joyce S. Tsunoda, Chancellor for Community Colleges is as follows:

Commemorative publications

1. The story of the Community Colleges in Hawaii from a historical perspective (working title)	\$ 5,000.00
2. 1989-1990 Community Colleges Annual Report (working title)	5,000.00
3. Special edition of Pleiades, the Journal of the University of Hawai'i Community Colleges" (manuscripts by faculty and staff)	5,000.00
4. What the Community Colleges have meant to me: alumni reminiscences (working title)	5,000.00
Distinguished lecturer series -- honoraria and interisland travel	10,000.00
Culture and the arts presentation/performance series to celebrate the community colleges' "living treasures" -- honoraria and interisland travel	10,000.00
7th Annual Excellence in Teaching Conference	10,000.00
TOTAL	\$50,000.00

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 564 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 123 Higher Education on S.B. No. 1026

The purpose of this bill is to make an appropriation for agribusiness in Hawaii.

Specifically, this bill would allow for the development of an integrated program to:

- 1) Investigate the feasibility and benefits of treating wastewater from sugar factories and adjacent communities anaerobically and to install and test a small-scale anaerobic wastewater treatment plan in Hawaii;
- 2) Examine the feasibility and potential yield of water hyacinths grown in sugar factory wastewater to contribute to wastewater treatment and to produce an inventory of feedstock, biofuel, or other commercial products;
- 3) Investigate the feasibility of increasing yields of sugarcane or other crops by applying carbon dioxide harnessed from stack gases;

- 4) Evaluate the effect on electricity generation of using sugarcane lands for other crops or nonagricultural purposes so that the likely impact of such action may be assessed; and
- 5) Search for high-valued chemical products from sugar and cane feedstocks.

Your Committee heard testimony in support of this measure from the Department of Business and Economic Development and the Hawaii Natural Energy Institute at the University of Hawaii. Your Committee finds that processing potential byproducts from sugarcane and other crops which could help conserve energy and other resources such as land and water is extremely valuable in generating greater revenues for agribusiness as well as having a favorable impact on the environment.

Your Committee adopted the recommendation of the Department of Business and Economic Development by naming the department as the lead agency and enlisting commercial enterprises into a public/private partnership as they conduct the investigations called for in section 2 of this bill.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1026, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1026, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 124 Higher Education on S.B. No. 1515

The purpose of this bill is to provide tuition waivers to valedictorians and salutatorians of Hawaii public or private high schools who enroll at any of the University of Hawaii campuses.

The bill also provides that the tuition waivers will be renewable for a maximum of five years provided that the recipient maintains a minimum grade point average of 3.5 and remains on full-time status.

Your Committee heard testimony in support of this measure from representatives of the University of Hawaii and the Associated Students of the University of Hawaii. Your Committee finds that this bill will encourage Hawaii's gifted students who do not otherwise qualify for such financial assistance to attend the University of Hawaii and remain in Hawaii to continue their education.

Your Committee amended the bill adding a new subsection (g) to ensure that sufficient waivers will always be available to Hawaii's high school valedictorians and salutatorians.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1515, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1515, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 125 Agriculture on S.B. No. 1104

The purpose of this bill is to appropriate \$9,753,500 for fiscal year 1989-1990 for improvements to the Lualualei Pahe'ehe'e Ridge agriculture subdivision.

In 1986, the Department of Hawaiian Home Lands awarded 64 agriculture lots of 2-4 acres at Pahe'ehe'e Ridge. The department has been working on a development strategy for the Lualualei Pahe'ehe'e Ridge agriculture subdivision. Once this plan is complete, the department will incorporate this project in its long-range CIP requests.

Your Committee finds that the appropriation is necessary because the subdivision cannot be planned until the infrastructure has been built. More importantly, the subdivision requires a water source before farming can begin. Without water, permits and other improvements cannot be planned.

Your Committee heard supporting testimony from the Pahe'ehe'e Ridge Association, the Department of Hawaiian Home Lands and a member of the general public.

Despite concerns over the large amount of money required for the infrastructure, your Committee finds the appropriation appropriate and necessary to insure the quality of life in the Lualualei Pahe'ehe'e Ridge agriculture subdivision.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1104 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 126 Agriculture on S.B. No. 261

The purpose of this bill is to appropriate \$35,000 for fiscal year 1989-1990 for the development and implementation of a program to control the proliferation of the European brown snail.

Your Committee heard supporting testimony from the Hawaii Farm Bureau Federation, the Department of Agriculture and the College of Tropical Agriculture at the University of Hawaii. Opposing testimony was received from the Environmental Center of the University of Hawaii strongly urging that instead of initiating biological control programs, a

study should be carried out reporting the severity and extent of the problem, as well as its current trends. Your Committee finds however, that these snails are becoming a significant problem by expanding their presence in the islands and a control and education program is necessary to control their proliferation.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 261 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 127 Agriculture on S.B. No. 1040

The purpose of this bill is to make an appropriation of \$100,000 for each year of fiscal biennium 1989-1991 to provide a means of measuring the effectiveness of a low input sustainable agriculture system on a macro scale, and to develop those aspects which are economically sensible and translatable to other farms of all sizes.

Your Committee received supporting testimony from MacFarms of Hawaii, Hawaii Macadamia Nut Association, Roy Nishimoto, Vice President of the Agricultural Loan Administration - Bank of Hawaii, Matthew Schneider, the Governor's Agriculture Coordinating Committee and the College of Tropical Agriculture and Human Resources.

Your Committee would like to express its legislative intent that the money must be used for research and not for marketing as it is a function that should be supported in the private sector, not by state government.

Your Committee has amended the bill by inserting the following language on page 2, line 9, "The purpose of this bill is to fund work to measure and quantify the effect of what MacFarms has done and to expand the low input work as much as possible. In addition, the viability of the work on other farms and for other crops in Kona and across the State will be assessed."

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1040, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1040, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 128 Agriculture on S.B. No. 955

The purpose of this bill is to establish a Pest Bird Control Contingency Fund to ultimately control harmful alien bird species.

The bill also appropriates \$25,000 for fiscal year 1989-1990, to the Fund to cover expenses incurred in the control of such birds.

Your Committee heard supporting testimony from the Hawaii Farm Bureau Federation, Department of Land and Natural Resources and the Governor's Agriculture Coordinating Committee.

Your Committee has amended the bill by allowing instead of mandating that expenses be payable from the Fund.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 955, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 955, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 129 Agriculture on S.B. No. 534

The purpose of this bill appropriates \$400,000 for fiscal years 1989-1990 and 1990-1991, to the Department of Agriculture for the promotion of papayas.

Papaya is the second most important fruit exported from Hawaii behind pineapple. The papaya industry's marketing continues to be adversely affected by poor fruit quality resulting from the double-dip quarantine treatment. Local growers also face intense competition from North American and Japanese markets, making state assistance essential.

Your Committee heard supporting testimony from the Department of Agriculture, the College of Tropical Agriculture and Human Resources, and the Papaya Administrative Committee. Your Committee finds that the State's matching funds promotion program has contributed stability and growth to the industry and greatly benefits Hawaii's economy.

Your Committee is amending the bill to require matching funds be provided by the industry on a four to one ratio. Therefore, the papaya industry will be required to pay \$100,000 in order to receive \$400,000 in state funds.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 534, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 534, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 130 Agriculture on S.B. No. 818

The purpose of this bill is to make an appropriation to complete the final stages of improvements to the Kula vacuum cooling plant at Omaoipo, Kula in Maui.

Your Committee received supporting testimony from the Hawaii Farm Bureau Federation and the Department of Agriculture. This bill would allow farmers to market alternative crops of cauliflower and broccoli, since the Kula region has been experiencing loss of crops due to lettuce wilt disease.

Your Committee has amended the bill by changing the amount appropriated to \$435,000.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 818, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 818, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 131 Agriculture on S.B. No. 686

The purpose of this bill is to clarify existing language in the excise tax law to preclude constitutional challenges to the law.

The U.S. Supreme Court held in 1984 that Hawaii's liquor tax exemptions were unconstitutional as it discriminated in favor of locally made products and against imported products. Accordingly this bill amends section 237-24, paragraph 17, (exclusion of amounts received from the loading, transportation, and unloading of agricultural commodities shipped between the islands of this State) to provide that the agricultural commodities need not have been produced in the state. This bill also amends Section 237-25(d) to allow a tax exemption for millers or processors of sugar, and canners of pineapple and pineapple juice, irrespective of whether the products were milled, processed or canned in Hawaii, when the products are sold in Hawaii.

Your Committee heard supporting testimony from the Department of Taxation and finds the bill is in accordance with state policy and is an appropriate vehicle to eliminate possible accusations of discrimination against agricultural commodities produced outside of Hawaii in favor of locally produced commodities.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 686 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 132 Agriculture on S.B. No. 772

The purpose of this bill is to make an appropriation for fiscal year 1989-1990 for research into the possibility of using papaya to block the effects of radiation on living cells.

Papaya contains several substances which have the potential to block the effects of radiation. Promising research leads have already been discovered in this area, and with additional resources, the program may greatly impact the papaya industry and the Hawaiian economy.

Your Committee received supporting testimony from the College of Tropical Agriculture and Human Resources and the Governor's Agriculture Coordinating Committee.

Your Committee has amended this bill by inserting the sum of \$50,000 to be appropriated for fiscal year 1989-1990. Your Committee finds that continued funding will depend upon the testing results, which will be submitted to the Legislature in the form of a report before the next Legislative Session. In addition, the Committee has amended the bill by designating the College of Tropical Agriculture and Human Resources of the University of Hawaii as the proper expending agency instead of the Governor's Agriculture Coordinating Committee as previously stated.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 772, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 772, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 133 Agriculture on S.B. No. 1351

The purpose of this bill is to appropriate \$250,000 for each year of fiscal biennium 1989-1991 and for fiscal year 1991-1992 for on-site improvements for relocated farmers in Maunawili Valley. The funds would be expended by the department of land and natural resources.

Your Committee heard supporting testimony from the state department of land and natural resources and several members of the general public, and finds this bill would assist those banana farmers relocated as a result of the H-3 project.

Your Committee has amended the bill by deleting reference to fiscal year 1991-1992.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1351, S.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. 134 Energy and Natural Resources on S.B. No. 289

The purpose of this bill is to establish a cost-matching account to be used to attract demonstrative hydrogen projects to be featured at the 1990 biennial World Hydrogen Energy Conference (WHEC) to be held in Hawaii.

Your Committee heard testimony from the Department of Business and Economic Development and the Hawaii Natural Energy Institute.

Your Committee has amended the bill so that the sums appropriated shall be expended by the Department of Land and Natural Resources for use by the University of Hawaii.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 289, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 289, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 135 Energy and Natural Resources on S.B. No. 434

The purpose of this bill is to appropriate funds for research programs on utilization of marine resources.

Specifically, the bill appropriates \$250,000 for fiscal year 1989-1990 for a research program of product development involving the extraction of valuable minerals from seawater and the use of cold deep seawater to produce commodities such as pearls, vitamins, pharmaceuticals, and cosmetics. This measure also authorizes the issuance of general obligation bonds in the amount of \$200,000, and appropriates the same sum for fiscal years 1989-1990, 1990-1991, and 1991-1992 for the planning and design of a marine resource utilization laboratory at the Natural Energy Laboratory of Hawaii.

Your Committee heard supporting testimony from the Department of Business and Economic Development, the Hawaii Natural Energy Institute, and the Natural Energy Laboratory of Hawaii. Your Committee finds that the development of a marine resource utilization laboratory would benefit the State immensely not only by finding ways to effectively utilize the waters surrounding Hawaii, but also by attracting new research projects from outside sources to the islands.

Your Committee has amended this bill by deleting the appropriation in Section 1 of the bill relating to funding of a research program and increasing the bond authorization and appropriation for the marine resource utilization laboratory to \$450,000. In addition, the appropriation has been made for the next two fiscal years rather than the next three, and payment for construction has been added to planning and design as appropriate expenditures. The bill has also been amended to substitute the University of Hawaii for the Department of Business and Economic Development as the expending agency.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 434, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 434, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 136 Energy and Natural Resources on S.B. No. 555

The purpose of this bill is to appropriate \$4,000,000 for fiscal biennium 1989-1991 to the Pacific International Center for High Technology Research to plan, design, and construct an operational net power open-cycle OTEC demonstration plant at the Natural Energy Laboratory of Hawaii, provided the United States Department of Energy contributes a matching amount. The sum appropriated would be expended by the Department of Business and Economic Development.

Your Committee finds that the construction of this plant will allow Hawaii to remain a world leader in OTEC development, the most promising source of renewable energy for island applications.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 555 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 Fernandes Salling.

SCRep. 137 Energy and Natural Resources on S.B. No. 773

The purpose of this bill is to appropriate \$120,000 for fiscal year 1989-1990 to the Pacific International Center for High Technology to initiate preliminary studies for a Pacific Fisheries Data Network Development Program and to develop proposals for federal and other external funds to undertake a multi-year research and development program. The funds would be expended by the Department of Business and Economic Development.

Your Committee finds that this program would provide information to the fisheries industry in Hawaii, the American flag islands, and developing island nations of the Pacific to increase the efficiency of fisheries stock exploitation within their exclusive economic zones.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 773 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 Fernandes Salling.

SCRep. 138 Energy and Natural Resources on S.B. No. 1039

The purpose of this bill is to establish a "Kaho'olawe negotiation fund" within the Department of Land and Natural Resources in order that negotiations between the Department and the United States Navy be initiated seeking the return of Kaho'olawe to the State of Hawaii.

Testimony in favor of this bill was received from the Department of Land and Natural Resources, the Protect Kaho'olawe Ohana, and from a concerned citizen.

Your Committee finds the island of Kaho'olawe is rich in historical, cultural, and educational value and there is increasing community sentiment against the use of the island as a military bombing target. According to the terms of Executive Order 10436, the return of Kaho'olawe to the State is mandated when it is no longer needed for naval purposes. In light of the above findings and the fact that alternative training sites and methods are available to the Navy, it is vital that negotiations to return the use of Kaho'olawe to the State be initiated.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1039 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 Fernandes Salling.

SCRep. 139 Energy and Natural Resources on S.B. No. 1055

The purpose of this bill is to increase the State tax credit for energy saving devices from fifteen per cent to twenty-five per cent of the cost of solar devices, wind energy and heat pump devices and ice storage systems placed in service in the State after December 31, 1989. This tax credit will be discontinued on December 31, 1992.

Your Committee heard supporting testimony from the Hawaiian Electric Company, Inc., the Tax Foundation of Hawaii and Mr. Donald Thomas.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1055 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 140 Energy and Natural Resources on S.B. No. 1142

The purpose of this bill is to make an appropriation of \$2,000,000 for the fiscal biennium 1989-1991 to plan, design, and construct hillside erosion controls at Kipapa Gulch. The funds shall be expended by the Department of Land and Natural Resources.

Testimony in support of this bill was received from the Department of Land and Natural Resources, the Mililani Neighborhood Board, and from Honolulu Councilmember Rene Mansho.

The area where Kamehameha Highway on Oahu crosses Kipapa Gulch between Mililani and Waipio Gentry presents a clear danger to motorists. Falling rocks and boulders dislodged from the eroding hillside frequently end up in the middle of the highway, with an attendant disruption of traffic flow. This situation is particularly severe following heavy rains. This stretch of road is already inherently dangerous as attested by numerous past fatalities and accidents. In view of this, there is a definite need to alleviate any additional, potentially hazardous conditions.

Your Committee has amended the bill by correcting a typographical error in the title ("appropriation" was substituted for "appropriation") and text, and by making technical, nonsubstantive changes in order to conform with recommended drafting style.

Your Committee on Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 1142, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1142, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 141 Energy and Natural Resources on S.B. No. 1406

The purpose of this bill is to make an appropriation of \$195,000 to be expended by the Governor's Agriculture Coordinating Committee to continue research on biomass production for energy. The appropriation is contingent upon C. Brewer and Company providing \$125,000 of in-kind services.

Testimony in support of the bill was received from the Governor's Agriculture Coordinating Committee, the University of Hawaii College of Tropical Agriculture and Human Resources, the Hawaiian Sugar Planters' Association, the International Longshoremen's and Warehousemen's Union Local 142, the Hawaii Island Chamber of Commerce and from a private citizen involved with biofuels.

C. Brewer's BioEnergy Development Corporation in cooperation with the Hawaii Natural Energy Institute (HNEI), the College of Tropical Agriculture and Human Resources and others have been conducting quality research since 1979 into the technical and economic feasibility of developing eucalyptus tree farms as a renewable alternate energy source. In

addition to biomass fuel, the work accomplished by this group is complimentary to fiber and pulp production, and liquid and gaseous biofuels. Should HNEI be successful in the U.S. Department of Energy competition for plans and construction of a scaled-up biomass gasifier facility this year, BioEnergy Development Corporation would be an appropriate source of the large amounts of feedstock required. Success in BioEnergy Development Corporation's efforts to commercialize tree farming could provide new economic opportunities for Hawaii county and for the State.

Your Committee finds that in view of the time element involved in tree research, it would be in the best interests of the State to provide support to an on-going research program to obtain information that will be valuable for many years ahead, rather than start all over again in a few years when oil prices rise and the need for renewable energy sources again surfaces.

Your Committee has amended the bill to allow C. Brewer and other agencies involved with the research to provide in-kind services to meet the total \$125,000 match requirement.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1406, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1406, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 142 Energy and Natural Resources on S.B. No. 1431

The purpose of this bill is to appropriate \$60,000 for fiscal year 1989-1990 for the convening of a "Hawaii and the Sea '90" conference and to produce a report of the proceedings, including findings and recommendations to resolve existing conflicts and problems. The sum appropriated would be expended by the University of Hawaii.

Your Committee finds that because this conference would be coordinated by the Hawaii Sea Grant Program working in conjunction with the Department of Business and Economic Development and the Ocean Recreation Council of Hawaii, the findings and recommendations would be of great use to the State as we head into the 21st Century.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1431 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 143 Energy and Natural Resources on S.B. No. 1520

The purpose of this bill is to appropriate \$2,000,000 for fiscal year 1989-1990 for plans and designs to improve Kamaikai Stream on the island of Oahu. The funds would be expended by the City and County of Honolulu.

Your Committee finds that a major concern of Kalihi Valley residents is the poor maintenance of Kamaikai Stream. There is a very real danger of flooding along Kamaikai Stream due to an accumulation of debris in the streambed. However, the majority of the streambed is in private hands, and the City and County streambed maintenance policy is that the streambed owner is responsible for streambed cleanup and maintenance. Unfortunately, many of the residents along Kamaikai Stream are elderly, on a fixed income, and physically unable to do the maintenance or afford to have it done for them.

Your Committee finds that a plan to improve the maintenance and a design to improve Kamaikai Stream is a suitable expenditure of public funds.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1520 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 Fernandes Salling.

SCRep. 144 Housing and Hawaiian Programs on S.B. No. 1805

The purpose of this bill is to appropriate \$15 million to the Rental Assistance Revolving Fund for fiscal year 1989-1990 and \$15 million for fiscal year 1990-1991.

Your Committee received testimony in support of this measure from the Executive Office on Aging, the Housing Finance and Development Corporation, the Hawaii Community Development Authority, the Kokua Council for Senior Citizens and several members of the general public. Testifiers indicated a tremendous need for more affordable rental housing in our communities.

The rent subsidies provided through the Rental Assistance Revolving Fund serve as an incentive to the development of affordable rental projects by providing subsidies to rental project owners. These subsidies, in turn, serve to lower the out-of-pocket rent paid by qualified lower income tenants.

The Housing Finance and Development Corporation (HFDC) testified that existing funds in the Rental Assistance Revolving Fund are insufficient to meet the projected statewide production of public and private rental housing projects over the next few years. For example, the HFDC is planning to commit rental assistance funds to eight projects containing over 1,400 rental units during fiscal year 1990-1991. Because rental assistance funds must be on hand prior to project approval, the appropriation would allow sorely needed rental projects to proceed.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1805 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 145 Housing and Hawaiian Programs on S.B. No. 921

The purpose of this bill is to provide an appropriation to plan, design, and construct single room occupancy (SRO) hotels for the homeless.

Your Committee received testimony supporting this bill from the Housing Finance and Development Corporation, Legal Aid Society of Hawaii, the Salvation Army, the Diocese of Honolulu Office for Social Ministry, the Kokua Council for Senior Citizens of Hawaii, and members of the general public and finds that there is a very great need for safe, decent and affordable rental housing for special need groups.

The State Housing Functional Plan recognizes that safe, decent and affordable rental housing opportunities for special need groups on suitable environments are very limited. The Housing Functional Plan recognizes the SRO as a suitable living arrangement for single persons.

Your Committee further finds that a 100 unit SRO project will cost about \$3 million, based on an estimated \$30,000 per unit. It is also based on the assumption that each individual room will be equipped with a toilet and sink, with communal showers on each floor.

The money required for the construction of an SRO was not included in the executive budget such that this appropriation would supplement rather than replace any of the Department of Business and Economic Development's budgetary requests.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 921 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 146 Housing and Hawaiian Programs on S.B. No. 1932

The purpose of this bill is to make a \$30,000 appropriation to the Neighborhood Reinvestment Corporation for developing plans, determining the economic feasibility, and assessing the community support for a cultural shopping center on Molokai, Hawaii.

Testimony in support of this bill was provided by the Director of Hawaiian Home Lands and Neighborhood Reinvestment Corporation. The Neighborhood Reinvestment Corporation (NRC) was established by an Act of Congress in 1978 (P.L. 95-557). The NRC was invited to Hawaii in 1985 to determine whether communities in Hawaii were candidates for NRC program support. As a result, there are currently two neighborhood housing services projects on Oahu; the first in Kalihi-Palama, and the second in Nanakuli.

Your Committee finds that a Molokai Shopping Center would improve the general economic environment on the island of Molokai through increased employment, increased business ownership, increased cultural activities and would promote the production and sale of native crafts, goods and services. Your Committee also finds that Neighborhood Reinvestment Corporation is committed to matching the \$30,000 appropriation.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1932 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 147 Housing and Hawaiian Programs on S.B. No. 560

The purpose of this bill is to appropriate funds for fiscal year 1989-1990 as a grant-in-aid to the Hawaii Council of Churches for infrastructural improvements for the Hale Mohalu Project including stream reconstruction and construction of a stream bridge, repaving of the Third Street access road, and sewer and water hook-ups. The funds would be expended by the Hawaii Housing Authority.

Your Committee received supporting testimony from several state agencies and community organizations and finds that this project is an appropriate subject for public support.

Upon further consideration, your Committee has amended this bill by providing that the Housing Finance and Development Corporation shall be the expending agency and that this appropriation shall be a capital improvement project rather than a grant-in-aid to the Hawaii Council of Churches.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 560, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 560, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 148 Housing and Hawaiian Programs on S.B. No. 1562

The purpose of this bill is to make an appropriation of \$75,000 for fiscal year 1989-1990, to the Hawaii Housing Authority for the development of a statewide informational data system on the homeless population.

The plight of the homeless population has recently been receiving increased attention. In 1987, Public Law 100-77 entitled the "Stewart B. McKinney Homeless Assistance Act, was adopted by the federal government. As a result, the Comprehensive Homeless Assistance Plan (CHAP) for the State of Hawaii was prepared. Distribution of federal funds are made on the basis of assessments of the homeless population made under CHAP. Collection and analysis of such data is also necessary for the State to best address the homeless situation in terms of the areas and types of services needed.

Your Committee heard supporting testimony from the Hawaii Housing Authority, the Affordable Housing Alliance, and members of the general public. Your Committee finds that it is in the best interests of the state to develop an informational statewide system on the homeless population on each island for planning and monitoring purposes. Your Committee recommends that data should be obtained from counties, non-profit groups, churches, and other groups associated with serving the homeless population.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1562 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 149 Housing and Hawaiian Programs on S.B. No. 981

The purpose of this bill is to make an appropriation of \$20,000,000 as a grant-in-aid to the City and County of Honolulu for land acquisition, plans and construction of a homeless shelter complex on Oahu. The funds would be expended by the City and County of Honolulu.

The City and County has provided funds for three existing homeless shelters on Oahu. These include the Maili Homeless Project in Waianae, the Institute for Human Services building in Iwilei, and the Quinn Lane Shelter in Kakaako. These projects serve approximately 600 persons per night.

Your Committee received supporting testimony from the Director of Housing and Community Development of the City and County of Honolulu, the Kokua Council for Senior Citizens of Hawaii, the Building Industry Association of Hawaii and Julian White, a staff attorney from the Legal Aid Society of Hawaii. Your Committee feels the appropriation is long overdue and that a number of homeless shelters in strategically located areas would be more desirable than one single shelter.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 981 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 150 Housing and Hawaiian Programs on S.B. No. 747

The purpose of this bill is to provide an appropriation out of the general revenues of the State for various programs of the Office of Hawaiian Affairs.

Your Committee heard supporting testimony from the Office of Hawaiian Affairs and finds that the need for supplemental funding to cover the costs of increased position counts for numerous programs is a valid one. Your Committee further finds that the support of the Legislature will aid the Office of Hawaiian Affairs in achieving its goals of helping the Hawaiian people.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 747, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 151 Housing and Hawaiian Programs on S.B. No. 1045

The purpose of this bill is to provide an appropriation for the planning, design, construction, purchase, or acquisition of teacher housing on Lanai, and in Ka'u, Waimea, and Kohala, Hawaii.

Your Committee finds strong support for this bill from the Department of Education, Hawaii Housing Authority, and the Hawaii State Teachers Association. Teacher housing units on Lanai, and in Ka'u, Waimea, and Kohala, Hawaii are in need of major repair and in most cases replacement. Appropriate, adequate, and decent teacher housing is an attractive incentive for Department of Education recruitment purposes, especially in geographically remote areas.

Your Committee has amended the bill by increasing the amount of the appropriation to \$1,255,500 due to new costs involved in construction and rehabilitation originally unaccounted for.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1045, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1045, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 152 Energy and Natural Resources on S.B. No. 1612

The purpose of this bill is to appropriate \$50,000 for fiscal year 1989-1990 for a feasibility and preliminary site selection study identifying possible sites for state industrial parks on the island of Maui. The funds would be expended by the Department of Land and Natural Resources.

Testimony in favor of this bill was received from the Department of Land and Natural Resources and from Maui Councilperson Joe Tanaka.

Your Committee finds that pursuant to Act 361, Session Laws of Hawaii 1988, the Department of Land and Natural Resources is authorized to develop industrial parks in partnership with the counties. Presently, Maui county is the only county in the State without an industrial park. Therefore, your Committee finds it appropriate for a feasibility and preliminary site selection study to be undertaken as contemplated by this measure.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1612, S.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 Fernandes Salling.

SCRep. 153 Housing and Hawaiian Programs on S.B. No. 1806

The purpose of this bill is to authorize the Housing Finance and Development Corporation (HFDC) to carry out federal programs which are designated for implementation by housing development or housing finance agencies.

This would include an authorization to charge necessary administrative fees and to deposit those fees into an appropriate special fund administered by the HFDC.

The Housing Finance and Development Corporation testified in support of this measure, stating that the federal government often authorizes housing development or housing finance agencies to implement federal programs such as the federal low-income tax credit program and the mortgage credit certificate program. However, specific legislative authorization is usually required in order for the HFDC to implement an available federal program. As a result of this requirement, Hawaii usually lags behind other states in implementing federal programs (which are often effective for only a limited time period). This bill will enable Hawaii to take full advantage of any new federal housing program in a timely manner.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1806 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 154 Housing and Hawaiian Programs on S.B. No. 1106

The purpose of this bill is to appropriate funds for a fence at the Kilauea Elderly Housing Project in Kilauea, Kauai.

Currently the Kilauea Elderly Housing Project is used as a thoroughfare by nonresidents. Although two sides of the project are already fenced, the monies requested would be used to fence a third side in. This would establish the boundary for the Kilauea Elderly Housing Project and stop nonresidents from using it as a thoroughfare. Your Committee finds the fence will contribute significantly to the living conditions and quality of life of the residents of the Kilauea Elderly Housing Project.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1106 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 155 Culture, Arts and Historic Preservation on S.B. No. 573

The purpose of this bill is to appropriate additional funds for the restoration of the Waikiki Natatorium.

Your Committee received testimony in support of this bill and finds that the renovation of the Natatorium is worthy of public support.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 573 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 156 Culture, Arts and Historic Preservation on S.B. 746

The purpose of this bill is to strengthen and clarify the right of the public to access archaeological reports that are generated by historic preservation projects.

Presently, citizens encounter difficulty in obtaining copies of archaeological reports from state agencies. This bill would allow the general public access to all historic preservation reports generated by the State or its political subdivisions free of charge. All reports would be distributed to the interested public by the sponsoring agency or department.

Your Committee heard testimony from the Chairperson of the Board of Land and Natural Resources who was in support of the intent of the bill but had serious reservations about the language. The Chairperson's reservations on the bill

stemmed from the invasion of privacy of private landowners, vandalism and the cost of copying reports which could place a tremendous financial burden on departments and agencies. The Chairperson also noted that copies of such reports are already available at the Department of Land and Natural Resources library, its neighbor island park offices, and Hamilton Library at the University of Hawaii.

Your Committee finds that the necessity of the bill remains and that the public does have the right to open access to archaeological reports generated by the State.

Your Committee has amended this bill by deleting the requirement of access to reports with respect to private landowners and broadened the scope of reports accessible to the public by requiring all associated historic preservation reports be open to the public.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 746, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 746, S.D.1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 157 Culture, Arts and Historic Preservation on S.B. No. 1482

The purpose of this bill is to appropriate the sums of \$60,496 for fiscal year 1989-1990, and \$107,936 for fiscal year 1990-1991, as a grant-in-aid to the Hawaii Chamber Orchestra Lyceum Project.

The funds shall be expended by the State Foundation for Culture and the Arts for fiscal years 1989-1990 and 1990-1991.

Your Committee finds that the funds would be used for programs that provide professional hands-on training for young musicians, encouraging them to remain in Hawaii, and would also serve to enrich the community.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1482 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 158 Culture, Arts and Historic Preservation on S.B. No. 1500

The purpose of this bill is to appropriate the sum of \$7,000,000 for the development and construction of the Leeward Performing Arts Center.

The funds shall be expended by the Department of Accounting and General services for fiscal year 1989-1990.

Your Committee finds that the Leeward Performing Arts Center would make facilities available for a great variety of performing arts activities for an area currently without facilities of this kind.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1500 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 159 Culture, Arts and Historic Preservation on S.B. No. 2026

The purpose of this bill is to appropriate \$700,000 for a grant-in-aid to the Hawaii Heritage Center for expansion of its services to foster public awareness, appreciation, and understanding of Chinatown and Hawaii's multi-cultural heritage.

The funds shall be expended by the Department of Accounting and General Services for fiscal year 1989-1990.

Your Committee heard testimonies from the Department of Accounting and General Services, the Hawaii Heritage Center, the Puerto Rican Heritage Society of Hawaii, and the Pamana Dancers and finds that the Hawaii Heritage Center makes an important contribution in preserving the heritage and culture of the diverse ethnic groups in Hawaii.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2026 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 160 Culture, Arts and Historic Preservation on S.B. No. 1762

The purpose of this bill is to appropriate for fiscal years 1989-1990 and 1990-1991, \$100,000 for each fiscal year for artists fellowships, \$250,000 for each fiscal year for special events, \$100,000 for each fiscal year for a new program titled "International Culture and the Arts Exchange," \$75,000 for each fiscal year for a new program titled "Accessibility and Cultural Pluralism," and \$125,000 for each fiscal year to establish the Arts Management Program which will enable the State Foundation on Culture and the Arts to contract professional services and technical assistance to art organizations and artists on the neighbor islands.

Your Committee finds that these appropriations would enable the State Foundation on Culture and the Arts to support individual artists and programs which could not be funded under the provisions of Chapter 42, Hawaii Revised Statutes.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1762 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 161 Culture, Arts and Historic Preservation on S.B. No. 562

The purpose of this bill is to appropriate \$750,000 for each year of the 1989-1991 fiscal biennium for the State of Hawaii endowment fund of the Honolulu Symphony Trust. Any portion of funds not matched by June 30, 1991 through fund-raising efforts by the Honolulu Symphony shall revert to the general fund.

Your Committee finds that the Honolulu Symphony is one of the State's major cultural institutions and that support of the Symphony as proposed in this bill is consistent with State and legislative policies to encourage and foster culture and the arts.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 562 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 162 Culture, Arts and Historic Preservation on S.B. No. 702

The purpose of this bill is to appropriate \$50,000 to provide for the establishment of a Hawaii Public Radio station in Hilo, Hawaii, to make available to the public a twenty-four hour, daily schedule of educational, informational, and cultural radio programming.

The funds shall be expended by the Department of Accounting and General Services for fiscal year 1989-1990.

Your Committee received testimony in support of this bill from Hawaii Public Radio and finds that the addition of a Hawaii Public Radio station in Hilo will help the Public Radio system and will encourage Statewide coverage by Hawaii Public Radio.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 702 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 163 Culture, Arts and Historic Preservation on S.B. No. 1214

The purpose of this bill is to appropriate the sum of \$750,000 for each year of the biennium as a grant-in-aid to the Pacific Aerospace Museum to provide for furnishings and displays for the museum's start-up. Further, a no-interest loan to the amount of \$750,000 will be provided to the Pacific Aerospace Museum that shall be repaid within eight years.

The funds shall be expended by the Department of Budget and Finance for fiscal years 1989-1990, and 1990-1991. Administration of the loan will also be through the Department of Budget and Finance.

Your Committee finds that the Pacific Aerospace Museum would serve to stimulate public interest in space science, and would reach the widest possible audience to achieve this end through its community outreach programs.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1214 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 164 Culture, Arts and Historic Preservation on S.B. No. 782

The purpose of this bill is to appropriate \$500,000 for each year of the fiscal biennium 1989-1991, for the construction and maintenance of a historic plantation village at Waipahu Cultural Garden Park, provided that no funds shall be available unless matched through other channels.

Your Committee received testimony in support of this bill from the Friends of Waipahu Cultural Garden Park and finds that the establishment of such a historic village would serve the various ethnic groups of the State by expanding their awareness of their respective histories in Hawaii, and would educate the public on the history of plantation life, which is an integral part of Hawaii's past.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 782 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 165 Culture, Arts and Historic Preservation on S.B. No. 1759

The purpose of this bill is to amend Chapter 6E, Hawaii Revised Statutes, by adding a new section that would establish a Hawaii Historic Preservation Revolving Fund whose purpose would be to provide financial assistance to public and private agencies involved in historic preservation activities and to make an appropriation of \$5,000,000 to be paid into the fund.

Your Committee finds that the establishment of such a fund would enhance the State's commitment to encouraging historic preservation.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1759 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 166 Culture, Arts and Historic Preservation on S.B. No. 1138

The purpose of this bill is to establish a Hawaii Historic Preservation Special Fund to provide financial assistance to public and private agencies involved in historic preservation activities, and to appropriate \$500,000 for the fund.

Your Committee finds that the establishment of such a fund would do much to enhance and preserve the rich cultural heritage of Hawaii and deserves the support of the Legislature.

Your Committee has amended this bill by increasing the appropriation to \$15,000,000 from \$500,000, and by making technical changes that have no substantive effect.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1138, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1138, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 167 Transportation on S.B. No. 274

The purpose of this bill is to appropriate \$2,000,000 for fiscal years 1989-1990 and 1990-1991 to improve the existing highway between Hanamaulu and Kapaa and to improve the Wailua Bridge to alleviate traffic congestion. The sum appropriated shall be expended by the Department of Transportation.

Your Committee finds this project necessary for reasons of traffic safety.

Your Committee has amended this bill by specifying the exact area of improvement.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 274, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 274, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 168 Transportation on S.B. No. 275

The purpose of this bill is to appropriate funds for fiscal years 1989-1990 and 1990-1991 to plan, design, and construct a bypass between Hanamaulu and Kapaa. The sum appropriated shall be expended by the Department of Transportation.

Your Committee finds this project necessary for reasons of traffic safety.

Your Committee has amended this bill to specify an appropriation of \$27,200,000 and to include land acquisition as a part of the uses of the appropriation.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 275, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 275, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 169 Transportation on S.B. No. 439

The purpose of this bill is to appropriate \$272,550 for fiscal year 1989-1990 to resurface the existing portion of Kokee Road on Kauai between mile points 12 to 14.1. Out of the total sum, \$11,850 shall be for preliminary engineering costs, \$23,700 shall be for construction engineering costs, and \$237,000 shall be for construction. The sum appropriated shall be expended by the Department of Transportation.

Your Committee finds that this project is necessary for reasons of traffic safety.

Your Committee on Transportation is in accord with S.B. No. 439 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 170 Transportation on S.B. No. 558

The purpose of this bill is to appropriate \$1,000,000 for fiscal year 1989-1990 to resurface Kaunualii Highway between Kekaha and Mana, Kauai. The sum appropriated shall be expended by the Department of Transportation.

Your Committee finds this project necessary for reasons of traffic safety.

Your Committee amended this bill by decreasing the amount of the appropriation to \$365,000.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 558, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 558, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 171 Transportation on S.B. No. 566

The purpose of this bill is to appropriate \$7,462,000 through the issuance of general obligation bonds for fiscal years 1989-1990, 1990-1991, and 1991-1992 for roadway improvements in the County of Honolulu. The sum appropriated shall be expended by the Department of Transportation.

Your Committee finds these projects are necessary for reasons of traffic safety.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 566 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 172 Transportation on S.B. No. 545

The purpose of this bill is to appropriate \$750,000 for fiscal year 1989-1990 for safety improvements to Kaunualii Highway that include but not be limited to turn lanes between Eleele and Hanapepe, Kauai. The sum appropriated shall be expended by the Department of Transportation.

Your Committee finds this project necessary for reasons of traffic safety.

Your Committee has amended this bill by adding the possibility of land acquisition, planning, design, and construction for highway safety improvements.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 545, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 545, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 173 Transportation on S.B. No. 883

The purpose of this bill is to appropriate \$9,800,000 for the 1989-1991 fiscal biennium to complete the realignment and improvements to Kamehameha Highway from Helemano-Waiialua junction to Haleiwa Beach Park. The sum appropriated shall be expended by the Department of Transportation.

Your Committee finds this project necessary for reasons of traffic safety and to qualify for federal aid or reimbursement.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 883 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 174 Transportation on S.B. No. 1073

The purpose of this bill is to authorize the issuance of general obligation bonds in the amount of \$1,750,000, and the same sum is appropriated for fiscal year 1989-1990 for a grant-in-aid to the Hawaii Wing Civil Air Patrol for design and construction necessary to replace hangars and facilities at the following airports:

Lihue Airport (TRN 161)	\$500,000
Honolulu International Airport (TRN 102)	750,000
Kahului Airport (TRN 131)	500,000

Your Committee finds this project necessary for the Hawaii Wing Civil Air Patrol to operate properly.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1073 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 175 Transportation on S.B. No. 1176

The purpose of this bill is to appropriate \$75,000 in fiscal year 1989-1990 for the preparation of a detailed plan for Kaunakakai Harbor.

Your Committee finds that this appropriation is necessary to stimulate economic development and growth on Molokai and promote continued enjoyment of water activities by residents and visitors to the island.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1176 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 176 Transportation on S.B. No. 1115

The purpose of this bill is to appropriate \$4,000,000 for the 1989-1991 fiscal biennium to plan, design, and construct a bypass between Puhi and Princeville, Kauai. The sum appropriated shall be expended by the Department of Transportation.

Your Committee finds this project necessary for reasons of traffic safety.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1115 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 177 Transportation on S.B. No. 1521

The purpose of this bill is to appropriate \$2,000,000 for fiscal year 1989-1990 to provide for plans and designs to improve Nihi Street. The sum appropriated shall be expended by the City and County of Honolulu.

Your Committee finds that these improvements are necessary for traffic safety reasons.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1521 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 178 Transportation on S.B. No. 1505

The purpose of this bill is to appropriate \$1,500,000 for fiscal year 1989-1990 for highway safety improvements to Kaunualii Highway in the vicinity of the juncture of Rice Street, Kuhio Highway, and Kaunualii Highway. The sum appropriated shall be expended by the Department of Transportation.

Your Committee finds this project necessary for reasons of traffic safety.

Your Committee has amended this bill by including the need for land acquisition, planning, design, and construction for safety improvements.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1505, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1505, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 179 Ways and Means on S.B. No. 1734

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. 1734, 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. 180 Ways and Means on S.B. No. 408

The purpose of this bill is to provide a declaration of findings with respect to the State's general obligation bond debt limit and to authorize the issuance of bonds to finance project appropriations of the legislature for which the means of funding is designated as general and reimbursable general obligation bond funds.

Your Committee finds that Article VII, section 13, of the Constitution of the State of Hawaii mandates the legislature to include a declaration of findings with respect to general obligation bonds in every general law authorizing the issuance of general obligation bonds to ensure that the total amount of principal and interest, estimated for such bonds and for all bonds authorized and unissued and calculated for all bonds issued and outstanding, will not cause the debt limit to be exceeded at the time of issuance. This bill presents the legislature's findings in regard to the State's general obligation

debt limit, the actual and estimated debt limits of the State, the principal and interest on outstanding bonds applicable to the debt limit, the bonds excludable in determining the authority of the State to issue bonds, and whether or not the debt limit will be exceeded at the time of bond issuance.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 408 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 181 Ways and Means on S.B. No. 245

The purpose of this bill is to implement the constitutional mandate to provide a tax refund or tax credit when, under certain conditions, there is a surplus in the state general fund.

Article VII, section 6, of the Constitution of the State of Hawaii requires the legislature to provide for a tax refund or tax credit to the taxpayers of the State whenever the state general fund balance at the close of each of two successive fiscal years exceeds five per cent of general fund revenues for each of the two fiscal years. Since these factors have been met for the eighth year in a row, this bill is necessary to satisfy the constitutional mandate.

This bill provides for a general income tax credit of an unspecified amount. The amount of the credit shall reduce the tax liability of the taxpayers for the 1989 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. The term "qualified exemption" is used in the same manner as for purposes of the excise tax credit.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 245 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 182 Transportation on S.B. No. 276

The purpose of this bill is to appropriate \$4,200,000 for the 1989-1991 fiscal biennium to improve the Koloa/Poipu bypass. The sum appropriated shall be expended by the Department of Transportation.

Your Committee finds this project necessary for reasons of traffic safety.

Your Committee has amended the bill by decreasing the amount of the requested sum and by inserting clarifying language in regards to what the funds are being appropriated for.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 276, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 276, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 183 Tourism, Recreation and Planning on S.B. No. 1795

The purpose of this appropriation is to fund a study for fiscal year 1989-1990 on protecting and maximizing the public use of Hawaii's beaches. The funds would be expended by the department of land and natural resources who would also do the study. A progress report would be submitted to the 1990 legislature, with a final report due twenty days before the convening of the regular session of 1991.

Your Committee finds that Hawaii's beaches are among our most valuable resources and that this study would be beneficial to the enjoyment of our residents and visitors and the well-being of our economy in general.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1795 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. 184 Tourism, Recreation and Planning on S.B. No. 1271

The purpose of this bill is to appropriate \$1,400,000 for fiscal year 1989-1990 to establish a state recreational fishing research and educational facility including hatchery facilities and public fish ponds for recreational fishing. The funds would be expended by the Department of Land and Natural Resources.

Your Committee finds that fish and fishing are intimately associated with Hawaii's subtropical attributes and that scientific, educational, and recreational endeavors which would impact favorably on fishing in Hawaii should be encouraged, studied, and pursued as a matter of public policy.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1271 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 185 Tourism, Recreation and Planning on S.B. No. 1502

The purpose of this bill is to appropriate funds for fiscal year 1989-1990 for the Department of Transportation to study the carrying capacity of Kaneohe Bay. The study would include the following six elements:

- (1) The extent of current commercial and non-commercial usage;
- (2) The impact of recreational use on the marine environment;
- (3) A determination of beneficial versus incompatible recreational uses;
- (4) The adequacy of current regulations relating to Kaneohe Bay;
- (5) A discussion on issues and recommendations relating to the 1988 Hawaii Administrative Rules - Shore Waters and Shores, as they pertain to the carrying capacity of Kaneohe Bay; and
- (6) Recommendations to reduce user conflicts and minimize trauma to the marine environment.

The Department of Transportation would report findings and recommendations to the Legislature prior to the convening of the regular session of 1990.

Your Committee finds that Kaneohe Bay is a valuable resource which must be preserved and maintained for the use and enjoyment of residents and visitors. Appropriate commercial and recreational purposes must also be determined if the Bay is to withstand the demands of a growing population and economy. Therefore, it is proper and necessary for the State to undertake this study.

Your Committee has amended this bill by inserting a total appropriation amount of \$205,000, to be broken down for the purposes listed above as follows: (1) - \$25,000; (2) - \$135,000; (3) - \$10,000; (4) - \$10,000; (5) - \$10,000; and (6) - \$15,000. Your Committee has also given the Department until the regular session of 1991 to make its report.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1502, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1502, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 186 Tourism, Recreation and Planning on S.B. No. 620

The purpose of this bill is to appropriate \$250,000 for fiscal year 1989-1990 for planning, engineering, and construction of ingress and egress turn bays at Kahe ("Tracks") Beach Park. The funds would be expended by the City and County of Honolulu on the basis of \$50,000 for planning and engineering and \$200,000 for construction.

Your Committee finds that this project will enable better enjoyment of Kahe Beach Park by residents and visitors and is therefore in the public interest.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 620 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 187 Tourism, Recreation and Planning on S.B. No. 1103

The purpose of this bill is to provide a grant-in-aid for fiscal year 1989-1990 to the City and County of Honolulu to plan, engineer, and construct a fifty meter olympic swimming pool at Waianae District Park. \$200,000 would be apportioned for planning and engineering with the rest going for construction.

Your Committee finds that the Waianae area of Oahu is an appropriate place for a large, professional type swimming facility and that this bill is therefore in the public interest.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1103 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 188 Tourism, Recreation and Planning on S.B. No. 1283

The purpose of this bill is to appropriate \$7,150,000 for fiscal biennium 1989-1991 for planning, design, and construction of an amphitheater in Kakaako waterfront park. The funds would be expended by the department of accounting and general services.

Your Committee finds that Kakaako waterfront park is an appropriate place for an amphitheater and that this project is consistent with policies and plans relating to redevelopment of the Honolulu waterfront.

Your Committee has amended this bill by providing that the appropriation shall be for planning and design only.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1283, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1283, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 189 Tourism, Recreation and Planning on S.B. No. 810

The purpose of this bill is to appropriate \$700,000 for fiscal year 1989-1990 to acquire properties for the expansion of Hapuna Beach state recreation area. The funds would be expended by the Department of Land and Natural Resources.

Your Committee finds that acquisition of these parcels will enable the State to provide better ocean recreation opportunities for Hawaii's residents and visitors.

Your Committee has amended this bill by deleting the specific reference to parcels 3, 4, and 7 of Tax Map Key 6602.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 810, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 810, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 190 Tourism, Recreation and Planning on S.B. No. 1122

The purpose of this bill is to appropriate \$800,000 for fiscal year 1989-1990 for reconstruction of the Hanalei recreational pier in Hanalei, Kauai. The sum would be expended by the Department of Transportation.

Your Committee finds that this project will enable the public to better enjoy the benefits of this recreational ocean resource.

Your Committee has amended this bill by deleting the word "recreational" on line 4 and by changing the expending agency to the Department of Land and Natural Resources.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1122, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1122, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 191 Tourism, Recreation and Planning on S.B. No. 678

The purpose of this bill is to replace the annual \$1 registration and renewal fees imposed on transient accommodations operators with a one-time only fee of \$50.

Presently, section 237D-4, Hawaii Revised Statutes, requires every operator of transient accommodations to obtain a certificate of registration from the department of taxation at a cost of \$1 prior to engaging in business. The fee must be renewed each year for \$1.

Your Committee received supporting testimony from the Director of Taxation and finds that transient accommodations registrations that are not renewed by January 31 following the close of the preceding year are not strongly pursued for collection, nor are there any effective consequences for the taxpayer such as loss of the registration certificate. However, it would not be cost effective to expend resources to collect delinquent \$1 fees.

Your Committee further finds that a one-time \$50 licensing fee would eliminate the need for renewal notices and allow better utilization of computer tracking relating to registration information. Thus, the one-time registration would be more efficient and result in cost savings to the Department.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 678 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 192 Tourism, Recreation and Planning on S.B. No. 1352

The purpose of this bill is to appropriate funds to be expended by the department of transportation in fiscal year 1989-1990 for renovation and improvements to Heeia Kea small boat harbor.

The improvements would include repair of existing boat launching ramps, construction of an additional launching ramp, modification of existing loading docks, renovation of comfort stations, expansion and improvements to boat washdown facilities, and repaving of parking areas.

Your Committee finds that small boat harbors enable the recreational enjoyment of Hawaii's ocean resources by residents and tourists alike and should be kept in the best condition possible. Your Committee further finds that Heeia Kea small boat harbor requires the improvements contemplated by this measure in order to adequately serve the needs of its users.

Your Committee has amended this bill by inserting the sum of \$500,000 for the appropriation.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1352, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1352, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 193 Tourism, Recreation and Planning on S.B. No. 1769

The purpose of this bill is to appropriate funds for fiscal year 1989-1990 to the Hawaii Visitors Bureau for non-personnel promotion and marketing in the western United States and western Canada. The sum would be expended by the Department of Business and Economic Development.

Your Committee finds that this appropriation is necessary for the successful promotion and marketing of Hawaii as a visitor destination.

Your Committee has amended this bill by providing that the appropriation shall be in the amount of \$3,000,000.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1769, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1769, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the members of the Committee.

SCRep. 194 Tourism, Recreation and Planning on S.B. No. 1289

The purpose of this bill is to establish the Molokai Development Plan Project within the Office of State Planning.

The Project would formulate overall regional policies, develop strategies, and develop an action plan to promote state interests and optimize use and delivery of resources and programs on Molokai.

The Development Plan would be presented at public hearings. The Governor would have final approval and would thereafter submit the final Plan to any regular session of the Legislature when appropriate funding is required.

Your Committee finds that Molokai would benefit from a comprehensive development plan and that the Office of State Planning is the appropriate venue to carry out this project.

Your Committee has amended this bill by inserting appropriations of \$125,000 for each year of fiscal biennium 1989-1991 to the Office of State Planning to carry out the project.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1289, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1289, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 195 Tourism, Recreation and Planning on S.B. No. 395

The purpose of this bill is to appropriate funds for fiscal year 1989-1990 for development of infrastructure to implement the West Hawaii Plan. The funds would be expended by the Office of State Planning.

Your Committee finds that development of infrastructure necessary to implement the West Hawaii Plan is a project deserving of public support.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 395 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 196 Tourism, Recreation and Planning on S.B. No. 919

The purpose of this bill is to appropriate \$20,000 for fiscal years 1989-1990 and 1990-1991 for completion of Keehi Boat Harbor pavilion by constructing security fencing, installation of electrical power, and completion of roofing. The sum would be expended by the Department of Transportation.

The Keehi Boat Harbor Pavilion Project was originally started by the people in the community and is currently being used as a meeting facility. These funds are necessary to complete the project.

Your Committee has amended this bill by correcting the spelling of "pavilion" on lines one and seven and by changing the appropriation to \$83,000.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 919, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 919, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 197 Tourism, Recreation and Planning on S.B. No. 1034

The purpose of this bill is to appropriate \$75,000 for fiscal year 1989-1990 for development of a regional recreational plan for the Mahukona coastal area, North Kohala, Hawaii. The funds would be expended by the Department of Land and Natural Resources.

Your Committee finds that a regional recreation plan for the Mahukona coastal area would integrate existing land recreation uses, including natural and historic features, into a regional area concept, including offshore recreational opportunities, which would contribute to the attractiveness of the area and benefit the residents of the Big Island, the neighbor islands, and tourists alike. The Department would develop the plan in consultation with key state and county agencies.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1034 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 198 Tourism, Recreation and Planning on S.B. No. 1102

The purpose of this bill is to authorize the issuance of general obligation bonds in the amount of \$110,000 and appropriate the same amount for fiscal years 1989-1990, 1990-1991, and 1991-1992 to finance a one-acre chain-enclosed horseshoe pitching area with thirty-two pits and restroom facilities on a parcel of land identified as Tax Map Key Number 8-5-02-44, abutting Farrington Highway and the Waikiki boundary of the parcel.

Your Committee finds that horseshoe pitching is a favorite island pastime which can be enjoyed by persons of all ages. However, there are not enough pitching areas on public property to accommodate all those who wish to play. Providing additional facilities for public use would be in line with state recreation and health objectives and in the public interest.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1102 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 199 Tourism, Recreation and Planning on S.B. No. 1089

The purpose of this bill is to appropriate funds for fiscal biennium 1989-1991 to design, plan, and construct the first increment of a regional sports complex in Kealakehe, Hawaii. The funds would be expended by the County of Hawaii.

Your Committee finds that there is a need for a sports complex in the Kealakehe area and that this project is an appropriate subject for public support.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1089 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 200 Tourism, Recreation and Planning on S.B. No. 1300

The purpose of this bill is to appropriate funds to be expended by the office of state planning in fiscal year 1989-1990 for a general planning conference relating to Waikiki.

The conference would include the State, the city and county of Honolulu, the visitor industry, and other interested persons, who would work together to develop a long-range plan for the improvement and enhancement of Waikiki that is sensitive to the well-being of the community.

Your Committee finds that planning for improvements and enhancement of Waikiki is important to the visitor industry and should be done in such a way as to make optimum use of the wide range of expertise available through the State, the city and county of Honolulu, and the visitor industry (private sector). A Waikiki general planning conference would accomplish this objective.

Your Committee has amended this bill by inserting \$150,000 as the amount of the appropriation.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1300, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1300, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 201 Tourism, Recreation and Planning on S.B. No. 1767

The purpose of this bill is to appropriate \$200,000 for fiscal year 1989-1990 to the Waikiki Beach Operators Association for promotion and marketing. The sum would be expended by the Department of Business and Economic Development.

Your Committee finds that the Waikiki Beach Operators Association is a valuable contributor to the State's visitor industry development organization and is therefore an appropriate subject for public support.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1767 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 202 Tourism, Recreation and Planning on S.B. No. 1114

The purpose of this bill is to appropriate \$1,500,000 for fiscal year 1989-1990 to extend the Lydgate Pavilion on Kauai and make improvements to the existing structure. The funds would be expended by the Department of Land and Natural Resources.

Your Committee finds that improvement and extension of Lydgate Pavilion is an appropriate subject for public support as proposed by this measure.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1114 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 203 Tourism, Recreation and Planning on S.B. No. 1121

The purpose of this bill is to appropriate \$1,500,000 for fiscal year 1989-1990 for the construction of a fifty meter swimming pool at the Vidinha Stadium in Lihue, Kauai. The sum would be expended by the Department of Accounting and General Services, provided that the amount would be matched on a dollar-for-dollar basis by Kauai County.

Your Committee finds that Lihue is in need of a large swimming pool to serve its community and that this project would be in the public interest.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1121 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 204 Tourism, Recreation and Planning on S.B. No. 1035

The purpose of this bill is to appropriate \$120,000 for fiscal biennium 1989-1991 for plans and construction of small boat facilities at Mahukona North, Hawaii, including an access road, loading dock, utility needs, parking facilities, breakwater, and dredging. The funds would be expended by the Department of Transportation.

Your Committee finds that there is a compelling need for more small boat harbor facilities throughout the State. Your Committee further finds that this bill would increase the use and enjoyment of ocean resources in the Mahukona North area for the benefit of residents, neighbor island visitors, and tourists alike.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1035 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 205 Tourism, Recreation and Planning on S.B. No. 940

The purpose of this bill is to appropriate \$350,000 for fiscal year 1989-1990 to implement projects in Kahana Valley State Park of unique cultural and historical significance, as identified by the Kahana Advisory Council. The sum would be expended by the Department of Land and Natural Resources.

Kahana Valley State Park possesses unique cultural and historical resources, and the Kahana Valley Development Plan identifies projects which include restoration and reutilization of Huila Fishpond, restoration and reutilization of taro lo'i, renovation of the Kahana Valley Chapel and Cemetery, and construction of proper campsite picnic areas. Your Committee finds that these projects are in the best tradition of cultural and historic preservation and are encouraging examples of how the State and the Hawaiian people can work together for the advancement and education of Hawaii's residents and visitors alike.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 940 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 206 (Joint/Majority) Tourism, Recreation and Planning and Judiciary on S.B. No. 1321

The purpose of this bill is to place research, planning, development, and coordination of programs relating to the control of violent behavior within the Office of State Planning.

Specific areas of concern would be victims of sexual and child abuse and family violence; spouse battering; sex-offenders; child abusers; and offenses against elderly persons. The Office would have responsibility for reviewing criminal

statutes, formulating policies for statute revision, and drafting proposed legislation; developing programs and research; and developing, evaluating, and providing technical assistance for a coordinated statewide plan to control violent behavior.

The bill also appropriates \$100,000 to the Office of State Planning for fiscal year 1989-1990 to carry out the above purposes, including the creation of two staff positions.

Your Committees find that violent behavior is a subject which needs to be addressed in a comprehensive, coordinated manner, and that the Office of State Planning is the appropriate venue for such activities to be carried out.

Your Committees on Tourism, Recreation and Planning and Judiciary are in accord with the intent and purpose of S.B. No. 1321 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committees.
Senators George and Reed did not concur.

SCRep. 207 Tourism, Recreation and Planning on S.B. No. 1959

The purpose of this bill is to appropriate \$75,000 for fiscal year 1989-1990 for site selection, planning, design, survey and boundary designations, and construction costs for the extension of Wailua golf course, Wailua, Kauai. The sum would be expended by the County of Kauai.

Your Committee finds that this project is a proper subject for legislative support.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1959 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 208 Tourism, Recreation and Planning on S.B. No. 837

The purpose of this bill is to appropriate \$2,040,000 for fiscal year 1989-1990 for various capital improvement projects in Maui County. The funds would be expended by the County of Maui.

Specifically, the projects to be funded are (1) construction of an upcountry community center in Pukalani, \$390,000; (2) construction of Phase I of the Maui Central Park improvements, \$500,000; (3) construction of a community park in Kula, \$400,000; (4) construction of Hookipa Park improvements, \$250,000; and (5) design and construction of the Kaunakakai baseball park, Molokai, \$500,000.

Your Committee finds that these recreation projects would benefit the people of Maui, visitors from neighbor islands, and tourists, and are therefore in the public interest.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 837 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 209 Tourism, Recreation and Planning on S.B. No. 240

The purpose of this bill is to appropriate funds for fiscal year 1989-1990 for installation of emergency telephones at remote beach parks throughout the State. The sum would be expended by the Department of Transportation.

Your Committee finds that emergency telephone facilities would make our beach parks safer and more accessible.

Your Committee has amended this bill by inserting the amount of \$373,000 as the appropriation and by changing the expending agency to the Department of Land and Natural Resources.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 240, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 240, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 210 Tourism, Recreation and Planning on S.B. No. 458

The purpose of this bill is to appropriate \$900,000 for fiscal year 1989-1990 for plans, design, and repair of the Pokai Bay Beach breakwater. The funds would be expended by the Department of Transportation.

Your Committee finds that this project will allow residents and visitors to obtain full enjoyment from this fine ocean recreation area.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 458 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 211 Tourism, Recreation and Planning on S.B. No. 1168

The purpose of this bill is to appropriate \$50,000 for fiscal year 1989-1990 to support the 1990 Western Conference of Association Executives. The funds would be expended by the Department of Business and Economic Development.

Your Committee finds that the Western Conference of Association Executives is an important event in the field of professional education in association management and provides an environment to meet, socialize, and do business with supplier organizations. Having the conference in Hawaii in 1990 would benefit the State in several ways, and public support is warranted.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1168 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 212 Tourism, Recreation and Planning on S.B. No. 1293

The purpose of this bill is to transfer the Tourism Training Council from the Department of Labor and Industrial Relations to the Community College System, including all officers and employees and equipment.

Under this bill, the Tourism Training Council staff would report to the Chancellor of the Community Colleges.

Your Committee finds that a successful visitor industry relies upon many disciplines, some of which are labor and service oriented and some of which are oriented towards education, research, and career development in an academic setting. Therefore, the Tourism Training Council, which is statutorily provided to monitor and coordinate government and private sector activities relating to the visitor industry workforce, and to stimulate and facilitate career development for present and prospective visitor industry employees, is better placed within the Community College System, with its multi-disciplinary resources and functional links with every significant segment of the visitor industry in Hawaii.

Your Committee, after further consideration, has amended this bill by transferring the Tourism Training Council to the University of Hawaii rather than the Community College System. The employees would, therefore, report to the President of the University of Hawaii rather than the Chancellor of the Community Colleges.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1293, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1293, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 213 Human Services on S.B. No. 888

The purpose of this bill is to facilitate the expansion of child care facilities in the State by allowing corporations to deduct expenses incurred for construction, reconstruction, erection, or improvement of a child care facility which results in an increase in the number of children served.

Hawaii has adopted the federal depreciation provisions of Internal Revenue Code sections 167 and 168. This bill would create a new deduction.

Your Committee heard supporting testimony from the Department of Human Services, provided that sufficient additional funds needed to carry out the responsibilities in the Act are included. Your Committee heard opposing testimony from the Department of Taxation, which indicated this bill would violate the intent of section 235-3, Hawaii Revised Statutes, which is to conform the State income tax law to the Internal Revenue Code as much as possible and which disliked the bill's approach in other ways. Your Committee finds that the purposes of the bill are nonetheless worthy of its support.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 888 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 214 Human Services on S.B. No. 1181

The purpose of this bill is to better enforce the collection of delinquent taxes and to earmark funds collected under this bill for the children's health and education fund.

This bill provides that a taxpayer license or permit would not be renewed if the taxpayer has outstanding tax liabilities. Moreover, any delinquent taxes collected would be placed into a children's health and education fund.

Your Committee finds that such a fund would prove to be very beneficial to the welfare and education of the children of our State.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1181 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 215 Human Services on S.B. No. 1132

The purpose of this bill is to appropriate \$345,000 for fiscal year 1989-1990 for various residential group home projects of Hale Opio Kauai, Incorporated.

Your Committee finds that these projects presented by Hale Opio Kauai, Inc. provide needed services for the people of Kauai.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1132 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 216 Human Services on S.B. No. 1097

The purpose of this bill is to encourage businesses to economically offer child care assistance to employees by implementing a tax credit for day care expenses.

Sections 235-2.3 and 235-55.6, Hawaii Revised Statutes, contain provisions for relieving the cost of child care. This bill would add a new credit for corporations in the amount of thirty percent of the cost of day care expenses for employees' children under twelve years of age.

Your Committee heard supporting testimony from the Parent and Child Center of Hawaii and opposing testimony from the Director of Taxation. Your Committee finds that the purposes of the bill merit our support.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1097 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 217 Human Services on S.B. No. 1416

The purpose of this bill is to establish a system of supplemental public assistance payments to assist families whose countable earned income drops below the Department of Human Service's standard due to changes in employment and work hours.

Countable income is defined as the total income received in the month after all applicable deductions are subtracted.

Your Committee finds that the problem which this bill would address arises because retrospective budgeting, the method used by the Department to determine the amount of public assistance the family receives, requires that the grant be based on the income earned by the family two months previous to the month for which the grant is made. This method is predicated on the assumption that a family's income will remain essentially the same, with small fluctuations. However, since this is not always the case, this bill is necessary to ensure that families will not fall through the public assistance "safety net" when their disposable income earned from employment substantially changes.

Your Committee has amended this bill by correcting the spelling of "subtracted" on page four, line twenty-three.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1416, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1416, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 218 Human Services on S.B. No. 1415

The purpose of this bill is to require the Department of Human Services to expand optional health care to pregnant women and infants under one year of age with family incomes up to one hundred eight-five percent of the federal poverty level and to children with family incomes up to one hundred percent of the federal poverty level without any asset restrictions.

Your Committee finds that the Department is currently phasing in coverage for children over a four year period. This bill would require immediate coverage, and provides an appropriation for that purpose, which your Committee believes is in line with state and legislative public welfare goals and objectives.

Your Committee has amended this bill by clarifying that the expansion of optional health care to infants under one year of age with family incomes up to one hundred eighty-five percent of the poverty level is without any asset restrictions.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1415, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1415, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 219 Human Services on S.B. No. 1368

The purpose of this bill is to prevent the impoverishment of home or community spouses when the other spouse requires institutional care under Medicaid.

Under this bill, a home or community spouse would be entitled to a minimum resource allowance (income disregard) of \$60,000, or any amount higher as determined by the Secretary of Health and Human Services pursuant to the Medicare Catastrophic Coverage Act of 1988.

Your Committee received supporting testimony from the Director of Human Services and the Committee on Welfare Concerns and finds that the Medicare Catastrophic Coverage Act of 1988 specifically contemplated the problem of spouse impoverishment and therefore gave the states the option of protecting the assets of home spouses as provided in this bill.

Your Committee has amended this bill by moving the new statutory material relating to the minimum resource allowance for home or community spouses to a new paragraph, separate from the statutory material which relates to applicants and recipients of public assistance. This amendment will clarify that the purpose of the bill is to increase the resource retention ability of the non-recipient spouse, rather than the public assistance recipient, as contemplated by the federal act.

Your Committee has also amended this bill by changing the effective date to October 1, 1989 which is the effective date of implementation of this provision under the federal act.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1368, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1368, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Aki.

SCRep. 220 Government Operations on S.B. No. 195

The purpose of this bill is to require all state-wide building projects to comply with the Uniform Federal Accessibility Standards (UFAS) and the Uniform Building Code (UBC), by applying the standards from each which provides the greater degree of accessibility to the physically handicapped.

The bill requires the Department of Accounting and General Services, in consultation with the Commission on the Handicapped and the Department of Health, to ascertain whether the UFAS or the UBC provides a greater degree of access for the physically handicapped and appropriates unspecified funds for the purpose of the bill.

Currently, Section 103-50, Hawaii Revised Statutes (HRS), uses the American Standards Specifications for Making Buildings and Facilities Accessible to and Usable by the Physically Handicapped (ANSI Standards), as the standard for accessibility.

Your Committee received supporting testimony from the Commission on the Handicapped, Robert Pittman of the Paralyzed Veterans of America, Erica Jones of the Hawaii Center for Independent Living, and the Department of Health.

Pursuant to the consensus position of the interested parties, the substance of the bill was deleted and the bill was revised to:

- (1) Amend Section 103-50, Hawaii Revised Statutes (HRS) to substitute the UFAS for ANSI Standards;
- (2) Create a three person architectural access committee having the authority to vary specific requirements of Section 103-50, HRS;
- (3) Require consultation with the Commission prior to construction to prevent buildings from going up incorrectly and incurring future costs to fix a deficiency; and
- (4) Appropriate \$30,562 for each year of fiscal biennium 1989-1991 to implement the bill.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 195, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 195, S.D.1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Aki, Menor and Yamasaki.

SCRep. 221 Government Operations on S.B. No. 1855

The purpose of this bill is to delay the repeal of Act 321 Session Laws of Hawaii 1986, from June 30, 1989 to June 30, 1994, as it pertains to the Department of Education (DOE). In addition, the bill authorizes the governor to suspend the provisions of Act 321, as it pertains to the DOE, upon a determination that such suspension is required to ensure the economic and efficient management of the State's financial resources.

Act 321 granted administrative flexibility to both the University of Hawaii and the DOE, for certain fiscal operations. The Act provided for periodic review and an automatic repeal on June 30, 1989. (Not to be confused with Act 320, Session Laws of Hawaii 1986, which granted flexibility relating to budget execution.)

Your Committee reviewed Report No. 89-18, by the legislative auditor, entitled "Evaluation of the Administrative Flexibility Legislation Affecting the DOE and the University of Hawaii, Acts 320 and 321, Session Laws of Hawaii 1986, Final Report." Your Committee concurs with the recommendations, on page 25, that:

- (1) The Act be extended for five years.
- (2) The payroll function be retained by the Department of Accounting and General Services (DAGS), and
- (3) The payment of interest policy be brought into conformance with the practices of DAGS.

Your Committee received testimony regarding this measure from DAGS and from DOE. Both supported passage of the bill.

Your Committee has refrained from amending the bill to retain the payroll function in DAGS and require DOE to end its practice of not paying interest automatically, because the proper resolution of these issues is tied to a decision on the new Financial Management System. The Committee on Ways and Means is better able to make a coordinated and consistent decision on these related matters.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1855 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Aki, Menor and Yamasaki.

SCRep. 222 Education on S.B. No. 1903

The purpose of this bill is to create a state educational facilities improvement special fund to be invested with \$90 million in general excise tax revenues as of September 1, 1989 and each year thereafter through 1995, to be expended for capital improvements for the State's public education system.

The quality of the education available through any given system bears a close relationship to the quality of the system itself, especially its physical plants. Your Committee finds that Hawaii's public schools require much repair and maintenance, and that there is a need for new schools to facilitate anticipated increased public school enrollments.

Your Committee received supporting testimony from the superintendent of education, the department of accounting and general services, and the state tax office, and finds that this bill is necessary if we are to achieve the kind and quality of school system for our young people that they deserve and which is possible in light of our current revenues.

Your Committee has amended this bill 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. 1903, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1903, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Solomon.

SCRep. 223 Education on S.B. No. 1868

The purpose of this bill is to extend the June 30, 1989 repeal date for Act 320, Session Laws of Hawaii 1986, until June 30, 1994. Act 320 gave the University of Hawaii and the department of education flexibility in managing their fiscal affairs.

This bill also authorizes the governor to suspend and reinstate any portion of Act 320 that impairs his ability to manage the financial resources of the State. The suspension would have a twelve-month limitation and the legislature would be notified within thirty days of any suspension.

Your Committee received supporting testimony from the superintendent of education and the director of finance and finds that school-based management and shared decision-making, along with decentralization of the public school system, all of which are on Hawaii's educational horizon, require a flexible environment in which teachers, parents, students, and other members of the community may govern their own affairs, within reasonable budget limits. This means loosening the control currently exercised upon the school system from the tightly controlled departmental level. This bill will enable such changes to occur over a period of time sufficient to determine whether they are warranted and efficacious, while allowing the governor the needed flexibility to responsibly administer the State's budget.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1868 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 224 Education on S.B. No. 1265

The purpose of this bill is to appropriate \$1,991,978 for fiscal biennium 1989-1991 to fund adjustments made by the Classification/Compensation Appeals Board to the educational officer classification compensation plan, as provided by section 297-31.3, Hawaii Revised Statutes.

Your Committee finds that this appropriation is necessary to carry out the decision of the Classification/Compensation Appeals Board as provided by law.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1265 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 225 (Joint) Education and Labor and Employment on S.B. No. 1938

The purpose of this bill is to provide that whenever an exceptional child undertakes to perform work for a private employer as part of the child's instructional program, the State is deemed to be co-employer for the purposes of workers' compensation coverage.

Your Committees received supporting testimony from the directors of several state agencies, private citizens, and others, and find that this bill would encourage employers to participate in work programs which provide special training for exceptional children and would not affect workers' compensation benefits currently payable under the Workers' Compensation Law.

Your Committees have amended this bill by clarifying that an exceptional child shall be as defined under section 301-21, Hawaii Revised Statutes, and providing that the State shall be the sole responsible employer, rather than the co-employer, for the purposes of workers' compensation coverage.

Your Committees have also made some technical changes which have no substantive effect.

Your Committees on Education and Labor and Employment are in accord with the intent and purpose of S.B. No. 1938, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1938, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senators Solomon and Reed.

SCRep. 226 (Joint) Education and Labor and Employment on S.B. No. 1526

The purpose of this bill is to add a new teacher class (Class VII) for any teacher who holds a certificate issued by the Department of Education based upon five acceptable years of college education and sixty additional credits approved by the Department, and other requirements as the Department may establish.

Under this bill, the present Class VII teacher, as provided in section 297-31.1, Hawaii Revised Statutes, would be changed to Class VIII.

Your Committees find that it is necessary to provide opportunities and incentives for qualified individuals to teach in the public schools. This bill would provide such incentives.

Your Committees have amended this bill by adding an appropriation of \$3,000,000 for fiscal biennium 1989-1991 to be expended by the Department of Education to carry out the purposes of this bill.

Your Committees on Education and Labor and Employment are in accord with the intent and purpose of S.B. No. 1526, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1526, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senator Solomon.

SCRep. 227 Transportation on S.B. No. 1178

The purpose of this bill is to appropriate \$100,000 in fiscal year 1989-1990 to construct improvements at Pukoo Dip on the Kamehameha V Highway at the east end of the island of Molokai.

Your Committee finds that this appropriation is necessary for the safety and welfare of Molokai residents and visitors.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1178 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 228 Transportation on S.B. No. 1161

The purpose of this bill is to appropriate funds for fiscal biennium 1989-1991 for various highway projects on Oahu.

Specifically, proposed projects include:

- 1) \$25,000 for plans, design, and construction for the widening of the H-2 on-ramp at Mililani Town;
- 2) \$2,500,000 for plans, design, and construction for a cloverleaf at the H-2 off-ramp at Mililani Interchange;
- 3) \$2,500,000 for plans, design, and construction to widen the H-2 between the Mililani and H-1 intersection;
- 4) \$1,000,000 for plans, design, construction, and installation of lights on the H-1 between Pearl City and Village Park;
- 5) \$100,000 for plans, design, construction, and installation of street lights on Kamehameha Highway between Kipapa Gulch and Lanikuhana;

- 6) \$40,000 for plans, design, construction, and installation of emergency highway phones along the H-2;
- 7) \$50,000 for plans, design, and construction of a realignment of the H-2 off-ramp to Waipahu Street; and
- 8) \$2,000,000 for plans, design, and construction of the Kipapa Gulch Hillside erosion control.

Upon further consideration, your Committee has amended this bill and taken into account the Department of Transportation's recommendations by deleting items 1, 2, 4, 5, 6, and 7 listed above. In addition, your Committee decreased the appropriation for: 1) the widening of the H-2 between Mililani and H-1 intersection from \$2,500,000 for \$1,670,000, and 2) the Kipapa Gulch Hillside erosion control project from \$2,000,000 to \$450,000.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1161, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1161, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 229 Transportation on S.B. No. 440

The purpose of this bill is to appropriate \$1,500,000 for fiscal year 1989-1990 to make improvements to Kaunualii Highway between Koloa and Kalaeo which shall include but not be limited to truck passing lanes. The sum appropriated shall be expended by the Department of Transportation.

Your Committee finds this project necessary for reasons of traffic safety.

Your Committee has amended this bill by further specifying what the funds shall be appropriated for.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 440, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 440, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 230 Transportation on S.B. No. 1130

The purpose of this bill is to appropriate funds for fiscal year 1989-1990 to install fencing material along highway hillsides to act as a mechanism against falling rocks and debris on Kaunualii Highway at various points between Koloa and Eleele, Kauai. The sum appropriated shall be expended by the Department of Transportation.

Your Committee finds this project necessary for reasons of traffic safety.

Your Committee has amended this bill by inserting \$400,000 as the amount appropriated and clarifying the purposes for which the monies are to be used.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1130, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1130, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 231 Transportation on S.B. No. 349

The purpose of this bill is to appropriate funds for the 1989-1991 fiscal biennium to initiate improvements that include the construction of a drainage system for the Omao Road/Kaunualii Highway intersection on Kauai. The sum appropriated shall be expended by the Department of Transportation.

Your Committee finds this project necessary for reasons of traffic safety.

Your Committee has amended this bill by inserting \$355,000 as the amount to be appropriated and including land acquisition, planning, and design as accepted uses for the appropriated sum.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 349, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 349, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 232 Tourism, Recreation and Planning on S.B. No. 540

The purpose of this bill is to appropriate \$125,000 for fiscal year 1989-1990 to plan the Ka Iwi Scenic Shoreline Park between the Koko Head and Makapuu areas of Oahu. The funds would be expended by the department of land and natural resources.

Your Committee finds that the area from Koko Head to Makapuu is a region of rare scenic beauty which is enjoyed by residents and tourists alike.

Your Committee has amended this bill by deleting Section 1.

Your Committee on Tourism, Recreation and Planning 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 referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Aki.

SCRep. 233 (Joint) Tourism, Recreation and Planning and Agriculture on S.B. No. 1295

The purpose of this bill is to establish a sugar industry crisis management program in the Office of State Planning.

The Program would develop a long-range management plan for maintaining the sugar industry in Hawaii; administer state sugar loan funds; provide support and assistance to the industry; coordinate research in environmental effects of pollutants and the economic impact of mill and plantation closures or urban development on sugar lands; and recommend a long-term approach to deal with the sugar crisis.

The Program would submit an annual report to the Governor and the Legislature.

Additionally, the bill provides an appropriation for fiscal year 1989-1990 for the operations of the Sugar Industry Crisis Management Program to be expended by the Office of the Governor.

Your Committees find that Hawaii's sugar industry is in perilous straits but might still be salvaged with proper planning, research, programs, and support. Your Committees find that the Governor's Office is the proper venue for these activities.

Your Committees on Tourism, Recreation and Planning and Agriculture are in accord with the intent and purpose of S.B. No. 1295 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senators Aki, Mizuguchi and Reed.

SCRep. 234 Tourism, Recreation and Planning on S.B. No. 947

The purpose of this bill is to appropriate \$250,000 for each year of fiscal biennium 1989-1991 for the He'eia State Park Marine Science Educational Program. The funds would be expended by the department of land and natural resources.

Your Committee finds that the Friends of He'eia State Park is a nonprofit educational organization whose purpose is to provide educational programs and community activities in Hawaiian culture, marine resources, and interpretative studies. This appropriation would provide needed funds so they may continue their programs.

Your Committee has amended this bill by changing the appropriation to \$25,000 for each year of the fiscal biennium.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 947, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 947, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Aki.

SCRep. 235 (Joint) Tourism, Recreation and Planning and Judiciary on S.B. No. 1850

The purpose of this bill is to establish alcohol and boating safety provisions to address the problem of operating a vessel while under the influence of intoxicating liquor.

Specifically, the bill provides for the following:

- (1) A description of conditions constituting the offense of operating a vessel under the influence of intoxicating liquor;
- (2) Penalties for first offenses, offenses occurring within five years of a prior conviction, and offenses occurring within five years of two prior convictions;
- (3) Mandatory referral to a substance abuse counselor and provision for mandatory treatment;
- (4) Penalties for operating a vessel after the operator's privilege has been suspended;
- (5) Recordation of convictions and suspensions of operating privileges;
- (6) Evidence of intoxication;
- (7) Implied consent of the operator of a vessel to testing for blood alcohol content;
- (8) Specification of persons authorized to take blood specimens;
- (9) Additional testing;
- (10) Testing of persons who are incapable of refusing the test;

- (11) Suspension of operating privileges upon refusal to submit to testing;
- (12) Hearing procedures;
- (13) Appeal procedures;
- (14) Interpretation of test results;
- (15) Admissibility of proof that the person refused to submit to a test;
- (16) Non-exclusion of other evidence; and
- (17) Collection test results.

The bill also adds new definitions of "motorboat", "navigate" or navigation", "recreational vessel", and "underway" to section 267-3, Hawaii Revised Statutes, and amends the definitions of "boating accident" and "federal laws and requirements" already provided in that section.

In addition, the bill provides an appropriation for fiscal year 1989-1990 to the Department of Transportation to carry out the purposes of the bill, including the hiring of necessary staff.

Your Committees are concerned about boating safety and consider it a matter of compelling public interest to keep drunken boaters out of our waters. This measure provides deterrence and enforcement and is therefore an appropriate means to statutorily address the subject.

Your Committees on Tourism, Recreation and Planning and Judiciary are in accord with the intent and purpose of S.B. No. 1850 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senators Aki and Reed.

SCRep. 236 (Majority) Tourism, Recreation and Planning on S.B. No. 1297

The purpose of this bill is to establish the Hawaii tourism commission in the office of the governor.

The commission would:

- (1) Promote, market, and develop the tourism industry;
- (2) Coordinate visitor industry activities and promotions;
- (3) Establish a statewide tourism data base program;
- (4) Identify and promote job training and education opportunities;
- (5) Address county concerns regarding tourism;
- (6) Monitor the social, economic, and environmental aspects of tourism; and
- (7) Develop a tourism impact plan.

The Commission would report annually to the legislature regarding major activities and expenditures made during the preceding year, along with recommendations.

Currently, most of these functions are assigned to the state tourism office, department of business and economic development under the general guidelines of sections 201-13.5 and 201-13.6, Hawaii Revised Statutes. Under this bill, the functions of the state tourism office, along with all personnel, equipment, and records would be transferred to the tourism commission in the governor's office.

The bill also includes an appropriation for fiscal year 1989-1990 to be expended by the office of the governor to carry out the purposes of the bill.

Your Committee received generally supportive testimony from the Hawaii Hotel Association and the Chamber of Commerce and finds that the visitor industry is and will continue to be Hawaii's primary employer and economic provider for some time to come. Thus, it is vital that the planning and management of our tourism plant be done with sufficient resources and flexibility to ensure that long-range as well as immediate concerns relating to the tourist industry are addressed and met. An Hawaii office of tourism located in the governor's office would have the resources, flexibility, and expertise to work with the private sector and the various agencies of the government involved in the visitor industry to efficiently and effectively achieve these objectives.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1297 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Aki and Chang.
Senator George did not concur.

SCRep. 237 (Majority) Tourism, Recreation and Planning on S.B. No. 597

The purpose of this bill is to re-establish the original Kapiolani Park boundaries and to create a commission to manage and control the park.

Specifically the bill does the following:

- (1) Directs the governor to rescind E.O. Nos. 22, 984, 1689, 1438, 3261, and 1817 and transfer control and management of the park to the commission by July 1, 1990;
- (2) Directs the City and County of Honolulu to prepare to divest itself of any attachments to the park;
- (3) Creates the Kapiolani Park Commission consisting of four members appointed by the governor, one by the mayor of the city and county of Honolulu, and one by the Honolulu city council, with the chairperson of the board of land and natural resources, the director of parks and recreation, and the president of the Outdoor Circle as ex officio members;
- (4) Empowers the commission to control and manage Kapiolani Park and all appurtenant property, including the Zoo and the Aquarium. The Commission would have power to prevent trespass, build roads, dispose of trees, etc. but not the authority to lease or sell the land or charge admissions;
- (5) Appropriates money for park management and improvements in fiscal year 1989-1990;
- (6) Provides for a report by the commission to the legislature, the Hawaii state judiciary, the mayor, and the Honolulu city council, and legislative budget requests;
- (7) Directs the city and county of Honolulu to relocate the Waikiki fire station to the Ala Wai Baseyard by 1991, along with nursery operations and other activities not related to Kapiolani park. The Waikiki Aquarium must be relocated by 1992; and
- (8) Provides that existing road rights of ways and utility easements shall be maintained with the condition that the city and county of Honolulu shall maintain Kalakaua Ave. (makai), Monsarrat Avenue, Paki Avenue, Pono Moi and Noela Drives, and that overhead utilities and other storm or sewer installations be placed underground by the owners of the utilities.

Upon further consideration, your Committee has determined that the sweeping changes relative to the management, operation, and control of Kapiolani park proposed in the bill would be extremely difficult to implement. Therefore, your Committee has amended the bill to delete the substance thereof and substitute language to:

- 1) establish a Kapiolani Park Advisory Commission within the Department of Land and Natural Resources whose duties shall be: a) to advise and make recommendations on all matters relating to the protection and preservation of Kapiolani Park, and b) to review policies relating to the management and operation of Kapiolani Park, and
- 2) appropriate \$50,000 to carry out the purposes of this commission.

These amendments authorize the governor to appoint six commission members for staggered terms of four years. Four members are to be nominated by the governor, one member by the mayor of the city and county of Honolulu, and one member by the Honolulu city council, with the director of parks and recreation of the city and county of Honolulu and the president of the Outdoor Circle to serve as ex officio members of the commission.

Your Committee finds that this commission will make decisions and recommendations to maximize the enjoyment and beneficial uses of Kapiolani Park for all of Hawaii's residents and visitors alike.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 597, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 597, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Aki.
Senator George did not concur.

SCRep. 238 Transportation on S.B. No. 1280

The purpose of this bill is to appropriate \$50,000 for fiscal biennium 1989-1991 for two permanent positions for the operation and staffing of the visitor information booth at Molokai Airport. The funds would be expended by the Department of Transportation.

Your Committee finds that Molokai Airport is experiencing increased use which warrants the two positions provided by this measure.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1280 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 Chang and Mizuguchi.

SCRep. 239 Transportation on S.B. No. 1180

The purpose of this bill is to appropriate \$50,000 for fiscal year 1989-1990 for the construction of a shelter for passengers at the Kaunakakai Harbor on the island of Molokai.

Your Committee finds this project necessary for the safety and comfort of visitors to the island of Molokai.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1180 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 Chang and Mizuguchi.

SCRep. 240 Transportation on S.B. No. 1226

The purpose of this bill is to appropriate funds for the 1989-1991 fiscal biennium to assist residents who live along Kalaniana'ole Highway in financing the installation of underground utilities, provided that the funds be expended in conjunction with phases one, two, and three of the Kalaniana'ole Highway Improvement Project.

Your Committee finds that this appropriation is necessary for reasons of traffic safety.

Your Committee has amended this bill by deleting Section 1 of the bill and renumbering the remaining sections appropriately, and by inserting the amount of \$416,000 as the appropriation.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1226, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1226, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Chang and Mizuguchi.

SCRep. 241 Transportation on S.B. No. 1179

The purpose of this bill is to appropriate \$35,000 in fiscal year 1989-1990 for the beautification of the highways on Molokai.

Your Committee finds that this appropriation is necessary to enhance the beauty and serenity of the island.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1179 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 Chang and Mizuguchi.

SCRep. 242 Transportation on S.B. No. 1120

The purpose of this bill is to appropriate \$250,000 for fiscal year 1989-1990 to plan, design, and construct holding lanes on Kuhio Highway on the Waipouli/Kapaa corridor on Kauai. The sum appropriated shall be expended by the Department of Transportation.

Your Committee finds this project necessary for reasons of traffic safety.

Your Committee has amended this bill to specify the exact areas of construction.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1120, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1120, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Chang and Mizuguchi.

SCRep. 243 Transportation on S.B. No. 761

The purpose of this bill is to amend section 291-4 of the Hawaii Revised Statutes by clarifying the penalties for persons who commit first, second, or third offenses of driving under the influence of intoxicating liquor.

The bill would establish maximum days of imprisonment for each offense as follows:

- 1) First offense: not more than thirty days;
- 2) Second offense: not more than sixty days; and
- 3) Third offense: not more than one hundred seventy days.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 761 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Chang.

SCRep. 244 Transportation on S.B. No. 1558

The purpose of this bill is to appropriate \$2,000,000 for fiscal year 1989-1990 for the improvement of Kalihi Street beginning at Monte Street to the end of Kalihi Street. The sum appropriated will be expended by the City and County of Honolulu for the purposes of this Act.

Your Committee finds that these improvements are necessary for reasons of traffic safety.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1558 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 Chang and Mizuguchi.

SCRep. 245 Transportation on S.B. No. 305

The purpose of this bill is to issue general obligation bonds in the amount of \$1,300,000 for fiscal years 1989-1990, 1990-1991, and 1991-1992, for roadway improvements in the County of Maui.

Specifically, general obligation bonds for road improvements would be issued as follows: 1) \$300,000 for Pulehu Road, 2) \$500,000 for Kahekili Highway, and 3) \$500,000 for Hoolehua, Molokai Roadway.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 305 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Chang and Mizuguchi.

SCRep. 246 Consumer Protection and Commerce on S.B. No. 1222

The purpose of this bill was to appropriate funds for fiscal year 1989-1990 for the publication of an educational brochure about leasehold arrangements in Hawaii for real estate professionals engaged in leasehold transactions, to be developed jointly by representatives of lessor and lessee interests. The appropriation would be expended by the Department of Commerce and Consumer Affairs.

Your Committee finds that leasehold matters are a high priority on most legislative and consumer agendas and merit close scrutiny and analysis of the kind contemplated by this measure.

Your Committee has amended this bill by expanding on the purpose, as stated above, and providing that the Housing Finance and Development Corporation (HFDC) shall coordinate and contract for the brochure and in general carry out the purposes of this appropriation.

Your Committee has further amended this bill by inserting the amount of \$50,000 as the appropriation to be expended by the HFDC.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1222, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1222, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Chang and Nakasato.

SCRep. 247 Consumer Protection and Commerce on S.B. No. 367

The purpose of this bill is to provide a mechanism for removing a board member of an association of apartment owners for failure to comply with specific provisions of chapter 514A, Hawaii Revised Statutes.

Under this bill an apartment owner would be entitled to file a demand with the Real Estate Commission for removal of a member for knowingly failing to comply with requirements relating to open board meetings, notices, recordation of votes, availability of records, or conflicts of interest. The member would be allowed to respond, and if no response is received, or upon finding of cause, the Commission would remove the member. As an alternative, if the claim is valid the Commission would be authorized to submit the claim to arbitration at the expense of the association, and the arbitrators could remove the member.

Your Committee finds that this mechanism is needed to protect apartment owners. Your Committee notes that the Blue Ribbon Panel strongly supports this measure.

Your Committee has amended this bill by providing that the Condominium Specialist assigned to the Real Estate Commission in the Department of Commerce and Consumer Affairs shall perform the functions assigned to the Real Estate Commission. Your Committee has also provided that if the board member who is the subject of the complaint refuses arbitration, the complainant may take the case to small claims court or a higher court, depending on the amount of the damages claimed. The prevailing party in a higher court would be awarded attorneys' fees.

Your Committee has also made some 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. 367, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 367, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Chang and Nakasato.

SCRep. 248 Consumer Protection and Commerce on S.B. No. 2020

The purpose of this bill was to empower the Commissioner of Financial Institutions to subpoena documents from financial institutions and set different examination fee schedules through administrative rules.

Specifically, the bill would empower the Commissioner to subpoena witnesses, compel their attendance, examine them under oath, and require the production of any relevant books or papers pertaining to a complaint against a bank or financial institution to ascertain whether a bank or other financial institution is engaging in an unsafe or unsound practice. The cost of locating subpoenaed documents would be borne by the financial institution possessing the document.

The bill would also allow the Commissioner to establish an alternative schedule of examination fees of not less than \$250 nor more than \$100,000 which would be calculated on a graduated scale based on the assets held by the bank or financial institution or on a percentage of assets of the bank or financial institution under examination. In addition, any bank examined by the Commissioner would also pay an annual fee of \$30 to the Compliance Resolution Fund.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and finds that there is a gap in Hawaii's banking laws which would be filled by this bill.

Your Committee has amended this bill to incorporate provisions similar to the Attorney General's subpoena procedures as set forth in section 28-2.5, Hawaii Revised Statutes. This amendment would allow any financial institution to object to the provisions of the subpoena through judicial remedies.

Your Committee has also amended this bill by authorizing the Commissioner, by rule, to establish an alternative schedule of annual examination and supervision fees for the various financial industries regulated by the Department calculated on the basis of hourly fees, a graduated scale of assets, a percentage of assets, or any combination thereof. A state-chartered commercial bank would in no event pay a fee in excess of \$100,000, and industrial loan companies would pay not less than \$250 nor more than \$50,000. No annual examination and supervision fee would exceed \$100,000, nor could a supervision fee be increased pursuant to this bill.

Your Committee finds that this amendment will assist the Department in their efforts to achieve accreditation by the Conference of State Bank Supervisors and will also be fairer to the institutions since they will be able to calculate their annual fees for budgeting purposes. In addition, the revised fees will allow the Department to stay in an institution as long as necessary to cure any problems without having to submit a bill for hourly fees which could result in the problem institution being declared insolvent.

Finally, your Committee has 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. 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 except Senators Chang and Nakasato.

SCRep. 249 Consumer Protection and Commerce on S.B. No. 1190

The purpose of this bill was to certify real estate appraisers to ensure that appraisers meeting federal requirements will be available.

Your Committee has amended this bill by deleting the substance and inserting a mechanism whereby review and evaluation may be performed by the Department of Commerce and Consumer Affairs and industry representatives to determine the best method to implement regulation of appraisers.

The Department shall provide the Legislature with a report on their findings not less than twenty days prior to the convening of the 1990 Regular Session.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1190, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1190, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Chang and Nakasato.

SCRep. 250 Culture, Arts and Historic Preservation on S.B. No. 1985

The purpose of this bill is to amend the Hawaii Revised Statutes by adding a new chapter that would establish the Hawaii Bishop Research Institute, a collaborative relationship between the Bishop Museum and the University of Hawaii. This bill also appropriates \$500,000 for each year of the 1989-1991 fiscal biennium for the purpose of establishing the Institute.

Your Committee finds that the establishment of such an institute would provide the people of Hawaii with extensive research capabilities in the areas of anthropology, botany, entomology, and zoology.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1985 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. 251 Culture, Arts and Historic Preservation on S.B. No. 1787

The purpose of this bill is to amend chapter 6E, Hawaii Revised Statutes, to address the issue of the disturbance of native Hawaiian burial sites.

Section 6E-43, which took effect last year as Act 265, Session Laws of Hawaii 1988, delineates the procedures that must be followed whenever human skeletal remains are discovered in a site not known to be an actively used cemetery. Upon discovery of such remains, any activity in the immediate area that could pose a threat to the remains must cease until the appropriate authorities have had an opportunity to examine the discovery. If the remains are determined to be properly the jurisdiction of the Department of Land and Natural Resources (DLNR), as opposed to the coroner or medical examiner, the DLNR must evaluate how significant the find is based upon criteria established for the Hawaii Register of Historic Places. Other provisions in section 6E-43 pertain to mitigation of site damage, disposition of remains, and notification of interested parties.

This bill repeals section 6E-43 in its entirety, replacing it with an absolute ban on all "disturbance" of native Hawaiian burial sites. This bill also establishes new procedures to be followed upon the discovery of native Hawaiian burial sites, and designates a private group, Malama I Na Kupuna O Hawai'i Nei, as the entity having proper jurisdiction of such finds. Other provisions of the bill mandate that the State condemn all private lands on which a burial site has been discovered, that identified Hawaiian burial sites be held in trust for native Hawaiians, and that all human remains or sacred goods in the possession of any museum be reinterred.

Your Committee heard testimony in opposition to this bill from the DLNR, the Department of Transportation, the Department of Accounting and General Services, the Hawaii Community Development Authority, the Office of Hawaiian Affairs, the Bishop Museum, and others. Two common concerns of these testifiers were the designation of a private group to oversee all native Hawaiian burial sites, and the inflexibility of an absolute ban on disturbance of all such burial sites.

Your Committee has amended this bill by deleting its substance and inserting new language that is deemed to be more responsive to the problems and concerns this bill attempts to address. More specifically, your Committee has:

- (1) Mandated establishment of a State Historic Preservation Office as a division within the DLNR to oversee the State's historic preservation program;
- (2) Included supervision of the evaluation of the significance of burial sites under section 6E-43 as a component of the historic preservation program;
- (3) Established an advisory commission on burial sites that will assist DLNR in evaluating the significance of burial sites;
- (4) Mandated that any burial site deemed to be significant shall remain undisturbed; and
- (5) Provided that any person that violates the prohibitions against removal or destruction of historic property shall be barred from participating in the construction of any state project for ten years.

Your Committee has also deleted all references to specific ethnic groups in the amended version of this bill based upon the belief that all significant burial sites of any ethnic group are worthy of preservation.

Finally, your Committee has incorporated the contents of S.B. 714, which provides funding for the purchase of the Honokahua burial site at Kapalua, Maui, into this bill.

Your Committee would like to acknowledge and express appreciation for the valuable input from all concerned parties to this sensitive and important issue. Your Committee is fully aware that knowledge about all of the disparate cultures and heritages that have established themselves in Hawaii is priceless, and is convinced that steps must be taken to preserve the physical manifestations of these cultures and heritages.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1787, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1787, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Reed.

SCRep. 252 Culture, Arts and Historic Preservation on S.B. No. 1483

The purpose of this bill is to create a Hawaii Historic Preservation Revolving Fund to provide financial assistance to public and private agencies involved in historic preservation activities.

The bill also provides for funding of the revolving fund by annually earmarking \$5,000,000 in revenues collected under chapter 237D, Hawaii Revised Statutes (Transient Accommodations Tax), for payment into the fund.

Your Committee finds that the creation of such a fund would prove to be beneficial to the people of Hawaii by helping to ensure preservation of the historic and cultural uniqueness of the islands.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1483 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. 253 Culture, Arts and Historic Preservation on S.B. No. 1135

The purpose of this bill is to amend Section 103-8, Hawaii Revised Statutes (HRS), to include in the appropriations for renovation of existing State buildings costing \$100,000 or more, as a non-deductible item, an amount of one percent of the appropriated amount for the acquisition of works of art.

This amendment would permit building renovations to be included as a source for the one percent of the appropriations for the acquisition of works of art. Presently, the percentage of appropriations for renovations does not exist in Section 103-8, HRS, and therefore, is not applicable to newly refurbished buildings whose interiors, exteriors, and surroundings would be greatly enhanced by the presence of works of art. This bill also states that if the total amount of the one percent is not expended on the project it was appropriated for, the remaining amount may be used to purchase works of art for other projects, either underway or completed, or to help defray costs for the maintenance or transportation of the works of art for exhibition purposes.

Your Committee heard testimony from the Department of Accounting and General Services which recommended that there be a \$1,000,000 renovation cost threshold on the requirement to provide one percent of the appropriation for works of art. Based on the testimony, your Committee has amended the bill to require a \$1,000,000 threshold on building renovations and has provided for combining the cost of renovations for not more than ten State buildings to meet the threshold amount.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1135, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1135, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Reed.

SCRep. 254 Culture, Arts and Historic Preservation on S.B. No. 1050

The purpose of this bill is to amend Act 2, Session Laws of Hawaii, Special Session 1988, to provide for the purchase of the Palace Theater in Hilo, Hawaii.

Your Committee finds that the purchase of the Palace Theater would ensure the preservation of this historic Hilo landmark.

Your Committee has amended this bill by deleting the grant-in-aid funding requirement due to the fact that no organization has been designated to receive the funds making pre-funding certification requirements under Chapter 42, Hawaii Revised Statutes, difficult to fulfill. Your Committee also included an appropriation of \$300,000 for fiscal year 1989-1990 for the purchase of the Palace Theater.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1050, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1050, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Reed.

SCRep. 255 Culture, Arts and Historic Preservation on S.B. No. 809

The purpose of this bill is to establish a division of historic preservation within the Department of Land and Natural Resources and place the State Historic Preservation Officer in this division.

Specifically, the Historic Sites section will be elevated to a departmental division status within the Department of Land and Natural Resources and will administer the Historic Preservation Program.

Your Committee heard testimony in support of this measure from the Department of Land and Natural Resources and the Historic Hawai'i Foundation and finds that the establishment of a separate division of historic preservation will facilitate the development of a more aggressive program within the department. Your Committee believes that the protection of Hawaii's ancient artifacts and historic sites are of utmost importance and cannot be understated, therefore, the responsibilities of the historic preservation program is critical and the creation of a separate division will provide more visibility and support for the program.

Your Committee amended the bill by deleting section 3 to allow the State Historic Preservation Officer position to remain intact since the position is usually held by the chairperson of the Department of Land and Natural Resources. The remaining sections of the bill were renumbered accordingly.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 809, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 809, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Reed.

SCRep. 256 Culture, Arts and Historic Preservation on S.B. No. 785

The purpose of this bill is to clarify the requirements for matching State funds contributed to the State of Hawaii endowment fund.

Section 40-88, Hawaii Revised Statutes, which establishes the State of Hawaii endowment fund for the benefit of the Honolulu symphony, provides for reversion of State contributions to the fund to the extent that requirements for matching private contributions are not met. The Department of Accounting and General Services has questioned the definition of what constitutes funds from the private sector.

This bill would define what could be considered as funds from the private sector that could be matched with State funds. Private sector funds would include: (1) cash or foreign currency; (2) real or personal property; and (3) all portions of pledges that are paid within five calendar years following the date that the funds contributed by the State are to be matched. This bill further provides that if funds contributed by the State are not matched because of nonpayment of pledges, the funds shall revert back to the general funds of the State, but any interest, gains, or other earnings on the principal amount shall be retained by the fund.

Your Committee heard supporting testimony from the Executive Director of the Honolulu Symphony and the ILWU and finds that the inclusion of this bill's clarifying language into section 40-88 will help facilitate greater economic potential and growth of the State of Hawaii Fund.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 785 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. 257 Culture, Arts and Historic Preservation on S.B. No. 561

The purpose of this bill is to appropriate \$192,877 for the making of a documentary film on the 522nd Field Artillery Battalion in their role as liberators of the Dachau concentration camps during World War II.

Your Committee finds that this project is of significant importance as it will provide historical information about a significant period in history directly from those who lived through it and serve to alert and remind future generations of the horrors of oppression.

Your Committee has amended the bill to note that the documentary film will include a comparison between the war veterans and living victims of Nazi oppression. Additionally, the bill has been amended to substitute the State Foundation on Culture and the Arts for the University of Hawaii as the expending agency.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 561, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 561, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Reed.

SCRep. 258 Education on S.B. No. 1501

The purpose of this bill is to provide that the State shall indemnify from civil liability any volunteer providing service to a parent teacher association of a public school at functions or activities of the association at the school.

Under this bill, the State would pay any judgment, settlement, or compromise payment resulting from a civil action, including fees and costs incurred, unless the loss, injury, or damage is fully covered by civil liability insurance purchased by the State, the volunteer, or any other person, or is the result of the volunteer's willful and wanton acts.

Your Committee has amended this bill by expanding the definition of volunteer to incorporate reference to the definition provided in section 90-1, Hawaii Revised Statutes, and by clarifying that the indemnification provided by the bill also applies to volunteer services to or for any authorized official public school function or activity, not just PTA functions. Your Committee has further amended the bill by specifying that the State must in all cases, except for willful and wanton acts, pay any judgment, settlement, or compromise award including fees and costs unless the volunteer was insured for civil liability by a policy purchased by the State.

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

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1501, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1501, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 259 Human Services on S.B. No. 1134

The purpose of this bill is to create an income tax credit for child care subsidies and to make an appropriation for the payment of child care subsidy tax credits.

Your Committee received supporting testimony from the Office of Children and Youth. The Department of Taxation, although sympathetic to the intent, has traditionally resisted state initiated tax credits and voiced objection to the bill.

Your Committee finds that employers would be more likely to help their employees pay for child care if there were incentives, such as tax credits from the State. Your Committee recommends that the Department of Taxation determine a way to accomplish this objective.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1134 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 260 Human Services on S.B. No. 1124

The purpose of this bill is to appropriate \$237,000 for the Kauai County Office of Elderly Affairs to provide continued services and programs to senior citizens, including home delivered meals, personal care services, transportation services, and the Kauai Senior Centers, Incorporated program.

The Kauai County Office of Elderly Affairs is responsible for identifying and responding to the priority needs of all seniors within the jurisdiction of the county of Kauai, and have planned and coordinated a comprehensive range of services and programs to meet the needs of the independent elderly to the institutionalized elderly population.

Your Committee received testimony in support of this bill from the Kauai County Office of Elderly Affairs, the Kauai County Council, Kauai Economic Opportunity, Inc., and several private organizations and individuals. Your Committee finds that this bill will address the increased need and costs for elderly services, and provide for an effective senior program on the island of Kauai.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1124 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 261 Human Services on S.B. No. 1133

The purpose of this bill is to appropriate \$190,120 for fiscal year 1989-1990 to fund various projects of Kauai Economic Opportunity, Incorporated.

Your Committee finds that services offered by Kauai Economic Opportunity are a valuable asset to the people of Kauai.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1133 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 262 Human Services on S.B. No. 1126

The purpose of this bill is to appropriate \$160,000 to plan and design the Hale Hauoli Day Activity Center on the island of Kauai.

The Hale Hauoli Day Activity Center serves a population identified as developmentally disabled and mentally retarded who benefit substantially from the caring, constructive, and socially-stimulating surroundings provided by the Hale Hauoli program and staff.

Your Committee received testimony in support of this measure from the Department of Health, the State Planning Council on Developmental Disabilities, and several private individuals. Testimony indicated that the present facility is slated for demolition due to the Department of Education's plan to build a new school at that site.

Your Committee finds that the Hale Hauoli Day Activity Center is the only program of its kind on the island of Kauai and provides an essential service for people with mental and developmental disabilities.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1126 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 263 Human Services on S.B. No. 227

The purpose of this bill is to make an appropriation of \$350,000 for each year of the fiscal biennium to continue operations of a controlled, non-secure, 24-hour shelter for chronic runners, status offenders and non-serious law-violating juveniles.

The program provides stringent adult supervision, educational, recreational and therapeutic services in addition to medical assessment and screening.

Your Committee finds that the provision of adequate services to juveniles is crucial to any early intervention efforts to deter them from future criminal acts or repeated offenses.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 227 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 264 Human Services on S.B. No. 1778

The purpose of this bill is to appropriate funds for fiscal year 1989-1990 to initiate operations of a controlled, non-secure, 24-hour shelter for chronic runners, status offenders, and non-serious law-violating juveniles.

Your Committee finds that there is a need for a shelter where troubled youths can go to for help and shelter.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1778 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 265 Human Services on S.B. No. 1371

The purpose of this bill is to appropriate funds for fiscal year 1989-1990 to enable the commission on the status of women to establish a research and demonstration project on retirement planning for women in the mid-life group.

Your Committee finds that this program, if coordinated with the Executive Office on Aging, would give women in the mid-life age group a chance to establish solid retirement plans.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1371 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 266 Corrections on S.B. No. 410

The purpose of this bill is to appropriate \$323,772 for fiscal year 1989-1990, and \$323,772 for fiscal year 1990-1991 to fund the Youth Development Project (Project) and continue its dissemination to Hawaii's public schools.

The Project operates under the joint efforts of the Center for Youth Research of the University of Hawaii, the Department of Corrections, and the Department of Education, and has been in effect as a pilot program in Hilo since 1984. The Project will complete its final year as a pilot program in June of 1989.

Essentially, the Project is designed to reduce delinquency in school children by addressing factors that commonly precede delinquency such as school failure, school absenteeism and tardiness, disciplinary referrals, and the general inability to get along with peers and adults. Although results from schools participating in the pilot project must be interpreted cautiously, all signs indicate that the Project can produce a significant reduction in the delinquency of school children.

Your Committee heard testimony in support of this measure from the Department of Corrections, the Department of Health, and the University of Hawaii. Your Committee finds that the funds appropriated are needed to prolong the Project and aid its dissemination to other Hawaii schools.

At the hearing on this measure, your Committee also received testimony on S.B. 401, which appropriates \$50,700 for fiscal year 1989-1990, and \$50,700 for fiscal year 1990-1991 to establish the Project in Puna district schools. The Department of Corrections and the University of Hawaii testified in support of S.B. 401.

As suggested by the Department of Corrections, your Committee has amended this bill by incorporating the provisions of S.B. 401 to allow the Project to be initiated in Puna district schools. Your Committee finds that the Project can easily be adapted to the conditions affecting youth in the Puna district.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 410, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 410, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 267 (Majority) Education on S.B. No. 653

The purpose of this bill is to increase the compensation of Board of Education members from \$50 per day to \$125 per day for each day's actual attendance at meetings.

The bill also provides remuneration of \$125 per day for participation as an official representative of the Board at functions, adds definitions of "actual attendance," "authorized board of education committee meeting," "function," "official board of education meeting," and "official representative" to section 296-5, Hawaii Revised Statutes, and provides an appropriation of \$118,553 for fiscal year 1989-1990 to be expended by the Department of Education to carry out the purposes of the bill.

Your Committee finds that Board of Education members participate in many functions other than their regular meetings and deserve to be adequately compensated for their time and effort.

Your Committee has amended this bill as follows:

- (1) Provided that a Board member shall be compensated at the rate of \$100 per day for actual attendance at official Board of Education committee meetings and executive sessions, school district council and library advisory council meetings, collective bargaining meetings, and public hearings as required by chapter 91, Hawaii Revised Statutes;

- (2) Deleted the \$100 per day compensation for participation as the official representative of the Board at functions and inserted compensation of \$1,500 per year for participation in other activities and functions as an official member of the Board of Education;
- (3) Deleted the definitions of "official representative" and "function" and alphabetically reordered the remaining new definitions;
- (4) Deleted the sum of \$118,553 in the appropriation section and left the amount blank for further discussion; and
- (5) Made technical changes which have no substantive effect.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 653, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 653, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.
Senators Blair and Ikeda did not concur.

SCRep. 268 Corrections on S.B. No. 1202

The purpose of this bill is to create a reserve force of corrections officers within the Department of Corrections for the state youth and adult corrections facilities.

The Department of Corrections and a group of adult correctional officers opposed the bill as premature at this time. The Department urged a study of the concept first.

Your Committee has adopted the recommendation of the Department and has amended the bill in its entirety by substituting an authorization for a study, appropriating \$25,000 for the study, and assigning the study to the Legislative Reference Bureau. Your Committee believes that these amendments represent a more systematic approach to the implementation of this concept.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 1202, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1202, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 269 Corrections on S.B. No. 1206

The purpose of this bill is to appropriate \$250,000 for the Correctional Industries Account.

Section 354-12, Hawaii Revised Statutes, establishes a special revolving account called the "Correctional Industries Account" to be used for the purchase or lease of supplies, equipment, and machinery, construction or leasing and renovating of buildings, and the salaries of personnel necessary to administer correctional industrial enterprises as established in chapter 354, Hawaii Revised Statutes.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 1206 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 270 Corrections on S.B. No. 1311

The purpose of this bill is to appropriate funds for the Inmate Community Service Program.

Your Committee has amended this bill by inserting specific amounts to be appropriated for fiscal years 1989-1990 and 1990-1991.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 1311, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1311, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 271 Higher Education on S.B. No. 1032

The purpose of this bill is to make an appropriation of \$9,000,000 to construct a state-of-the-art facility to house a center for tropical and subtropical agriculture that would support and expand diversified agriculture in Hawaii.

Your Committee finds that the Hawaii Congressional delegation is attempting to secure federal funds for the construction of the new center for tropical and subtropical agriculture and has already obtained funding for the required feasibility study. This appropriation is made with the understanding that matching federal funds be made available for the purposes of this act.

Your Committee has amended the bill by designating the Department of Accounting and General Services as the proper expending agency

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1032, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1032, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Mizuguchi.

SCRep. 272 (Joint) Corrections and Judiciary on S.B. No. 1308

The purpose of this bill is to create a Department of Public Safety, which will include many of the law enforcement functions of the State. Your Committees have changed the purpose of the bill to create a management team in the Office of the Governor to study the transfer of law enforcement functions to a proposed Department of Public Safety.

Your Committees received testimony supporting the concept of a Department of Public Safety, and find that such a department could enhance the law enforcement functions of the State. Your Committees find that a plan should be drafted to implement the creation of the department.

Therefore, your Committees have amended the bill by deleting its substance and inserting instead the creation of a management team in the Office of the Governor for the purpose of studying the transfer of law enforcement functions to a proposed Department of Public Safety.

Your Committees on Corrections and Judiciary are in accord with the intent and purpose of S.B. No. 1308, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1308, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Senators Holt and Reed.

SCRep. 273 Higher Education on S.B. No. 1403

The purpose of this bill is to provide an appropriation of \$200,000 for fiscal year 1989-1990 to establish a greenhouse warming remediation program.

This program is needed to fill critical gaps in scientific knowledge of the greenhouse effect, particularly the role of the oceans and tropical terrestrial ecosystems. As a result, economically viable solutions could be developed. These investigations would be conducted by the Hawaii Natural Energy Institute of the University of Hawaii.

Your committee heard supporting testimony from the Director of Hawaii Natural Energy Institute, the Manager of Bioresources and Environmental Research, a University of Hawaii Professor with the Department of Oceanography, and the Chairperson of the Board of Land and Natural Resources. Your Committee is deeply concerned about the warming trend worldwide and finds that other effective ways to cope with the infusion of carbon into the atmosphere must be studied.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1403 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 Holt and Mizuguchi.

SCRep. 274 Higher Education on S.B. No. 1869

The purpose of this bill is to extend the period of flexibility for the University of Hawaii and the Department of Education regarding budget implementation for another five years.

During its 1986 session, the Legislature passed legislation to grant a degree of administrative flexibility to the two educational State agencies in the areas of budget execution (Act 320), and fiscal operations (Act 321). However, this was done only on a three-year trial basis and will lapse this year. This bill also has a safeguard measure allowing the Governor to suspend any allowance or exception of the University of Hawaii, when it impairs the Governor's ability to promote and ensure the economic and efficient management of the State's financial resources.

Your Committee finds the flexibility legislation has allowed for a more effective and efficient administrative operation resulting in better delivery of educational services to the public.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1869 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 Holt and Mizuguchi.

SCRep. 275 Higher Education on S.B. No. 889

The purpose of this bill is to provide funds for the purchase and installation of an amorphous silicon deposition system.

The bill also provides for the purchase of related analytic equipment necessary to begin research in this field which will eventually lead to the production of amorphous silicon products in Hawaii.

Your Committee finds that the newly developed technology of amorphous silicon production has tremendous potential for the future. State-of-the-art vacuum equipment which comprises an amorphous silicon deposition system is currently available on the market. This system produces amorphous silicon products which have many energy- and industry-related applications that will, through further research and development, benefit Hawaii. Specifically, there are applications which create alternate energy resources and provide low-cost sources of components for high technology product industries.

The cost breakdown for the system is as follows:

Budget for Amorphous Silicon Deposition System and Related Analytic Equipment			
<u>Item</u>	<u>Purpose</u>	<u>Purchase Cost</u>	<u>Total¹ Cost</u>
Glasstech Solar R100LL Load-lock deposition system	State-of-the-art research reactor	\$170,000	\$185,000
Differential-pumped mass spectrometer	Gas analysis for research	30,000	32,000
Gas-feed system for 4 gases including required safety cabinets	Supplies gases to reactor for film growth	12,000	12,000
Effluent gas handling system environment	Scrubbing of exhaust for safe release to 3,000	3,000	
Dektak profilometer, other film analytic equipment	Measure physical properties of films	<u>18,000</u>	<u>18,000</u>
		\$233,000	\$250,000

¹Includes estimated shipping, insurance, installation.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 889 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 Holt and Mizuguchi.

SCRep. 276 Higher Education on S.B. No. 1409

The purpose of this bill is to appropriate funds for fiscal biennium 1989-1991 to the Center for the Study of Active Volcanoes.

The Center will constitute a unique cooperative venture among the University of Hawaii at Hilo, the University of Hawaii at Manoa, and the United States Geological Survey's Hawaii Volcano Observatory. The focus of the Center will be to coordinate the offering of appropriate course work and to develop and coordinate minors practicum and "hands-on" experience in conjunction with instructional and research units for students.

Your Committee received testimony in support of this measure from the Chancellor of the University of Hawaii at Hilo and finds that the Center will offer a unique program in the study of active volcanoes.

Your Committee amended this bill by clarifying that \$40,000 to \$50,000 of the sums for each of the years in the fiscal biennium will be appropriated for one position for the Center to disseminate information and techniques of forecasting volcanic eruptions to scientists and technicians from developing countries with high volcanic risk.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1409, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1409, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Mizuguchi.

SCRep. 277 Health on S.B. No. 1069

The purpose of this bill is to provide counseling, guidance, or information concerning human immunodeficiency virus (HIV) to any person convicted of prostitution and to mandate testing of such person for HIV infection.

Testimony in opposition to the mandatory testing was received from the Director of Health, the Healthcare Association of Hawaii, the Director of Corrections, the chairperson of the Governor's Committee on AIDS, and the American Civil Liberties Union. Your Committee, however, finds that testing of those active in the sex industry is in the public interest because of the potential high risk of transmission of HIV infections to others.

Your Committee has amended this bill by substituting the Department of Corrections for the Department of Health as the lead agency for the educational and testing programs. Additionally, your Committee has deleted the severability clause.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1069, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1069, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 278 (Majority) Health on S.B. No. 768

The purpose of this bill is to allow a treating physician to order HIV testing without informed consent of the patient if the patient is unable to give consent or there is reason to believe that the safety of involved health care providers may be in jeopardy.

Section 325-16(b), Hawaii Revised Statutes, currently provides that a treating physician may order HIV testing without informed consent of the patient if the patient is unable to give consent and there is reason to believe that the safety of health care providers may be affected due to exposure to the blood or bodily fluids of a patient suspected of possible HIV infection. This bill would change the word "and" to the word "or." The change would greatly lessen the control of the patient over the decision of whether HIV testing should occur, with the treating physician assuming much greater control.

Your Committee heard supporting testimony from the Hawaii Federation of Physicians and Dentists and from two critical care unit nurses. Your Committee heard opposing testimony from the Director of Health, the Hemophilia Foundation of Hawaii, the Life Foundation, the Governor's Committee on AIDS, and the American Civil Liberties Union. Your Committee finds that, rather than making the proposed change, alternative safeguards should be inserted into the present law.

Your Committee has amended this bill by reinserting the word "and" in section 325-16(b)(6) and by inserting new language in that paragraph to provide a new option which, when its terms are fulfilled, will allow HIV testing without the patient's informed consent provided that the Department of Health certifies that certain conditions exist.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 768, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 768, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Yamasaki and Reed.
Senator B. Kobayashi did not concur.

SCRep. 279 Health on S.B. No. 928

The purpose of this bill is to appropriate money for the purchase of service agencies serving individuals with developmental disabilities.

Your Committee heard supporting testimony from the Director of Health, the State Planning Council on Developmental Disabilities, Opportunities for the Retarded, Inc., the Association for Retarded Citizens of Hawaii, the Autistic Vocational Educational Center, Goodwill Industries of Honolulu, Inc., and the Special Education Center of Oahu. Your Committee finds the appropriation made by this bill is deserving of its support.

Your Committee has amended this bill by making minor language changes which have no substantive effect in the findings and purpose section, by adding language to section 2 of the bill to clarify that the purpose of the appropriation is to increase the salaries of their direct care personnel, and to insert the sums of \$1,450,924 for fiscal year 1989-1990, and \$1,540,665 for fiscal year 1990-1991.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 928, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 928, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 280 Health on S.B. No. 1879

The purpose of this bill is to alter the statutes governing the confidentiality of records containing information about persons with human immunodeficiency virus (HIV).

Section 325-101, Hawaii Revised Statutes, currently provides that the records of a person which indicate that the person has an HIV infection, AIDS related complex (ARC), or acquired immune deficiency syndrome (AIDS) which are held or maintained by any state agency, health care provider or facility, physician, or any other agency, individual or organization shall be held strictly confidential. The statute provides exceptions for statistical purposes; for release with consent; for emergency purposes; to protect the health and well-being of the general public; for enforcement of rules of the Department of Health concerning the control and treatment of HIV infection, ARC, and AIDS if made confidentially; for enforcement of child abuse laws; for release to the patient's health care insurer for reimbursement for services to the patient (with some provisos); for release by one health care provider to another for continued care purposes; and pursuant to a court order after an in camera review of the information upon a showing of good cause by the party seeking the release of the records.

This bill would amend the existing statutes by adding an exception for compliance with federal reporting requirements imposed on the State (with protection of confidentiality); by allowing the release of the records or specific medical or epidemiological information with the prior written consent of the persons to whom the records pertain (as opposed to release of the specific information only); and by adding an exception allowing release by a patient's physician to persons whom the patient has identified as the patient's sexual or needle-sharing partners if the physician believes that the patient will not inform them of the patient's HIV infection and that the patient's partners will unknowingly be at risk of HIV infection. The physician seeking to make a disclosure under this exception is required to advise the patient of the intention to disclose and to have made a good faith effort to encourage the patient to disclose the information concerning the infection to the patient's partners. Similar requirements are imposed on the physician seeking to make such a disclosure if the Department of Health is involved, and provision is made for destruction of all personal identifying information received in this connection by the department from the physician.

Your Committee heard supporting testimony from the Director of Health and from the Hawaii Medical Association. Opposing testimony was heard from the Kapiolani Medical Center for Women and Children, the Hawaii Medical Record Association, and the American Civil Liberties Union. Your Committee finds that the testimony in support of the primary amendments to the current law is not compelling. The rights of patients to confidentiality are rights that should not be violated lightly. Your Committee finds that there are other means of combatting the deadly diseases that do not violate personal privacy, that there are significant legal questions of ownership of the records, and that persons suffering from the diseases at issue are less likely to seek needed medical assistance if they have concerns about the confidentiality of their medical records.

Your Committee has amended this bill by eliminating the provision that would allow release of records, as opposed to only information; by allowing release to the Department of Health to protect the health and well-being of the general public (in addition to the current exception for release by the department); and by eliminating the provisions allowing for release of information by a physician to the physician's patient's sexual or needle-sharing partners, or to the Department of Health, in an attempt to inform the partners that they are at risk.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1879, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1879, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 281 Health on S.B. No. 849

The purpose of this bill is to enable persons other than qualified Kalaupapa resident patients to serve as the Sheriff of Kalaupapa on a salaried basis.

Your Committee finds this bill is necessary because the availability of qualified patients who are interested in serving in this capacity is steadily diminishing with time. It is likely that soon there will be no one available other than an "outsider" to serve as Sheriff.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 849 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 282 Health on S.B. No. 1477

The purpose of this bill is to make an appropriation for fiscal years 1989-1990 and 1990-1991 for the establishment and operation of the Hawaii Nurse Recruitment and Retention program.

This bill allows the Department of Health to contract for the administration and management of this program, which will provide scholarships for students and nurses to complete nursing programs in the State and recruit high school students into nursing programs.

Your Committee heard testimony in support of this measure from the Department of Health, the University of Hawaii, the Hawaii Nurses' Association and the Healthcare Association of Hawaii. Your Committee finds that this program will encourage qualified individuals to consider nursing as a field of study and provide incentives for nursing graduates to work in Hawaii.

The nation is in the midst of a severe nursing shortage and there is an urgency to develop measures that will address this health care crisis while striving to maintain the highest level of quality care possible to the consumer. Your Committee believes that incentives and adequate recruitment of students into the field of nursing is paramount and finds that the establishment of this program will be a major step toward increasing the quality of health care for the people of Hawaii.

Your Committee made the following amendments to this bill:

- 1) Provided that scholarships would be available to students in addition to LPN and ADN nurses;
- 2) Included scholarships for students working toward an associate or baccalaureate degree;
- 3) Based the award of scholarships on financial need;

- 4) Provided that scholarships may be in the form of a grant or loan; and
- 5) Provided incentives for graduates to seek employment in Hawaii or in a shortage category.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1477, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1477, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 283 Health on S.B. No. 765

The purpose of this bill is to make an appropriation to establish a bone marrow donor registry at St. Francis Medical Center.

Your Committee heard supporting testimony from St. Francis Medical Center, the Director of Health, the Hawaii Medical Association, the University of Hawaii at Manoa Cancer Research Center of Hawaii, the President of the Blood Bank of Hawaii, and from two members of the public. Your Committee finds that bone marrow transplants are essential for persons with leukemia and other diseases and that the establishment of a bone marrow donor registry is an important step in making possible the saving of lives of persons who could benefit from bone marrow transplants. Your Committee further finds that particularly in light of the testimony of St. Francis Medical Center that it would match State funding for the first two years of the establishment and operation of the registry, and with the ultimate goal of a self-sustaining registry, this appropriation is worthy of its support.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 765 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 284 Health on S.B. No. 288

The purpose of this bill is to appropriate a sum from the general revenues of the State to fund a demonstration project on the training of care-givers. The funds are to be expended by the Department of Health.

Your Committee heard supporting testimony from the State Executive Office on Aging, the National Association of Retired Federal Employees (Hawaii State Federation), and two members of the Kokua Council-Founders Group. In addition, the Director of Health offered qualified support for the bill. He testified that the Executive Office on Aging or the University of Hawaii should be the expending agency rather than the Department of Health. Your Committee finds that the proposed appropriation is worthy of its support.

Your Committee has amended this bill by inserting the sum of \$50,000 into the bill.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 288, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 288, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 285 Health on S.B. No. 1792

The purpose of this bill is to make technical changes to Act 200, Session Laws of Hawaii 1987 relating to the authorization of special purpose revenue bonds in order to effectuate the original intent of the Act.

This bill (1) changes the name of the not-for-profit corporation referred to in the Act from "Kapiolani Health Care System" to "Kapiolani Medical Center for Women and Children," and (2) provides that a certificate of need is a prerequisite only to the extent that it is required by applicable law.

Your Committee finds that both of these changes are in accord with and in furtherance of the original intent of Act 200. In particular, Kapiolani Medical Center for Women and Children is the correct reference to the intended beneficiary, and Act 200 did not intend to impose the requirement that the hospital obtain a certificate of need as a prerequisite to the issuance of special purpose revenue bonds, unless a certificate of need was otherwise required by law.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1792 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 286 Health on S.B. No. 1846

The purpose of this bill is to create a medical services excise tax credit; to make adjustments in the State's taxable income tables and in miscellaneous provisions of tax law; and to delete outdated tax tables from the statutes.

The Hawaii Revised Statutes currently contain no medical services excise tax credit. This bill would provide for such a credit to each resident individual taxpayer who files an individual income tax return for a taxable year and who is not claimed or is not otherwise eligible to be claimed as a dependent by another taxpayer for federal or Hawaii state individual income tax purposes. The excise tax credit would be equal to four percent of qualified medical expenses paid

by the resident during the taxable year. Residents over age 64 would be able to claim double the tax credit. Caps would be imposed on the credit.

Your Committee heard supporting testimony from the Department of Taxation and opposing testimony from the Legislative Tax Bill Service. Your Committee has considered only the portion of this bill that concerns the tax on medical services and finds that it prefers a tax exemption at the time services are rendered rather than a tax credit. Your Committee finds that if a credit is to be given, it should not be capped for three reasons: (1) the Department of Taxation estimates the maximum difference would be \$7,000,000 at most (\$15,000,000 with the cap, up to \$22,000,000 without a cap); (2) the individuals with the highest medical bills are precisely those who should have the tax credit; and (3) this bill contains a "drop dead" clause at the end of 1991, and the need for a cap can be reconsidered at that time.

Your Committee has amended this bill by eliminating the word "federal" in the medical services excise tax credit provision so that the fact a person is claimed as a dependent by another taxpayer for federal individual income tax purposes, or is eligible to be so claimed, does not preclude that person from claiming the medical services excise tax credit. Additionally, your Committee has deleted all the limiting language in subsection (b) of the proposed medical services excise tax credit provision, so that the doubling feature and the capping provisions are eliminated, leaving a simple credit for four percent of qualified medical expenses paid by the claiming resident individual during the taxable year. Finally, your Committee has deleted the words "medically necessary" from the phrase "medically necessary capital improvements" in the provision excluding certain items from qualified medical expenses, with the result that capital improvements are excluded, regardless of whether they are medically necessary or not.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1846, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1846, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 287 Higher Education on S.B. No. 1119

The purpose of this bill is to appropriate \$95,156 for each of the years in the fiscal biennium 1989-1991 for one clerk-receptionist, one JTPA coordinator, one foreign language instructor and one early childhood instructor at the Kauai Community College.

Your Committee received testimony in support of this measure from the chancellor for community colleges at the University of Hawaii.

Upon consideration, your Committee amended the bill by deleting the JTPA coordinator and foreign language instructor positions from the scope of the bill.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1119, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1119, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Mizuguchi.

SCRep. 288 Health on S.B. No. 595

The purpose of this bill is to develop and implement a statewide system for early intervention services for infants with special needs and their families.

In October 1986, Congress passed Public Law 99-457, which provides for federal financial assistance to states for the development and implementation of a comprehensive system of services to handicapped children between the ages of zero and three. The Early Intervention Coordinating Council has been operating for over a year based on Public Law 99-457, and is administratively attached to the Department of Health.

Your Committee received testimony in support of this measure from the Commission on the Handicapped, the governor's Office of Children and Youth, the National Association of Social Workers, the Hawaii Medical Association, the Kapiolani Medical Center for Women and Children, and several other public and private organizations.

Your Committee finds that the establishment of a comprehensive and coordinated statewide system of early intervention services will provide a variety of benefits for special needs infants and toddlers and their families, ensure continuity of care, and maximize the use of existing and new services.

Concerns were raised that this bill is unnecessary because all the needed components for early intervention services are already present under current State and federal law. However, your Committee believes that it is appropriate to reaffirm the State's policy in response to federal initiative and law, and send a strong statement to the community that it is committed to the development of effective early intervention services.

Your Committee made the following amendments to the bill:

- 1) Inserted the words "of health" on page 2, line 4 to clarify that the State agency responsible for the development of early intervention services is the Department of Health;
- 2) Added the phrase "including residents of the four major counties" on page 2, line 23 to ensure that the entire State, including the neighbor islands, are reasonably represented on the Early Intervention Coordinating Council;

- 3) Deleted the phrase "assignment of financial responsibility to the department of health" on page 4, lines 7 and 8 since it can be construed to mean that the Department of Health shall be the deep pocket responsible for financing all services;
- 4) Inserted the phrase "including travel expenses" to page 3, line 17 to clarify that travel expenses are reimbursable; and
- 4) Made certain technical, nonsubstantive amendments for the purpose of clarity and conformance with recommended drafting style.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 595, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 595, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 289 Business Development and Pacific Relations on S.B. No. 619

The purpose of this bill is to transfer all rights, powers, functions, duties, and obligations of the Aloha Tower Development Corporation to the Department of Transportation.

Section 206J-4, Hawaii Revised Statutes, established the Aloha Tower Development Corporation (ATDC) and section 206J-5, Hawaii Revised Statutes, enumerates the powers that the corporation has. This bill would transfer those powers, along with all the rights, functions, duties, and obligations of the ATDC to the Department of Transportation.

Your Committee heard testimony from the Director of the Office of State Planning. Your Committee finds persuasive his arguments in favor of transferring the responsibilities of the ATDC to the Hawaii Community Development Authority (HCDA), which has similar planning and development responsibilities for the waterfront adjacent to the area which is the responsibility of the ATDC.

Your Committee has amended this bill by substituting the Hawaii Community Development Authority for the Department of Transportation and by inserting into it provisions that will add the boundaries of the Aloha Tower Complex (now found in section 206J-3, Hawaii Revised Statutes), into section 206E-32, Hawaii Revised Statutes, the section establishing the Kakaako Community Development District and its boundaries; provide the appropriation for the Aloha Tower project or projects; provide the authorization of the HCDA to issue revenue bonds; and make this bill effective upon its approval rather than on July 1, 1989.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 619, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 619, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Matsuura.

SCRep. 290 Business Development and Pacific Relations on S.B. No. 2029

The purpose of this bill is to foster international activities.

Your Committee finds that support of activities related to international and intercultural understanding will provide future opportunities for Hawaii and its citizens. Your Committee further finds that film, video, and related technologies activities particularly are in need of support and that a motion picture authority is needed to provide that support and to undertake other related duties.

Your Committee has amended this bill by incorporating the contents of S.B. No. 778, S.B. No. 1269, and S.B. No. 1440. Further, your Committee added provisions to establish a Hawaii Motion Picture Authority, detail its purposes, enumerate its powers and duties, provide for its staff, and to appropriate money for its operation.

Your Committee on Business Development and Pacific Relations 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 referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Holt.

SCRep. 291 Business Development and Pacific Relations on S.B. No. 390

The purpose of this bill is to make an appropriation of \$1,500,000 to the Department of Business and Economic Development to enable Hawaii to participate in Osaka Expo '90. The appropriation would have to be matched by \$4,000,000 from the private sector.

Your Committee heard supporting testimony from the Director of Business and Economic Development and finds that participation at the Osaka Expo '90 would benefit Hawaii's business community and strengthen our Pacific relations with Japan in particular. Through shows, exhibits, and demonstrations at the Pavilion, Hawaii would be able to inform the estimated two million visitors about what Hawaii has to offer in the way of business and industry. In addition, Hawaii would benefit from positive public relations that would enhance the general level of goodwill and friendship between Hawaii and Japan and reinforce Hawaii's allure as a tropical environment attractive to visitor's from all around the world.

Your Committee has amended this bill by changing the matching funds from the private sector from \$4,000,000 to \$3,500,000.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 390, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 390, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Holt.

SCRep. 292 Business Development and Pacific Relations on S.B. No. 841

The purpose of this bill is to appropriate funds for a research and technology center on Maui.

Your Committee finds that this bill will stimulate economic growth and development on the island of Maui.

This measure was amended to specify that a portion of the appropriations for each year of the fiscal biennium will be expended by the University of Hawaii, with the remaining sums to be expended by the Department of Business and Economic Development.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 841, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 841, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the members of the Committee except Senator Holt.

SCRep. 293 Business Development and Pacific Relations on S.B. No. 1441

The purpose of this bill is to appropriate funds for the Pacific International Center for High Technology Research (PICHTR) to undertake joint applied research and development projects involving the transfer of technology.

Your Committee finds that Hawaii is one of the world leaders in developing renewable energy sources and sharing promising alternative energy development programs with developing countries around the Pacific Basin will significantly expand and diversify the economy of the State.

Your Committee amended this bill by inserting an appropriation for the expansion of cooperative outreach and technology transfer programs of the University of Hawaii's Natural Energy Institute in the Pacific Basin and the People's Republic of China. In addition, your Committee decreased the appropriation to PICHTR of \$800,000 for fiscal year 1989-1990 to \$600,000.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 1441, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1441, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Holt.

SCRep. 294 Business Development and Pacific Relations on S.B. No. 778

The purpose of this bill is to make an appropriation for the promotion of local film projects.

Your Committee finds that Hawaii could become an international film center, not merely a location for outside filmmakers, if sufficient support to a growing industry is given by the State and others. Your Committee further finds that the purposes of this bill are worthy of its support to give impetus to the development of the filmmaking industry in Hawaii.

Your Committee has amended this bill by eliminating the first statement of finding in Section 1 of the bill and by substituting the Department of Accounting and General Services for the Department of Business and Economic Development as the expending agency.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 778, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 778, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Holt.

SCRep. 295 Housing and Hawaiian Programs on S.B. No. 1906

The purpose of this measure is to transfer the Housing Finance and Development Corporation (HFDC) to the Department of Budget and Finance for administrative purposes. The measure also proposes to include the Director of Finance as an additional member of the HFDC's Board of Directors.

The issuance of housing revenue bonds, the administration of State loans from the Treasury to fund housing programs, and the timely and prudent investment of State housing funds are just some of the many fiscal activities of the HFDC which require the attention of the Director of Finance. These activities could be better coordinated if the HFDC were placed within the organizational framework of the Department of Budget and Finance, and if the Director of Finance were included on the HFDC's Board of Directors.

Your Committee received supporting testimony from the Housing Finance and Development Corporation, the Department of Budget and Finance, and the Department of Business and Economic Development.

Your Committee finds the bill will help to expedite the processing of administrative approvals, particularly as they relate to the financing of the HFDC's projects and programs. Financing is an essential element in the administration of the HFDC housing programs.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1906 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 Holt and Reed.

SCRep. 296 Housing and Hawaiian Programs on S.B. No. 1807

The purpose of this bill is to amend Sections 519-2 and 519-3, Hawaii Revised Statutes, in order to allow the Housing Finance and Development Corporation (HFDC) to assess administrative costs to lessees and lessors involved in arbitration proceedings under its Lease Rent Renegotiation Program.

Current law provides that an advance deposit, equal to the projected expenses and fees of the corporation or its designee for arbitration proceedings shall be required and paid equally by lessees and lessors. However, it has been determined by the Attorney General's Office that these advance deposits cannot be used for purposes other than for actual arbitration. The cost of processing and screening applications for arbitration, for example, could not be paid for out of the advance deposit because the process of determining eligibility for participation in arbitration proceedings under Chapter 519 would come before actual arbitration. S.B. No. 1807 states that administrative costs other than for actual arbitration could also be assessed to the lessees and lessors.

The Housing Finance and Development Corporation, testifying in favor of this measure, stated that the Lease Rent Renegotiation Program under Chapter 519, Hawaii Revised Statutes, currently has no means of recapturing its expenses in administering the Program.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1807 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 Holt and Reed.

SCRep. 297 Human Services on S.B. No. 211

The purpose of this bill is to establish a Hawaii community action volunteers agency in the Office of the Governor to coordinate the use of volunteers for service within needy and deprived communities to assist the disadvantaged and the unfortunate to reach self-sufficiency.

The Hawaii Revised Statutes contain no provisions for a program of this nature at present. This bill would establish such a program in the Office of the Governor, utilizing volunteers who would be enrolled for one-year periods of service. Provisions for appointments, general functions, duties, powers of the agency, and requirements and allowances for volunteers are included in this bill.

Your Committee finds that the purpose of this bill is worthy of its support.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 211 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki, Aki and Levin.

SCRep. 298 Housing and Hawaiian Programs on S.B. No. 1094

The purpose of this bill is to make an appropriation for the improvement, repair, and maintenance of various housing projects on the islands of Hawaii, Kauai, Maui, and Oahu which are managed or administered by the Hawaii Housing Authority.

Your Committee heard testimony in support of this measure from the Hawaii Housing Authority and finds that due to federal cutbacks and the State's recent commitment to provide affordable housing, an increase of financial support for public housing projects is warranted. Failure to provide this much needed support will decrease the life span of the various projects and result in higher costs in future years. Your Committee further finds that timely repair and maintenance would be efficient and prudent, preventing unnecessary deterioration of the physical structures and increasing the pride and self-esteem of public housing residents.

Your Committee commends the Hawaii Housing Authority for its commitment to improving the living conditions and quality of life for all individuals throughout the State who reside in units managed or administered by the authority.

Your Committee amended the bill as follows:

- 1) Incorporated S.B. No. 1093 which appropriates \$3,415,500 for public housing beautification projects;
- 2) Included the beautification of public housing projects among the purposes for which funds are to be used;
- 3) Listed the individual projects and amount to be spent for repair, maintenance, improvement, or beautification; and

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

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1094, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1094, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 299 Human Services on S.B. No. 1897

The purpose of this bill is to establish a program under the Governor's Executive Office on Aging to provide grants to ensure the continued availability of services for the elderly of our State by:

- 1) Providing grants to renovate and improve existing senior centers, meal sites for nutrition programs, facilities for adult day care and adult day health programs;
- 2) Establishing qualifications for applicants and requirements for grants;
- 3) Providing that the Executive Office on Aging make efforts to ensure the equitable distribution of facilities according to demographic need;
- 4) Allowing the office to give various preference in awarding grants, including preference to renovations of a workplace to meet the employee's needs for assistance in caring for an elderly family member;
- 5) Requiring the Department of Accounting and General Services to disburse grants to selected applicants, and to monitor the renovations and improvements; and
- 6) Exempting grants program from various laws regulating expenditures of public funds.

Your Committee received testimony in support of this measure from the Governor's Executive Office on Aging, the Department of Human Services, the Department of Accounting and General Services, the National Association of Retired Federal Employees, and the Kokua Council for Senior Citizens of Hawaii.

Your Committee finds that there is an increasing demand for facilities and services for the elderly, and the grants proposed in this bill will greatly benefit the growing elderly population of this State.

Your Committee made several amendments to this bill including the following:

- 1) Deleted the word "exclusively" on page 2, line 20 so as not to limit the uses of the facilities;
- 2) Changed the agency responsible for disbursing and monitoring all grants from the Department of Accounting and General Services to the Executive Office on Aging for greater efficiency; and
- 3) Made technical, nonsubstantive amendments 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. 1897, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1897, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki, Aki and Levin.

SCRep. 300 Human Services on S.B. No. 1367

The purpose of this bill is to clarify the term "disabled" as it applies to criteria used by the Department of Human Services to determine eligibility for public assistance.

The bill also provides that employed persons shall be entitled to earned income exemptions equal to or greater than income exemptions provided under other financial assistance programs administered by the Department.

Under this bill, the term "disabled" means a disability which not only extends for over thirty days but also prevents the individual from engaging in substantial gainful employment, including employment which is entirely sedentary. "Sedentary work" would be defined as work characterized by minimal physical exertion as defined by the Social Security Administration for the federal Supplemental Security Income program, and would include lifting no more than ten pounds, occasionally lifting or carrying articles such as docket files, ledgers, and small tools, and limited standing and walking while carrying out job duties.

Your Committee finds that this bill would encourage general assistance recipients to seek employment by providing them the same incentives as are provided to families in the AFDC program.

Your Committee has amended this bill by:

- (1) Deleting the reference to the Social Security Administration and the Supplemental Security Income program in the definition of "sedentary work;"

(2) Providing that sedentary work shall entail lifting no more than twenty pounds, lifting or carrying articles at least fifty percent of the time, and standing and walking on the job at least fifty percent of the time;

(3) Clarifying the language relating to earned income exemptions; and

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

Your Committee on Human Services is in accord with the intent and purpose of S.B. 1367, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1367, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 301 Human Services on S.B. No. 1363

The purpose of this bill is to strengthen the laws relating to criminal injuries compensation.

Specifically, the bill does the following:

- (1) Provides for a five (rather than three) member Criminal Injuries Compensation Commission nominated by a panel composed of a crime victim, the Director of Corrections, the President of the Hawaii Bar Association, and one person each representing victim witness assistance programs, the Sexual Assault Coalition, M.A.D.D., the Hawaii State Committee on Family Violence, and the Child Abuse Coalition;
- (2) Increases the compensation of Commission members from \$50 to \$125 per day of active duty and the Chairman from \$55 to \$150 per day, and repeals maximum compensation amounts;
- (3) Provides for a Commission administrator to examine applications for compensation and propose awards subject to Commission approval and appeal to the Circuit Court;
- (4) Provides for compensation of a Hawaii resident killed or injured in another state that does not compensate crime victims;
- (5) Includes Second Degree murder, First, Second, and Third Degree negligent Homicide, First and Second Degree Negligent Injury, and Abuse of Family or Household Member as crimes for which recovery may be made;
- (6) Allows the Commission to consider late applications; and
- (7) Repeals the prohibition relating to awards to persons who are related to the offender or were living with the offender as spouse or household member at the time of the victim's injury or death.

Your Committee finds that it is appropriate at this time to reform the laws of the State relating to compensation of victims of violent crimes.

Your Committee has amended this bill as follows:

- (1) Deleted the material relating to compensation of victims injured in other states which do not have compensation programs;
- (2) Deleted the provision allowing the Commission to consider applications filed beyond the deadline if good cause is shown; and
- (3) Made technical changes which have no substantive effect.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1363, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1363, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 302 Housing and Hawaiian Programs on S.B. No. 572

The purpose of this bill is to appropriate \$50,000 to the Office of State Planning to develop, plan, and coordinate a "housing conference" to provide a forum for public and private views on housing trends in Hawaii.

The conference would determine the scope of housing for low-income, moderate-income, handicapped, and elderly citizens, set standards for affordability, and formulate proposals for housing policies accounting for population, economic, and land use changes in the community. Your Committee finds that a housing conference would be beneficial to the people of Hawaii and consistent with legislative objectives relating to housing.

Upon further consideration, your Committee has amended this bill by providing that the proposed conference will focus on implementation of existing affordable housing plans and how government can work with the private sector in providing more affordable housing.

Your Committee has also changed the expending agency to the Housing Finance and Development Corporation.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 572, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 572, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 303 Higher Education on S.B. No. 1631

The purpose of this bill is to amend the laws of the State relating to higher education.

Your Committee has amended this short form bill by inserting appropriations to enable the University of Hawaii-Hilo to proceed with the implementation of the West Hawaii facility, student housing phases I and II, and the baseball grandstand phase II.

Your Committee finds that these provisions will serve to enhance and expedite the work at the West Hawaii campus.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1631, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1631, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Mizuguchi.

SCRep. 304 Transportation on S.B. No. 1463

The purpose of this bill is to appropriate \$50,000 for fiscal year 1989-1990 for design and construction of sidewalks along Kamehameha Highway next to Kaaawa School. The funds would be expended by the Department of Transportation.

Your Committee finds that this project is necessary and for the public safety.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1463 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 Mizuguchi and George.

SCRep. 305 Transportation on S.B. No. 1279

The purpose of this bill is to appropriate funds for fiscal year 1989-1990 for additional marine patrol officers and related supplies and equipment including patrol vessels. The sum would be expended by the Department of Transportation.

Your Committee finds that the State needs more marine patrol officers to keep our waters safe.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1279 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 Mizuguchi and George.

SCRep. 306 Transportation on S.B. No. 544

The purpose of this bill is to amend Section 36-28, Hawaii Revised Statutes, by providing the Governor with the power, through executive order, to suspend transfers, in whole or in part, from the Highway Special Fund if the Director of Transportation determines that that the transfer of funds would result in the Fund's inability to cover its authorized expenditures. This bill also provides for the proper actions to be taken by the Governor, should such a problem occur.

Your Committee on Transportation finds that such an amendment is necessary if a problem such as loss of Federal funding occurs.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 544 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Menor, Mizuguchi and George.

SCRep. 307 Transportation on S.B. No. 1228

The purpose of this bill is to amend Sections 286-41 and 431:10C-117, Hawaii Revised Statutes, by requiring the owner of a motor vehicle to present proof of a current no-fault motor vehicle insurance policy when applying for a certificate of registration and provides for a fine of not more than \$1,000 if a person lies about possessing no fault insurance at the time of registration.

Your Committee finds that the possession of no-fault insurance is an inherent necessity for operators of motor vehicles in the State and that the absence of such a necessity warrants penalization.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1228 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Senators Menor, Mizuguchi and George.

SCRep. 308 Judiciary on S.B. No. 756

The purpose of this bill is to delete the statutorily-established salary for the Executive Director of the State Ethics Commission, and to allow the Commission to set the salary. The Legislature will retain control over the total amount of compensation paid to all Commission employees through the budgeting process.

Testimony was received from Ms. Cynthia Alm, Chairperson of the State Ethics Commission, in support of the measure. No testimony was received in opposition.

Because of the lengthy process of amending a statute to set the Executive Director's salary, that position has not received a pay increase since January 1, 1986. (Ch. 128, 1986 Session Laws of Hawaii, §29.) Your Committee finds that lengthy gaps between pay assessments neither encourage retention in government service, nor reward those public officials who display initiative and innovation.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 756 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 Holt and Reed.

SCRep. 309 (Joint) Higher Education and Business Development and Pacific Relations on S.B. No. 539

The purpose of this bill is to appropriate \$215,791 for fiscal year 1989-1990, and the sum of \$205,544 for fiscal year 1990-1991, for research and extension strategies on minimizing the effects of the anthurium bacterial blight in Hawaii.

Your Committees find that the problem of anthurium bacterial blight is a pressing dilemma that requires immediate attention.

Your Committees have amended this bill by decreasing the appropriation to \$130,145 for the first fiscal year and increasing the appropriation to \$304,389 for the second fiscal year due to the lack of federal support.

Your Committees on Higher Education and Business and Economic Development in accord with the intent and purpose of S.B. No. 539, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 539, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senators Holt, Mizuguchi, Aki and George.

SCRep. 310 Judiciary on S.B. No. 79

The purpose of this bill is to amend Sections 712-1200 and 712-1202 of the Hawaii Revised Statutes. The bill, as received, seeks to impose counselling as part of the sentence for first-time offenders. Section 712-1202 of the Hawaii Revised Statutes is also to be amended to increase the penalty for persons promoting prostitution by persons between the ages of fourteen and eighteen, and to make the language of the section gender-neutral.

Based on the testimony received by the Committee, it was determined that mandatory counselling might be unworkable due to the lack of available resources, and the fact that courts presently have the ability to require counselling in appropriate cases. Therefore, the Committee has deleted the counselling provision.

In reviewing this bill, the Committee noted that amending Section 712-1202, Hawaii Revised Statutes, to change the definition of Promotion of Prostitution in the First Degree requires a concurrent change in the definition of the offense of Promotion of Prostitution in the Second Degree (Section 712-1203, Hawaii Revised Statutes). This change has been made.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 79, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 79, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 311 Judiciary on S.B. No. 721

The purpose of this bill is to effect a number of changes to Hawaii's election laws. These include:

- (1) Granting the Chief Elections Officer investigatory and subpoena powers in the furtherance of his duties;
- (2) Providing that a failure by the Postal Service to deliver a voter verification card does not automatically cause removal of the voter from the rolls;
- (3) Providing for day-of-election registration;
- (4) Refining the procedure for voter challenges and appeals;
- (5) Repealing the sunset provision attached to the authorization to use sixteen year-olds as precinct workers, and redefining the date on which these persons become eligible for employment;
- (6) Restricting Board of Registration membership to non-candidates;
- (7) Requiring that employers give notice of workers' right to time off for voting;
- (8) Modifying the procedures for filling vacancies caused by candidate or officeholder withdrawal/resignation, death, or disqualification;
- (9) Establishing a mandatory tie-breaking mechanism;

- (10) Allowing nomination papers to be made available earlier;
- (11) Reducing the number of votes a nonpartisan candidate must receive in the primary to be placed on the general election ballot;
- (12) Redefining the statutory definition of Board of Education Districts to conform with the latest redistricting;
- (13) Increasing the penalties for voter registration fraud; and
- (14) Making an unspecified appropriation for implementation.

In addition, the bill originally contained a provision raising the pay of precinct officials.

Your Committee received testimony from the Lieutenant Governor and the Association of Clerks and Election Officers in support of this bill.

Your Committee favors providing the Chief Elections Officer with reasonable tools with which to administer the vital elections process. However, the Committee had concerns about the methods used to break ties and fill vacancies when a candidate withdraws, is disqualified, or dies before an election. Your Committee notes that other proposals have been made to solve these problems, and hopes that these alternatives will also be considered by other committees as this bill moves toward passage.

The bill has been amended to delete the provision for raising precinct officials' pay, as that matter has been addressed in S.B. 35, S.D. 1, which is also being passed out of this Committee today. Your Committee has been advised that the implementation cost of this bill will be \$35,000.00 after this deletion. That amount has been set as the appropriation. Technical and grammatical changes have also been made.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 721, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 721, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 312 Judiciary on S.B. No. 729

The purpose of this bill is to increase the number of judges on the Hawaii State Intermediate Court of Appeals, to handle the increased caseload of the court.

The Intermediate Court of Appeals presently consists of three members: a chief judge and two associate judges. The original draft of S.B. No. 729 called for the increase in the number of judges on the Intermediate Court of Appeals to five: one chief judge, and four associate judges.

At the hearing for this committee, it was indicated that at the present time, it was anticipated that only one additional judge position would be filled. Your Committee has therefore decreased the number of additional judges to one.

Based on the reduced number of positions, your Committee has changed the amount of appropriation from the general fund to carry out the purpose of this Act to \$1.00, as your Committee will defer calculation of the exact appropriation amount to the Committee on Ways and Means.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. 729, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 729, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 313 Judiciary on S.B. No. 733

The purpose of this bill is to amend Section 76-16, Hawaii Revised Statutes, by adding non-civil service private secretaries and law clerks to assist the Administrative Director of the Courts, the Deputy Administrative Director, and specified judges of the First Circuit Court.

The Committee received testimony from the Judiciary stating that all except one of the positions listed in the bill are presently in existence, and are being filled by temporary hires. The Judiciary seeks to have these positions made permanent, and to create one new law clerk position for the Administrative Judge of the District Court, First Circuit. According to the Judiciary, funds for all positions have been included in the 1989-1991 biennium budget it submitted.

The Committee has corrected a typographical error in the bill.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 733, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 733, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 314 Judiciary on S.B. No. 717

The purpose of this bill is to eliminate the current requirement that registrants be examined under oath about their qualifications to vote; to specify that the county clerk shall enter 'unable to sign' on the signature line of an application form where the registrant is unable to write due to illiteracy, blindness, or other physical disability; to permit mail-in applications upon self-subscribing oaths; and to make technical changes to the current law.

Testimony was received from the Lieutenant Governor, the Office of Hawaiian Affairs, and other interested groups in favor of this bill. Based on testimony that other jurisdictions verify mail-in voter applications, your Committee has amended the bill to include such a requirement. Your Committee has also included a general fund appropriation of \$250,000.00 for the 1989-91 biennium based on the Lieutenant Governor's cost estimate for implementing these changes.

The Committee firmly believes that positive steps must be taken to increase citizen participation in the electoral process. By making voter registration easier, it is hoped that those persons who now find it too inconvenient to seek out a voter registrar will be induced to either make the effort, or to register by mail.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 717, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. 717, S. D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 315 Judiciary on S.B. No. 735

The purpose of this bill is to make permanent the alternative dispute resolution program. The Hawaii state circuit court Court Annexed Arbitration Program is to be made a part of the alternative dispute resolution program. The purpose of S.B. No. 735 is not to expand the current scope and purpose of the alternative dispute resolution program.

At the public hearing on S.B. No. 735, your committee received testimony in support of the bill. The testimony included that from Janice Wolf, the administrative director of the Hawaii State Courts, deputy attorney generals for the State of Hawaii, Laurence K. Lau and Charles Fell, Parent and Advocates of Waimanu, and attorney, William A. Stricklin. In addition, the committee received a communication from the Hawaii State Bar Association in support of this bill.

In the testimony provided by the Office of the Attorney General, it was expressed that as for S.B. No. 735, as was originally submitted, might be interpreted to create a forum which would in turn be construed as an implied waiver of sovereign immunity. For this reason, we are adding a new Section 3 to this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 735, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 735, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 316 Judiciary on S.B. No. 35

The purpose of this bill is to amend Section 11-76, Hawaii Revised Statutes, to alter the compensation paid to election precinct officials and alternate precinct officials.

This bill essentially duplicates the precinct official compensation request made by the Lieutenant Governor in S.B. 721. In order to avoid confusion and possible duplication, the language of the Lieutenant Governor's request has been deleted from S.B. 721 and inserted in this bill. These changes render Section 11-76 gender-neutral, increase the compensation of precinct officials, make alternates eligible for compensation when they are not placed for work in a single election, and make an appropriation of \$108,195.00 from general funds to pay for the projected increase in compensation.

Your Committee received testimony from the Lieutenant Governor stating that precinct officials spend many hours in training, setting up, manning, and dismantling precinct polling places, and have not received any increase in their stipend in the past seven years. The Lieutenant Governor indicated that it is increasingly difficult to find public service-minded individuals who are willing to work as precinct officials without any regard to compensation.

Given the crucial role that free and fair elections play in our form of government, your Committee strongly believes that as many persons as possible should be encouraged to work in polling places, and that those who do sacrifice their time should receive more than a token stipend in return.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 35, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 35, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 317 Judiciary on S.B. No. 783

The purpose of this bill as received by your Committee is to establish an autonomous office of youth services within the department of human services under which all youth services programs would be housed to facilitate optimum service delivery to troubled youths and to reduce the incidence of repeat offenders among juveniles through the offering of rehabilitation and treatment programs. In establishing the office of youth services, the bill proposes to transfer to the office, the functions of: the family court relating to the supervision of law violators and status offenders, and the establishment of detention and shelter facilities; the department of corrections relating to juvenile parole; the department of human services relating to foster care and child abuse; and the department of health relating to mental health services for children.

Your Committee strongly believes that youth services, for too long, have suffered from neglect primarily because the various functions have been split among different agencies and coordinative efforts in the past have proven ineffective. Two years ago, the legislature established an interdisciplinary committee to conduct a comprehensive study on the juvenile justice system in Hawaii and to make recommendations on the appropriate placement of youth corrections. The interdisciplinary committee, in its report to the legislature this year, recommended that a new agency be established to provide a continuum of services for youths, but that a two-year planning effort under the governor's direction be funded to determine the specifics of the new agency. Your Committee is in agreement with the concept of a separate agency for youth services; however, your Committee submits that another two-year delay in the reorganization of youth corrections is unwarranted.

Your Committee believes that the creation of a separate and independent agency, as proposed by S.B. No. 783, to plan and implement youth services under a common philosophy with cohesive goals and objectives will provide the State with the necessary base from which to effectively assist troubled youth and minimize deviant behavior. If the State intends to come to grips with the burgeoning youth-related problems in this State, such as youth gang violence, drug abuse, child abuse, and apathy in education, the legislature must take affirmative steps to establish a new agency for youth services which can assume transferred functions by July 1, 1990.

Testimony received by your Committee, while in general agreement with the establishment of an independent office of youth services, raised concerns that some of the programs within a particular function, such as mental health services for children, would not be appropriate for transfer to the new agency. Accordingly, your Committee has amended the bill to allow the office of youth services, during its first six months, to develop operational and organizational plans that will serve as the blueprints for the transfer of specific programs from the department of corrections, department of human services, department of health, and the family court. The operational and organizational plans shall be submitted to the legislature for consideration during the 1990 regular session.

It is the specific intent of your Committee that the functions proposed to be transferred by S.B. No. 783 as originally introduced, except for the detention facilities function, should be encompassed within the office of youth services unless the office of youth services shows good cause as to why the transfer of such functions or particular programs within such functions would be inappropriate for transfer. It is also the intent of your Committee that the transfer of all appropriate functions as specified by the office of youth services in its operational and organizational plans shall occur on July 1, 1990.

Your Committee has also amended the bill by deleting all provisions effectuating the transfers of specific functions, since it is your Committee's intent that the office of youth services shall develop enabling legislation to implement its operational and organizational plans to be submitted to the 1990 legislative session. The membership of the juvenile justice interagency board has also been amended to include the police chiefs and prosecutors of all counties to assure broad-based representation. Your Committee has further amended the bill to add language which directs the office of youth services to immediately implement selected alternative programs, such as the ocean/wilderness challenge program, by contract. Your Committee has also provided for the transfer of funds to the office which may be appropriated this session to the department of corrections and the family court for the ocean/wilderness challenge program and to the attorney general for staff training and development as provided in S.B. No. 915.

Finally, your Committee has amended the bill by inserting an appropriation of \$660,904 for the operations of the office of youth services for fiscal year 1989-1990.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 783, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 783, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 318 Judiciary on S.B. No. 1413

The purpose of this bill is to carry out the intention of the 1988 Legislature that the state Civil Rights Commission be granted enforcement authority based on a study of requirements conducted between legislative sessions. Under current law, the yet-to-be created Commission will have the authority to receive and process complaints regarding civil rights violations, but will lack any enforcement capability if mediation and conciliation are not effective.

Your Committee received testimony enthusiastically endorsing this bill from numerous social service and civil rights organizations. However, in the course of the testimony, it became clear that amendments were required to clarify the scope of the bill, avoid potential gaps in enforcement, and eliminate confusing or contradictory language.

Therefore, your Committee has amended this bill by clarifying that the Commission's authority extends only to the employment discrimination provisions contained in Part I of Chapter 378, Hawaii Revised Statutes. At the suggestion of the Department of Labor and Industrial Relations, Section 378-6, Hawaii Revised Statutes, has been retained.

The provision apparently allowing issuance of a pre-hearing cease-and-desist order has been deleted since there did not appear to be any due process safeguards, and since the Commission has been granted authority to seek temporary restraining orders in the courts. The notice-of-right-to-sue provision has been altered to remove the Commission's absolute discretion in issuing the notice. Deadlines for investigation and initiation of formal hearings have been included to assure prompt processing of complaints by the Commission staff. Other technical and grammatical changes have been made to clarify the bill.

Your committee requested that the proponents of this bill provide an estimate of the necessary appropriation for implementation of this law. That figure has been inserted into the bill with the expressed understanding that the budget used to derive the appropriation has not been reviewed by this Committee.

Finally, your Committee wishes to express its desire that the Commission be staffed with persons who are experienced in the area of civil rights enforcement. However, this is not to be interpreted as legislative intent that the civil service laws or regulations should be set aside, or that persons presently engaged in enforcement should be overlooked. The commission must make its own hiring practices a paragon of fairness in order to set an example for other agencies to follow.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1413, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1413, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 319 Judiciary on S.B. No. 470

The purpose of this bill is to establish an adult protective services program within the Department of Human Services to assist adults who are victimized because they are physically or mentally impaired and are therefore dependent on others. This bill was consolidated with S.B. No. 1876 for hearing purposes, as both bills were similar in intent and form.

In response to concerns about the bill's impact on privacy and search-and-seizure protections, changes were made to: (1) clarify the circumstances under which the Department or a guardian ad litem may obtain the dependent adult's records without a court order; (2) restrict the situations in which the Department's employees may force entry into homes; and (3) amend §571-84, Hawaii Revised Statutes, to make Family Court records of dependent adult abuse proceedings confidential.

At the suggestion of the Family Court, amendments were made to delete the implied authority of Department employees to require that a police officer enforce the domestic abuse laws, and to reduce the possibility that this law would be used by unscrupulous medical practitioners to obtain authorization for major medical treatment under the allowance for "emergency medical services". Although the Family Court expressed reservations about the cost and feasibility of extensive court involvement in these cases, your Committee received testimony from the Department of Human Services indicating that the estimated number of cases in this area is 100 per year, and that very few will require any judicial intervention. On that basis, your Committee has not inserted any appropriation for additional Family Court staff. It is also the Committee's understanding that the Department of Human Service's executive budget request includes sufficient funds to implement this program.

Several provisions from S.B. 1876 were incorporated into this bill so that it would reflect the best aspects of both proposals. A number of technical and grammatical changes have been made to clarify the bill and conform its provisions to existing law.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 470, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 470, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 320 Judiciary on S.B. No. 1937

The purpose of this bill is to alter the salaries of supreme court, intermediate court of appeals, circuit court, and district court judges.

Your committee strongly supports adequate financial incentives to make service on the courts of this State appealing to experienced practitioners. Although your Committee was provided with testimony concerning the levels to which judicial salaries should be raised, it is the opinion of your Committee that it would be premature to incorporate any of the figures into the bill at this point, since: (1) salaries for the judicial branch should be evaluated on a comprehensive basis with any proposed executive branch increases, as well as the projected outcome of collective bargaining with the public employee unions; and (2) the time left before this bill must pass from this Committee made careful scrutiny of the detailed supporting materials which were submitted impractical. It is hoped that the Committee on Ways and Means will be able to provide the comprehensive and careful analysis this bill warrants.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1937 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 321 Judiciary on S.B. No. 1935

The purpose of this bill is to carry out the mandate of Article VI, Section 3 of the Hawaii Constitution (1978) by establishing a judicial salary commission. The commission will be empowered to review and recommend salaries, with reports submitted to the Legislature, Governor and Chief Justice prior to the legislative session considering the biennium budget. The Chief Justice is mandated to submit the recommendation as part of the Judiciary's budget proposal.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1935 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 322 Judiciary on S.B. No. 745

The purpose of this bill is to make an appropriation for the Judiciary during the fiscal biennium of 1989-1991.

In reviewing this budget, your Committee worked closely with the Administrative Director of the Hawaii State Judiciary, and the Legislative Auditor. The budget was amended to achieve the goals of sound management and well-defined fiscal policies for the Judiciary.

In January of 1989, the Legislative Auditor issued its management and fiscal audit of the Judiciary. The Committee has worked to assure that the budget addresses the problem areas identified in the management and financial audit.

To this end, the budget has been amended:

- To contain a proviso mandating that the Judiciary implement specific recommendations of the Audit by the next legislative session. The Legislative Auditor is to report back to the Legislature on the extent to which the Judiciary has complied with this mandate.
- To establish two key positions recommended by the audit: A chief information officer to develop and oversee the implementation of a plan to assess the Judiciary's computer needs and requirements, coordinate and evaluate computer purchases, and to integrate computer systems; and a C.I.P. Coordinator to work with the Department of Accounting and General Services on the plan, design, and construction of new court facilities.
- And to provide the Administrative Director with two key administrative positions requested by the Judiciary: An Administrator to oversee the planning functions; and an Administrative Assistant to the Administrative Director. These administrative positions should assist the Administrative Director in addressing the Audit recommendations.

Through the budget process, the Committee has carefully screened proposed computer purchases by approving only those requests deemed absolutely necessary to handle the Judiciary's backlog and workload problems. Otherwise, the Committee followed the recommendations of one of the Auditor's consultants that computer purchases be put on hold until the Judiciary develops a comprehensive computerization plan.

Funding for the Judiciary's requested Optical Disk Hardware (ODH) is on a one-year pilot project basis. The Judiciary is mandated to report back to the Legislature on its evaluation of the benefits of ODH, as well as the anticipated benefit of this technology to the Judiciary in the future. Funds are to be used only for the lease, and not outright purchase, of the equipment.

This budget funds the Judiciary's purchase of service contracts for fiscal year 1989-1990. Purchase of service contracts for the period of 1990-1991 are made subject to the approval of the Legislature. Prior to the start of the 1990 legislative session, the Judiciary is to provide the Legislature with a complete, detailed plan on how the Judiciary will monitor all purchase of service providers. This plan shall include procedures to evaluate the functions and effectiveness of all programs covered by the purchase of service contract.

Members of the Committee have expressed some concern over the past accumulation of savings in the Judiciary's budget, which were diverted to other uses. Your Committee believes that all monies budgeted to the Judiciary should be expended specifically for the purposes set forth in the budget. All monies not expended for a specified purpose are to be used only in the same manner as is customary in the Executive Branch, subject to a 1% transfer ceiling. A proviso carrying out this intent has been added to the budget bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 745, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 745, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Aki, Holt and Reed.

SCRep. 323 Judiciary on S.B. No. 840

The purpose of this bill is to add judges of the District Courts to the definition of 'judges' in the State employees retirement law (Chapter 88).

Testimony was received from the Judiciary indicating that this bill was necessary to address an inequity in how retirement benefits are computed for District Court judges.

Based on the Committee's review of this bill, it was determined that district family court judges be specifically included in the bill to avoid any possibility that they will be excluded from coverage.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 840, as amended herein, and recommends that it pass Second Reading as S.B. No. 840, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 324 Judiciary on S.B. No 1565

The purpose of this bill is to enact alternative sentencing in criminal cases concerning defendants who are convicted of sexually assaulting children who are members of their family and to thereby create a more effective and efficient legal approach to an increasingly serious and complex threat to our children and our families.

Your Committee received testimony both favorable and opposed to the bill as introduced. The Chair sought to have the parties reach a compromise on the bill to ameliorate the concerns expressed. The changes suggested by the parties have been incorporated.

However, because of the short period within which the parties could confer before this committee was required to take action on this bill, there may be additional issues which will have to be addressed as this bill progresses toward final passage.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1565, as amended, and recommends that it pass Second Reading as S.B. No. 1565, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 325 Judiciary on S.B. No. 1110

The purpose of this bill is to amend Section 712-1200 of the Hawaii Revised Statutes to make it clear that the customer of a prostitute is also guilty of the offense of prostitution, and establish that law enforcement officers carrying out their duties (e.g., in so-called 'sting' operations) are not guilty of the offense of prostitution. The bill, as received, also seeks to impose counselling as the sentence for first-time offenders under the age of eighteen. Section 712-1202 of the Hawaii Revised Statutes is also to be amended to increase the penalty for persons promoting prostitution by persons between the ages of fourteen and eighteen, and to make the language of the section gender-neutral.

The Committee received testimony from representatives of the Honolulu Police Department, the Waikiki Residents Association, the Public Defender's Office, and the Waikiki Health Center on this bill.

Based upon that testimony, and a review of the current law, it was determined that minors under eighteen years of age are generally under the jurisdiction of the Family Court, which already has authority to impose counselling. There are also concerns that the counselling provision would not be workable due to the limited services available, and that because of the interplay between Family Court and criminal court jurisdiction, a person with prior prostitution arrests adjudicated in Family Court could be sentenced only to counselling on his/her first criminal court appearance. For these reasons, the bill has been amended to delete the counselling provision. Because the changes to section 712-1202 proposed by this bill are duplicated in S.B. 79, S.D. 1, they have been deleted from this bill.

The Committee has concerns that the exemption for police officers contained in this bill might be interpreted as a signal that police officers on "sting" operations may aggressively approach citizens. Your Committee wishes to make it absolutely clear that entrapment will not be condoned, and that the constitutional rights of citizens shall not, in any way, be infringed by the language of this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1110, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1110, S. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 326 Judiciary on S.B. No. 1460

The purpose of this bill is to create a voter information pamphlet to be published under the direction of the Lieutenant Governor for each primary and general election. The pamphlet will provide election information, including photographs and brief statements by candidates.

Your Committee made three amendments to the original draft of S.B. No. 1460.

The first amendment concerns a caveat to warn the voters that the truth of the candidates' statements had not been verified. In this regard, the following amendments are as follows:

"The pamphlet shall clearly state on its cover and as appropriate within its text that the State has not verified the truth of any of the statements made by the candidates."

Concern was expressed by your Committee regarding the candidate information contained in the voter registration pamphlets. In such regard, the following amendment was made:

"The chief election officer shall develop a form to be used by the candidates in submitting their biographical information and written responses. The form shall include a self-subscribing oath that the candidate has reviewed the biographical information and written responses being submitted, and that all factual matters are true and correct to the best of the candidate's knowledge. No submission will be accepted without the candidate's oath."

The third amendment was made by your Committee regarding concerns expressed that advertisements contained within the voter information pamphlets, if any, could be construed as an endorsement by the State of Hawaii of such product. In such regard, the following amendment was made:

"The pamphlet shall clearly state that neither the chief elections officer nor the State of Hawaii endorse the products or services advertised."

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1460, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1460, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 327 Judiciary on S.B. No. 1866

The purpose of this bill is to shift responsibility for paying court-appointed defense counsel from the Department of Budget and Finance to the Judiciary.

Testimony was received which indicated that the current system is inefficient, resulting in long delays in paying attorneys. In some cases, the State has been forced to pay interest on the fees because of delays. The bill seeks to speed up the payment process by streamlining approvals of vouchers.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1866 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 Holt and Reed.

SCRep. 328 Judiciary on S.B. No. 1865

The purpose of this bill is to eliminate witness fees paid by the Public Defender's Office from the scope of Section 621-9, Hawaii Revised Statutes; to shift responsibility for paying certified state and court-appointed defense counsel witness fees from the Department of Budget and Finance to the Judiciary; and to make the section gender-neutral.

Testimony was received from the Department of Budget and Finance indicating that the present payment system is inefficient, resulting in long payment delays. In some cases, the State has been required to pay interest on the late payments. This bill seeks to speed up the payment approval process, thereby reducing payment delays.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1865 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 Holt and Reed.

SCRep. 329 Judiciary on S.B. No. 1800

As submitted to your Committee, the purpose of this bill was to include the programs, projects, and activities on the subject of crime, including crime research, prevention, and education, as functions of the Department of the Attorney General. The bill also sunsetted the Hawaii Criminal Justice Commission. Further, the bill provided general rule-making authority for the Department of the Attorney General and transferred the Commission's functions, staff, appropriations, and records to the Department.

The Attorney General testified that he requires statewide information on various aspects of the crime problem, but lacks both the staff and a statutory mandate to obtain it. Further, the Attorney General indicated that his department required general rule-making authority to carry out the mandate of this bill and to assist in the overall management of the various boards and other agencies being attached to his department.

Based upon comments at the hearing and research into the functions of the Hawaii Criminal Justice Commission, your Committee has amended the bill to transfer the staff of the Commission into the Department of the Attorney General, while retaining a modified Criminal Justice Commission.

The seven members of the Commission will be appointed by the Governor with the advise and consent of the Senate. Your Committee requires the Commission to perform research function on matters directed to it by the Attorney General and to advise the Attorney General on matters referred to it for review and on matters of interest and concern to the residents of the members' community.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1800, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1800, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 330 Energy and Natural Resources on S.B. No. 223

The purpose of this bill is to provide seed money to cover advance marketing that will spread the word on the "OCEANS 91" conference to potential researchers and industry representatives. This appropriation will ensure a high attendance rate for this conference and maximize the exposure of Hawaii.

All testimony received was in favor of the bill. The conference will benefit many groups in Hawaii including engineers, researchers, and the business community who are the main attendees of these conferences. There is a great potential for attracting new industries and research activities to Hawaii by showcasing our present achievements and ideal environment.

Your Committee has amended Section 1 of the bill by consolidating the funding of \$75,000 to cover fiscal years 1989-1990 and 1990-1991. The following sentence was added to line 7 following the words "in 1991": "These funds shall

be considered as an advance and shall be repaid to the State at the successful conclusion of the conference; provided that any profits are made." This amendment was made to ensure that the funds are treated as a loan.

The purpose of this amendment is to enable the State to recover its seed money upon the successful conclusion of the conference. Your Committee has also made technical changes which have no substantive effect.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 223, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 223, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Fernandes Salling, Holt and George.

SCRep. 331 Energy and Natural Resources on S.B. No. 554

The purpose of this bill is to add a new chapter to establish the ocean thermal energy conversion development fund to encourage the development of ocean thermal energy conversion projects that have commercial applications. Projects funded under this chapter shall require matching amounts from nonstate sources, and equipment and facilities shall revert to the State following the termination of each project. This includes the ownership of all equipment and facilities purchased or constructed by ocean thermal energy conversion projects which are financed by the ocean thermal energy conversion fund.

Testimony in support of this bill was received from the Department of Business and Economic Development and the Natural Energy Laboratory of Hawaii.

Your Committee amended this bill by adding a sum of \$5 million dollars for the planning, design, and construction of a 40 inch warm and cold water pipeline for the closed cycle OTEC to encourage aggressive research and advance the commercialization phase of the cold cycle ocean thermal energy conversion development. Your Committee also amended the bill by granting the Natural Energy Laboratory of Hawaii the ability to waive the matching of funds to properly qualified projects.

The sum appropriated shall be expended by the Department of Business and Economic Development.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 554, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 554, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Hagino, Holt and George.

SCRep. 332 Energy and Natural Resources on S.B. No. 430

The purpose of this bill is to assign to the Department of Land and Natural Resources the responsibility to establish overland corridors for the transmission of energy generated through geothermal sources, including but not limited to thermal energy, electrical energy, or water power. These overland corridors may also be used for the transmission of telecommunications.

Your Committee heard testimonies from the Department of Business and Economic Development, the Department of Transportation, the Department of Land and Natural Resources, Hawaiian Electric Company, Inc., and True/MidPacific Geothermal, Inc.

Your Committee has amended the bill as follows:

(a) The Department of Transportation is responsible for establishing all types of energy corridors except corridors for "other than geothermal-based and hydro" energy.

(b) The use of these corridors is permissive rather than mandatory. The developers and utility companies will not be required to use these corridors if other more viable alternatives are available.

(c) In order to encourage development of geothermal resources for intracounty use, transmission costs incurred by the developers of intracounty projects not recovered by avoided cost payments made by the contracting utility will be recovered by the developers through a waiver of the State's mineral rights royalties provided that the transmission line(s) are constructed and in service not later than December 31, 1995.

(d) The Department of Business and Economic Development is designated the lead agency in the development of geothermal energy corridors rather than the Department of Land and Natural Resources. This is done to eliminate a perceived conflict of interest with the Department of Land and Natural Resources establishing corridors but at the same time having the responsibility for regular land use.

(e) The original bill misquoted the Hawaii Revised Statutes by referring to the wrong Chapter. References to Chapter 196D were changed to Chapter 196 and sections of Chapter 196 were restructured into parts.

Your Committee also made technical, nonsubstantive changes to conform with recommended drafting style.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 430, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 430, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all the members of the Committee except Senators Chang, Holt and George.

SCRep. 333 Energy and Natural Resources on S.B. No. 454

The purpose of this bill is to appropriate \$65,000 for fiscal year 1989-1990 and \$68,000 for fiscal year 1990-1991, to establish a computerized land use information system at the University of Hawaii, College of Tropical Agriculture and Human Resources.

The procedure for evaluating, ranking, and identifying important agricultural lands for the State involves an extremely large amount of land use data and calculations, which is best carried out by means of computer analysis.

The College, by July 1, 1989, will complete its task of gathering and processing the needed information.

Your Committee finds that the computerized land evaluation and site assessment system and the information gathered in the process, will be very useful in improving land use planning functions in the State. Information gathered by the computerized LESA system may be utilized by the Office of State Planning in its five-year district boundary review and may be used by the counties for developing and revising their environmental, economic, or other development plans. Your Committee finds that this appropriation to continue implementation of the LESA commission's recommendations on HNRIS is vital to the State's land use planning process.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 454 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 Holt and George..

SCRep. 334 Energy and Natural Resources on S.B. No. 1048

The purpose of this bill is to appropriate \$47,000 for fiscal year 1989-1990, and \$33,000 for fiscal year 1990-1991 to conduct research on the islands of Maui and Hawaii to determine the actual amount of solar radiation that is received at specific elevations on these islands.

Your Committee finds that the efficient use of alternate energy resources must be preceded by comprehensive knowledge of the collection of the alternate energy source.

Your Committee has amended this bill by doubling the appropriated amounts for fiscal years 1989-1990 and 1990-1991 to provide for a statewide research program.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1048, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1048, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Chang, Holt and George.

SCRep. 335 Energy and Natural Resources on S.B. No. 1614

The purpose of this bill is to appropriate \$16,000 for fiscal year 1989-1990 for membership in the Pacific Marine Fisheries Commission. The sum appropriated would be expended by the Department of Land and Natural Resources.

Your Committee finds that affiliation with a multistate commission would greatly benefit Hawaii in the effective management and promotion of the its fisheries industries and ensure receipt of federal appropriations which are available to regional fish commissions.

The testimony of the Department of Land and Natural Resources recommended a trial membership of two years in this organization, and your Committee has amended the bill to reflect that recommendation.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1614, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1614, S.D. 2, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Chang, Holt and George.

SCRep. 336 Energy and Natural Resources on S.B. No. 1802

The purpose of this bill is to authorize energy performance contracting for public facilities.

Energy performance contracting is an agreement for the provision of energy services and equipment in which a private sector person or company agrees to finance, design, install, maintain, and operate the equipment in exchange for a portion of the energy cost savings generated by the project.

Performance contracting is a means to help State agencies economically upgrade their equipment and improve energy efficiency within their facilities. This would be of particular value to hospitals, correctional facilities, and large public housing projects.

Your Committee has amended this bill by eliminating the proposed paragraph (5) of subsection (b) giving the State absolute authority to terminate any valid performance contract "without penalty or expense to the agency of any kind

whatsoever". Reference to this paragraph has been removed because it contradicts the aim of promoting energy performance contracting.

Your Committee has also amended the proposed paragraph (6) of subsection (b) for purposes of clarity.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1802, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1802, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Hagino, Holt and George.

SCRep. 337 Energy and Natural Resources on S.B. No. 1810

The purpose of this bill is to create an agency, the Hawaii Island Natural Resource and Energy Authority (Authority), to consolidate management of the Natural Energy Laboratory of Hawaii (NELH) and the Hawaii Ocean Science and Technology (HOST) Park.

This bill would place the new Authority in the Department of Business and Economic Development for administrative purposes; create a nine member Board of Directors appointed by the Governor; establish powers and duties of the Authority; allow for the appointment of a research advisory committee by the Authority; create a special fund for all monies and fees received by the Authority; allow an exemption for the Authority from taxation and competitive bidding; transfer accrued benefits of former NELH employees to the new Authority when they are hired; transfer NELH and HOST records, equipment, etc. to the new Authority; and make an appropriation for each year of the biennium to be expended by the Department of Business and Economic Development.

Your Committee heard supporting testimony from the Mayor of the County of Hawaii, Dr. John Craven, who is the Director of the Law of the Sea Institute and the Chairman of the Board of the Natural Energy Laboratory of Hawaii (NELH), and the Department of Land And Natural Resources and finds that the enactment of this bill would be the next logical step in the evolution of the NELH and HOST Park concepts, that is, the consolidation of administrative duties of both organizations under one Authority.

Your Committee has amended this bill as received by making the following changes:

- 1) Page 3, line 7: Added the words "and applied" before "research" to clarify and strengthen the Authority;
- 2) Page 9, lines 1-5: Deleted the sentence stating that the Mayor of the County of Hawaii and the President of the University of Hawaii shall submit a list of three names from which the Governor shall select two members of the Authority;
- 3) Page 9, line 11: Added the clause "two members elected by the members of the Research Advisory Committee, one of which shall be the Director of the Law of the Sea Institute" to provide the technical expertise required in the Authority;
- 4) Page 9, line 13: Deleted the Director of Budget and Finance and inserted the the President of the University of Hawaii and the Mayor of the County of Hawaii;
- 5) Page 12, line 11: Deleted the word "the" as a technical change.
- 6) Page 19, line 10 and 12: Inserted the amount of \$1.
- 7) Technical nonsubstantive changes to conform the bill to recommended drafting style.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1810, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1810, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and George.

SCRep. 338 (Joint) Transportation and Judiciary on S.B. No. 1150

The purpose of this bill is to provide for streamlining the handling of traffic cases to achieve an expeditious system for judicial processing of traffic infractions. This is to be accomplished through the reallocation and integration of the present traffic division of the district courts, with the current judges, staffing, equipment, resources, etc., into the system called for in this bill. This chapter does not call for an expansion of the current traffic division of the district courts, but seeks greater efficiency and use of the existing system.

Your Committee do not believe it appropriate to create a new system of traffic hearings commissioners as was called for under the original version of this bill.

Under this bill, the current primary enforcement mechanism of penal summons and bench warrants would be replaced by the use of default judgments and license suspensions.

The bill proposes that the traffic arraignment process is to be minimized through the emphasis on a new notice of citation which is part of the traffic citation process. The bill also contains proposals to substantially increase the productivity of the traffic trial courts. In most cases, only the judge, court clerk or bailiff, and person receiving the traffic citation need appear. The prosecuting attorney will not be involved in the process and, in most cases, the police and witnesses will not be required to appear. The expedited trial process will be facilitated by the inapplicability of the

Hawaii Rules of Evidence, and fact that the court may consider the citation, police reports, documents produced by the individual who has been cited, etc. in reaching a decision.

Your Committees recognize that this bill which calls for the decriminalization of traffic infractions may improve the present method of handling traffic cases. However, before this matter proceeds further, it is imperative that the judiciary devise a specific feasibility and implementation plan. The implementation process itself is expected to take at least a year. Accordingly, the effective date of this Act shall be July 1, 1991.

Your Committees have made amendments to this bill in S.D. 1 which we believe are essential to the carrying out the purposes and intent of this Act.

To facilitate further discussion on this bill, your Committees on Transportation and Judiciary recommend that S.B. No. 1150, as amended herein, pass Second Reading as attached hereto as S.B. No. 1150, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senators Holt, McCartney, Mizuguchi, Reed and George.

SCRep. 339 Judiciary on S.B. No. 1801

The purpose of this bill is to extend the existence of the Hawaii Criminal Justice Data Interagency Board through June 30, 1993. The Committee received favorable testimony from the Attorney General on this measure.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1801 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 340 Judiciary on S.B. No. 915

The purpose of this bill is to provide additional funding for services to juvenile offenders.

Your committee firmly believes that services for juvenile offenders have not been sufficient to date, and that there are clear gaps in the delivery of services to these troubled members of our society. Although the funds in this bill are being appropriated to existing agencies, it is your Committee's intention that the staff training and development funds in Section 5 and the wilderness/ocean challenge funds in Sections 3 and 6 be transferred to the Office of Youth Services upon its creation. Language has been inserted in S.B. No. 783, S.D. 1 (Relating to the Reorganization of Youth Services), to accomplish this intent.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 915 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 341 Judiciary on S.B. No. 629

The purpose of this bill is to establish a permanent, non-civil service Special Assistant to the Attorney General. A secretary's position is also created to service the Special Assistant.

The Attorney General testified that a Special Assistant is required to coordinate all of the Attorney General's non-legal responsibilities, and to function as a "troubleshooter" and special assignments person. A special assistant is presently employed in the Attorney General's office, using a position 'borrowed' from elsewhere in the Executive branch. This bill will give the position permanency.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 629 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 342 Judiciary on S.B. No. 1497

The purpose of this bill is to appropriate funds for family violence programs.

Your Committee received substantial testimony concerning the inability of family service agencies to adequately address the growing number of abusive persons being referred to their programs based on current funding levels. Testimony also received on the bill indicates additional funds would allow further outreach and counselling to the victims of family violence. Your Committee received testimony from persons who have been helped by family violence programs.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1497 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 343 Judiciary on S.B. No. 628

The purpose of this bill is to provide a general fund appropriation to satisfy claims against the State of Hawaii for refunds, reimbursements, payments of judgments or settlements, and other payments, as described in the bill.

Testimony was received from the Attorney General who stated that two more claims against the State had been settled since preparation of the bill. The Attorney General asked that the following items be added to the bill:

JUDGMENTS AGAINST THE STATE AND SETTLEMENT OF CLAIMS:

Elwell v. State of Hawaii, et al.
Civil No. 49283, First Circuit
Amount of Settlement: \$30,000.00
No Interest

Terry v. State of Hawaii
Civil No. 86-0590, First Circuit
Amount of Settlement: \$15,000.00
No Interest

The bill has been amended to add these amounts.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 628, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 628, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 344 Higher Education on S.B. No. 1404

The purpose of this bill is to appropriate \$14,586,000 for fiscal years 1989-1990 and 1990-1991 for the design and construction of a new building for the School of Architecture, University of Hawaii at Manoa.

Your Committee has amended this bill by appropriating \$500,000 in fiscal year 1989-1990, for planning and design and \$7,500 in fiscal year 1990-1991, for design and construction of a new building for the School of Architecture, University of Hawaii at Manoa.

The appropriation is made to insure the school's compliance with appropriate accreditation standards.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1404, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1404, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Mizuguchi.

SCRep. 345 Higher Education on S.B. No. 1407

The purpose of this bill is to authorize the Director of Finance to issue general obligation bonds in the sum of \$5,000,000 for fiscal biennium 1898-1991, for the construction of the Hawaiian Studies Center at the University of Hawaii at Manoa.

Your Committee received supporting testimony from students and staff of the University of Hawaii, Mililani B. Trask, Kia Aina, Attorney at Law, Professor Luciano Minerbi, R. Keoni Fairbanks, Lillian P. Kruse and Antoinette Freitas. Your Committee finds the current facilities available to the Hawaiian Studies Center are inadequate and not centrally located, thereby limiting the growth and effectiveness of the program.

Your Committee has amended the appropriation to \$2,500,000 for fiscal years 1989-1991. The Hawaii Congressional delegation has indicated their support by pledging \$2,500,000 in matching funds for fiscal years 1989-1991.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1407, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1407, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Mizuguchi.

SCRep. 346 Higher Education on S.B. No. 1410

The purpose of this bill is to appropriate funds for various projects at the University of Hawaii at Hilo.

Appropriations for fiscal biennium 1989-1991 include initial start-up and annual operating costs for the establishment of the Hawaii small business development center and funds for the University of Hawaii at Hilo's operating and capital improvement projects budget. Proposed projects for fiscal year 1989-1990 include initial startup costs for a center for the study of active volcanoes and operating expenses for an environmental health and safety program.

Your Committee received testimony in support of this measure from the University of Hawaii at Hilo.

Upon further consideration, your Committee amended this bill by deleting the appropriations for the University of Hawaii at Hilo's operating and capital improvement projects budget and operating expenses for an environmental health and safety program.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1410, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1410, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Holt and Mizuguchi.

SCRep. 347 Judiciary on S.B. No. 1143

The purpose of this bill is to appropriate general funds to the county police departments and the Department of the Attorney General for development of a youth gang response system.

Your committee received substantial testimony about this bill. Based on that testimony, your Committee has amended the bill to direct that the Juvenile Justice Interagency Board (JJIB) attached to the Department of the Attorney General be mandated to create a long-term statewide master plan for dealing with youth gangs. The plan should define the nature and scope of youth gang activity, identify problems faced by various government agencies dealing with youth gangs, establish long-range goals, identify and provide guidance to social service program providers, and delineate a plan of action and milestones timetable for government agencies involved in the youth gang effort.

A report to the 1990 Legislature on the JJIB's progress in developing the master plan, and on expenditures made by the Department of the Attorney General to carry out this bill, is mandated. At that time, the Legislature can determine if additional funding is required in fiscal year 1990-91.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1143, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1143, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Holt.

SCRep. 348 Transportation on S.B. No. 1442

The purpose of this bill is to authorize the issuance of general obligation bonds in the amount of \$39,352,000 and to appropriate the same amount for fiscal years 1989-1990, 1990-1991, and 1991-1992, for plans, designs, and construction of various transportation projects on Windward Oahu.

Specific projects to be funded included Likelike Highway-Kahekili Highway interchange and Kahekili Highway improvements (Likelike Highway to Hui Iwa Street); a contra-flow project on Likelike and Pali Highways; shoreline projects along Kamehameha Highway (Kaaawa-Laie); construction of lights on Likelike Highway (Tunnel to Valley View Road); and construction of lights on Pali Highway (Tunnel to Waokanaka Street).

Your Committee has amended this bill by deleting all of the above projects and inserting \$2,411,000 in general obligation bonds and an appropriation for land acquisition for the Likelike Highway-Kahekili Highway Interchange and Kahekili Highway improvements (Likelike Highway to Hui Iwa Street).

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1442, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1442, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Menor, Mizuguchi and George.

SCRep. 349 Transportation on S.B. No. 723

The purpose of this bill is to amend Section 291C-111, Hawaii Revised Statutes, by providing that fines paid by any person for a violation of any law or ordinance prohibiting or restricting the stopping, standing, or parking of vehicles shall be collected by the district courts and one half of the amount shall be transferred to the county in which the violation occurred.

Your Committee finds that the allocation to the counties of one half of the amount collected from fines will give the Counties a usable source of income to finance road improvement projects.

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

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 723, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 723, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Menor, Mizuguchi and George.

SCRep. 350 Transportation on S.B. No. 1147

The purpose of this bill is to permanently revoke the driver's license of a person upon conviction of any of several serious offenses involving the operation of a motor vehicle.

Specifically, the following crimes are included: 1) murder or attempted murder in the first or second degrees, 2) manslaughter or attempted manslaughter, or 3) negligent homicide in the first degree.

Your Committee heard testimony in support of this measure from the Department of Transportation, Mothers Against Drunk Driving, and the American Civil Liberties Union and finds that revocation of a person's driver's license is an effective deterrent and will cause people to give more serious consideration to the responsibilities associated with driving a motor vehicle.

Your Committee amended the bill by adopting the recommendations of the American Civil Liberties Union to clarify that mandatory revocation of license should be invoked only in those crimes in which a motor vehicle was used as an instrumentality of the crime. The bill was further amended by making technical, nonsubstantive changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1147, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1147, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Chang, Mizuguchi and George.

SCRep. 351 Transportation on S.B. No. 1564

The purpose of this bill is to appropriate funds for fiscal year 1989-1990 to make improvements to Waiawa Street including widening the road, realigning the guardrails, and reworking the drainage system. The funds would be expended by the Department of Transportation.

Your Committee finds that these improvements are needed to enable Waiawa Street to safely handle its current volume of traffic.

Your Committee has amended this bill by inserting the amount of \$158,000 as the appropriation.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1564, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1564, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi and George.

SCRep. 352 Transportation on S.B. No. 1976

The purpose of this bill is to appropriate funds for fiscal year 1989-1990, including moneys from special funds and federal grants, for plans, design, land acquisition, and construction of improvements to the H-1, Kunia Interchange, Oahu. The sum would be expended by the Department of Transportation.

Your Committee has amended this bill by inserting the amount of \$270,000 for the appropriation and deleting land acquisition and construction from the project.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1976, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1976, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi and George.

SCRep. 353 Transportation on S.B. No. 975

The purpose of this bill is to appropriate \$3,100,000 for fiscal year 1989-1990 for the improvement of the Wilson tunnel lighting and ventilation systems.

Your Committee finds this project necessary for reasons of traffic safety.

Your Committee has amended this bill by making the appropriation for fiscal year 1989-1990.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 975, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 975, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Chang, Mizuguchi and George.

SCRep. 354 Transportation on S.B. No. 1896

The purpose of this bill is to provide executive departments increased flexibility in the disposition of moneys in special funds which are determined to be in excess of requirements for any ensuing twelve-month period in such funds.

Your Committee held a hearing on this bill, at which time, questions were raised on the effects that some provisions may have on the receipt of federal funding for the airport facilities. An opinion letter by the FAA sent to the city of Burlington, Vermont regarding Burlington's request to transfer part of the moneys in its airport revenue fund to its general fund was submitted by one of the Committee's members. The letter disapproved Burlington's request on the basis of Section 511(a)(12) of the AIA, 49 U.S.C. Section 2210(a)(12)(1982), which was quoted in part:

"all revenues generated by the airport, if it is a public airport, will be expended for the capital or operating costs of the airport, the local airport system, or other local facilities which are owned or operated by the owner or operator of the airport and directly related to the actual transportation of passengers or property..."

The letter further stated: "With this provision, Congress unequivocally expressed the intention that federally assisted airports should utilize 'all locally generated revenue for the systems which they operate.' S. Rep. No. 494, 97th Cong., 2d Sess. 712 (1982). Thus the proposed transfer of any Airport revenues to the General Fund of the City of Burlington would violate both the letter and the intent of this statute and impose the type of hidden tax on airport users which the provision was explicitly meant to prevent. Id" The letter goes on to state that "The fundamental principal of Section 511(a)(12) is that all activities which generate revenue at an airport do so because of the airport. Therefore, these revenues must be applied to the airport which made them possible." Your Committee interprets this to mean that all revenues generated from the use of the airport facility and at the airport facility must be used for that airport facility's expenses. Based on the aforementioned, your Committee has amended this bill to reflect federal law.

The bill has been amended by creating a new "Transportation Special Use Fund", which shall be comprised of those revenues generated from the sale of in-bond merchandise by the contractor selected under section 261-7(c) from a facility located outside of the airport property. The new provisions also allow the Director of Transportation to transfer moneys from this fund to the airport revenue fund, in the event the airport revenue fund's total is less than one hundred fifty per cent of its total expenditures. Further, the Director of Transportation may also transfer from the new fund, moneys to the state highway fund.

Amendments have been made to ensure that moneys from the airport revenue fund cannot be transferred to any other account to comply with federal statutes governing federal funds received by State airports.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1896, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1896, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi and George.

SCRep. 355 (Joint) Transportation and Judiciary on S.B. No. 1148

The purpose of this bill is to provide for a mandatory revocation of a driver's license of a person, who the police has probable cause to believe that the driver was driving under the influence of intoxicating liquor.

Your Committees held a joint hearing on this bill and has given it serious consideration. We agree with most of the bill's provisions and have amended it reflecting our concerns. The following major amendments have been made:

- (1) First Offenders:
 - (a) may petition to request for an administrative hearing to be scheduled within fifteen calendar days of service of notice of revocation;
 - (b) may be accompanied by counsel, and if they cannot afford one, the administrative director of the courts shall provide one;
 - (c) may examine a witness or testing equipment used for the purposes of revocation; and
 - (d) will not be criminally charged if the revocation is affirmed.
- (2) Applies Chapter 91 to the revocation proceedings.
- (3) Deleted provisions establishing two standards for persons over and under the age of twenty-one.

Your Committees have made other non-substantive changes for consistency and clarification.

Your Committees on Transportation and Judiciary are in accord with the intent and purpose of S.B. No. 1148, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. 1148, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senators Aki, Cobb, Holt, Mizuguchi, George and Reed.

SCRep. 356 Labor and Employment on S.B. No. 1405

The purpose of this bill is to allow the Board of Regents of the University of Hawaii to establish an alternate retirement plan for selected University employees and to establish employee contributions to the alternate plan.

Your Committee has amended this bill by deleting its entire substance and inserting new language relating to funding requests for the Board of Regents class salary adjustments.

Currently, civil service positions and Board of Regents positions, with the exception of faculty classes, are reviewed biennially for the purpose of determining equal pay for equal work when compared to comparable positions. Executive and managerial classes are also reviewed periodically to assure proper relationship with subordinates and peer institutions. The Board of Regents, however, has no mechanism or process for adjusting its salaries like the civil service. Faculty classes are not reviewed and as a result, salaries have fallen behind peer institutions.

This bill would allow the Board of Regents to include the necessary salary adjustment funds in the budget request if the review shows the faculty salaries are below the median.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1405, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1405, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi, Yamasaki and Reed.

SCRep. 357 Labor and Employment on S.B. No. 463

The purpose of this bill is to allow the Employees' Retirement System to use its investment earnings to pay for its administrative expenses.

Under current law, the State's general fund appropriations to the Employees' Retirement System include funding for the System's administrative expenses. The counties are also required to contribute its prorata share to administer the System.

This bill would allow the System to utilize a portion of its investment earnings to cover its administrative expenses and would eliminate the need to include the System's administrative cost in the general fund appropriations although it would reduce the amount of the excess earnings credited to the employer's contribution.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 463 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 358 Labor and Employment on S.B. No. 1546

The purpose of this bill is to increase the post retirement allowances for retired members of the Employees' Retirement System (ERS) who are sixty-five years of age.

Senate Resolution No. 87, S.D. 1, 1986, requested the ERS Board of Trustees to study the present post retirement allowance to retirees and beneficiaries of the System and to propose recommendations to the legislature which would allow retirees to receive adequate protection against inflation.

The study included a review of ERS post retirement allowance provisions and the financing thereof, employee contributions, the Legislative Reference Bureau's Post Retirement Increases in the Employees' Retirement System of Hawaii, adjustment plans in other states, and an analysis of actuarial costs and other possible amendments to the ERS post retirement provisions.

The result of the study is this bill, which would increase the post retirement allowances payable on each July 1st to each person receiving a pension, annuity, or retirement allowance who has attained the age of 65. The bill also provides that the maximum post retirement allowance shall not exceed four percent of the monthly pension, annuity, or retirement allowance as originally computed and paid.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. 1546 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 359 (Majority) Labor and Employment on S.B. No. 1552

The purpose of this bill is to allow a member of the Employees' Retirement System (ERS) who has twenty-five years of credited service to retire without penalty before age fifty-five.

Presently, such members are penalized for early retirement with a reduced retirement allowance based on actuarial factors adopted by the ERS Board of Trustees.

This bill removes the penalty to allow any member under fifty-five with twenty-five years of service to retire with full benefits.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1552 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 Crozier did not concur.

SCRep. 360 Labor and Employment on S.B. No. 1551

The purpose of the bill is to amend Chapter 88, Hawaii Revised Statutes, by adding a new section to provide for the purchase of membership service credits for military service rendered before entering public service.

Presently certain military service is recognized as membership service: (1) military service rendered when an employee is inducted into the Armed Forces while a member of the System, in which event the employer government contributes to the account of the member during his leave of absence; and (2) military service rendered during the period 1941-1949 if

the person, although an employee of the state of county government, was not a member of the System at the time of his induction in the Armed Services. Such service must be purchased by the member and is restricted to four years.

Your Committee believes that those who serve their country in the Armed Forces should be given the opportunity to purchase some service credit in the State Retirement System. The bill permits the purchase of two years of service if the member has at least 15 years of credited public service at the time of purchase.

However, your Committee believes that no one should receive pensions from both the military and the State Retirement System for the same years of service. Therefore your Committee has amended the bill to prohibit any member who has rendered military service for which he is receiving a military pension or is eligible to receive a military pension, from being able to purchase service under the terms of this bill.

Your Committee on Labor and Employment is in accord with the interest and purpose of S.B. No. 1551, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1551, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi, Yamasaki and Reed.

SCRep. 361 Labor and Employment on S.B. No. 1812

The purpose of this bill is (1) to delete references to the post retirement fund in chapter 88, Hawaii Revised Statutes (HRS) and (2) to clarify the definition of the term "average final compensation" in HRS section 88-261.

(1) Post retirement fund.

Presently, several sections in chapter 88 refer to the post retirement fund. The fund itself, however, no longer exists. Act 41, Session Laws of Hawaii 1988 merged the post retirement fund into the annuity savings fund. This bill would thus eliminate obsolete references to a non-existent fund.

(2) Definition of average final compensation.

Average final compensation is currently defined in HRS section 88-21. This bill would provide a more specific definition of average final compensation under HRS section 88-261.

Your Committee heard testimony in support of this measure from the director of the department of budget and finance. The director did state, however, that the portion of this bill pertaining to average final compensation needs further review.

Your Committee has amended this bill by deleting the proposed amendment to the definition of average final compensation and by making 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. 1812, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 1812, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi, Yamasaki and Reed.

SCRep. 362 Labor and Employment on S.B. No. 1967

The purpose of this bill is to retain in the Employees' Retirement System (System) any investment earnings in excess of the investment yield rate.

Under current law all investment earnings above eight per cent are used to reduce state and county employers' annual contributions to the System. This bill will enable the Retirement to retain all of its investment earnings.

Your Committee heard supporting testimony from the Secretary of the Employees' Retirement System and the Hawaii Government Employees Association. Upon further consideration, your Committee has amended this bill by allowing the System to retain fifty per cent of the excess earnings above the investment yield rate.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1967, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1967, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi, Yamasaki and Reed.

SCRep. 363 Labor and Employment on S.B. No. 1516

The purpose of the bill is to provide a one time "early" retirement bonus to employees eligible to retire with at least 20 years (for contributory members) and 30 years (for noncontributory members) of creditable service.

A six percent bonus would be added to the retirement equation for those retiring between June 30, 1989 and December 31, 1989.

Presently members of the Employees' Retirement System (ERS) are penalized for early retirement with a reduced retirement allowance based on actuarial factors adopted by the ERS Board of Trustees.

This bill would provide an early retirement incentive to employees and benefit the State and Counties by:

- (1) Reducing, curtailing, and limiting employee compensation costs without imposing forced reductions in current staffing;
- (2) Maintaining or increasing the current level of employee productivity within the same or lesser compensation costs; and
- (3) Increasing the opportunities for lower- and mid-level employees to move upward by filling the vacancies created by senior employees who retire from within the ranks of those presently employed.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1516 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 Mizuguchi, Yamasaki and Reed.

SCRep. 364 Labor and Employment on S.B. No. 1975

The purpose of this bill is to include investigators of the narcotics enforcement division of the Department of the Attorney General, who begin employment after June 30, 1984, as class A (contributory) members of the Employees' Retirement System. The bill also authorizes them to receive the same retirement benefit allowances that police officers receive.

Your Committee has amended this bill to include a definition of "narcotics enforcement officers." Narcotics enforcement officers perform many of the same tasks carried out by police officers. They are exposed to many of the same occupational hazards police officers confront. Thus, narcotics enforcement officers should be treated like police officers for purposes of pension and retirement benefits.

Your Committee notes that since police officers contribute a greater percentage of their pay into the Retirement System versus general employees in order to receive increased retirement allowance benefits, contributions from narcotics enforcement officers should be increased to equal the percentage contributed by police officers into the Retirement System. Thus, your Committee has amended this bill to provide for increased contributions from narcotics enforcement officers.

The bill in its present form could be read to allow class C narcotics enforcement officers the choice between becoming a class A member or remaining a class C member. In order to avoid all ambiguity and to make the status of narcotics enforcement officers exactly analogous to police officers, your Committee has amended this bill to unequivocally state that class C narcotics enforcement officers become members of the class A, contributory system.

Further, all investigators in the Department of the Attorney General are subjected to the same kinds of occupational hazards as police officers, and therefore deserve the same kind of retirement protection. Therefore, your Committee has amended this bill to make all class C investigators of the Department of Attorney General class A, contributory members of the Retirement System.

Finally, your Committee notes that class A investigators of both the department of the Attorney General and the various prosecutors' offices are not explicitly given the benefits given to police officers under section 88-74, although both types of investigators currently contribute the same percentage of pay which police officers contribute. The Attorney General has previously advised the Retirement System that certain statutes give these investigators the privileges and benefits of police officers, including retirement benefits. In the case of investigators of the departments of the prosecuting attorney, however, such statutory authority was repealed by Act 263, 1988 Session Laws. Therefore, your Committee has amended this bill to provide that section 88-74 specifically mention that class A investigators of the various prosecuting attorneys offices and the Department of the Attorney General receive the same service retirement benefits given to police officers.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1975, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1975, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi, Yamasaki and Reed.

SCRep. 365 Labor and Employment on S.B. No. 1532

The purpose of this bill is to establish a five per cent differential for salaries of employees excluded under the provisions of chapter 89C, Hawaii Revised Statutes, over salary levels of equivalent grades established for employees covered by collective bargaining.

Act 254, Session Laws of Hawaii 1980, authorized a +0.001 differential for salaries of excluded managers over salary levels of equivalent grades established for included employees. This bill would increase the differential to compensate excluded officers and personnel within state government service. Your Committee heard testimony from the department of personnel services and HGEA-AFSCME expressing concern about the content and intent of this measure.

Your Committee finds that chapter 89C and the Excluded Managerial Compensation Plan (EMCP) were established to clearly distinguish excluded managers from other employees, particularly those covered by collective bargaining. This bill would defeat the purpose of chapter 89C and the EMCP by establishing a specific monetary tie between the two groups.

Your Committee has therefore amended this bill by deleting the substance and inserting new material derived from S.B. 1559 to provide back pay for charter members of the EMCP who left their positions prior to July 1, 1988.

Act 400, Session Laws of Hawaii 1988, corrected a pay inequity affecting excluded managerial employees who were incumbents since the EMCP went into effect on July 1, 1981, and those employees who were assigned to the EMCP without a pay increase prior to July 1, 1982, by providing lump sum payments and pay adjustments for charter members of the EMCP who remained as incumbents as of July 1, 1988.

As amended, this bill would correct the pay inequity for all managerial employees who were charter members of the EMCP but who were no longer members on July 1, 1988 when Act 400 went into effect. Your Committee finds that this equitable compensation is warranted.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. 1532, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 1532, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi, Yamasaki and Reed.

SCRep. 366 Labor and Employment on S.B. No. 1859

The purpose of this bill is to amend the definition of "employee" as it relates to the Public Employees Health Fund (PEHF). This bill also acts as a vehicle through which the legislature can determine the proper amount of State and county contributions to PEHF for fiscal years 1989-1990 and 1990-1991 on behalf of retirees with less than ten years of service.

This bill will allow the State and counties to grant PEHF benefits to persons employed under contracts lasting for a period not to exceed one year where the director of personnel services has certified that the service is special or unique or is essential to the public interest, and that, because of circumstances surrounding its fulfillment, personnel to perform the services cannot be obtained through normal civil service recruitment procedures.

Your Committee heard testimony in support of this measure from the Director of Finance and the City and County of Honolulu and finds that amending the definition of "employee" will allow deserving short term employees to be covered by the PEHF. Your Committee has amended this bill by making 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. 1859, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1859, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi, Yamasaki and Reed.

SCRep. 367 Labor and Employment on S.B. No. 646

The purpose of this bill is to expand the authority of the Hawaii Public Employees Health Fund board of trustees to contract for various types of dental, prescription drug, and vision care benefit plans.

The Attorney General's office has interpreted the present statutory language to mean that the board of trustees can contract for only one type of dental, prescription drug, and vision plan.

Your Committee received testimony in support of this measure from the Director of the Department of Budget and Finance and finds that the proposed amendment to section 87-22, Hawaii Revised Statutes, will allow the board of trustees to contract for more than one type of insurance carrier. This will provide State and county employees with a choice of benefit plans to meet their health care needs and includes the following: 1) a statewide indemnity plan, 2) a statewide service benefit plan, 3) dental maintenance organization plans, or 4) a combination of the above plans.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 646 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 368 Labor and Employment on S.B. No. 1968

The purpose of this bill is to add the term "group life benefit programs" to section 87-23, Hawaii Revised Statutes.

Under the current law, the Public Employees Health Fund (Fund) makes a monthly contribution for each covered employee who participates in an employee organization's group life insurance program. These contributions, however, are specifically limited to "group life insurance programs," probably because life insurance was the most prevalent protection available to public employees at the time the Fund was created. This bill would allow employee organizations to seek different, possibly more advantageous, kinds of life benefit protection for their members.

Your Committee heard testimony in support of this measure from the Hawaii Public Employees Health Fund and the Hawaii Government Employees Association. Your Committee finds that the present statute unintentionally and unnecessarily limits life benefit protection for public employees to group life insurance programs.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1968 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 369 Labor and Employment on S.B. No. 1554

The purpose of this bill is to permit certain public employees who retired due to a disability after June 30, 1984 to receive "free" health fund medical insurance coverage

Presently, the following persons are entitled to full health fund medical insurance coverage:

- 1) the surviving spouse and dependent children of an employee killed in the performance of the employee's duty;
- 2) an employee who retired before July 1, 1984, and the employee's family;
- 3) an employee who retired after June 30, 1984 with ten or more years of credited service, excluding sick leave, and the employee's family; or
- 4) surviving spouses and dependent children of a deceased retiree in items 1 and 2 above.

This bill would extend coverage to an employee-beneficiary who retired after June 30, 1984 (with less than ten years of credited service) due to a:

- 1) service-connected total disability retirement;
- 2) service-connected occupational disability retirement; or
- 3) service-connected disability.

Your Committee heard testimony in support of this measure from the administrator of the Hawaii Public Employees Health Fund and the executive director of the Hawaii Government Employees Association. Your Committee finds that the amendment would be more equitable for persons who retired because of a service connected disability.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1554 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 370 Labor and Employment on S.B. No. 1969

The purpose of this bill is to establish public employer contribution amounts for State and County retirees who participate in employee organization health benefit plans.

Essentially, this bill is intended to rectify an existing inequity in the treatment of employee-beneficiaries and retirees under the public employees health fund (PEHF). Currently, PEHF makes a monthly contribution on behalf of employee-beneficiaries who opt to enroll in an employee organization's health plan. Most retirees, however, are excluded from the definition of the term "employee-beneficiaries." PEHF is therefore not required to make an analogous contribution on behalf of retirees who choose to enroll in an employee organization's health plan. This lack of "portability" makes it economically more difficult for retirees to enroll in non-PEHF health plans.

Your Committee heard testimony in support of this measure from the Hawaii Government Employees Association and finds that retirees should have the same opportunity as other employee-beneficiaries to enroll in non-PEHF health plans.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1969 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 Mizuguchi, Yamasaki and Reed.

SCRep. 371 Labor and Employment on S.B. No. 1517

The purpose of this bill is to appropriate \$75,000 for the 1989 silver anniversary of Hawaii's Community Action Programs.

This silver anniversary celebration will provide the citizens of Hawaii with the opportunity to acquaint themselves with the work of the "CAP" agencies in Hawaii to enhance and further their mission of "helping people help themselves."

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1517 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 372 Labor and Employment on S.B. No. 606

The purpose of this bill is to appropriate \$1,900,000 to the Maui Economic Opportunity, Inc. (MEO), as a grant-in-aid for the purchase of vehicles and equipment to continue transportation services for the economically disadvantaged, the elderly, the disabled, and pre-school children in Maui County.

MEO provides an invaluable service for many citizens in Maui County who have no private means of transportation. Because Maui County lacks a public transportation system, many of these citizens rely exclusively on MEO to go to school, work, the bank, shopping, medical appointments, and the other daily needs of their lives.

Your Committee heard testimony unanimously in favor of this measure from numerous State, county, and community groups. Your Committee finds that this bill will serve the public interest by addressing the immediate concerns of a significant part of Maui's community.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 606 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 373 Labor and Employment on S.B. No. 838

The purpose of this bill is to provide \$50,000 to the Molokai Community Action Council for the planning and design of a multi-purpose building in Kaunakakai, Molokai.

The Molokai Community Action Council is the center of operations for many human service programs. The land on which the office is presently situated is scheduled for development in the near future. Also, the present building is over fifty years old and termite infested.

Your Committee finds that the funds provided are necessary to maintain the level of human services in the Molokai Community.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 838 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 374 Labor and Employment on S.B. No. 553

The purpose of this bill is to appropriate \$212,500 for fiscal year 1989-1990 and \$212,500 for fiscal year 1990-1991 for a grant-in-aid to the North Shore Career Training Corporation to construct a permanent employment training and day care center in Kahuku.

The Corporation was created in 1989 as an outgrowth of community concern about poor employment prospects in our rural North Shore area.

Your Committee finds that the future resort development at Turtle Bay is expected to create approximately 3,500 new jobs over the next fifteen years. A permanent facility in Kahuku to provide a comprehensive blend of employment, training, day care, and related services for the community will serve to enhance the services provided by the Corporation. The facility will serve as a multi-purpose building for office space, classrooms, and day care.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 553 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 375 Labor and Employment on S.B. No. 1863

The purpose of this bill is to give state employees the opportunity to participate in a wage and salary reduction program that qualifies as a cafeteria benefit plan under section 125, the Internal Revenue Code of 1986, as amended.

There is no current program under state law that qualifies as a cafeteria benefit plan within the meaning of section 125 of the Internal Revenue Code. This bill would establish such a cafeteria benefit plan, allowing participating State employees to reduce their pre-tax compensation in return for payment by the State of the costs of eligible benefits. The plan would be an adjunct to the Public Employees Health Fund.

Your Committee heard testimony in support of this measure from the Department of Budget and Finance. Your Committee finds that establishment of a cafeteria benefit plan will allow participating employees to take home more pay each pay period.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1863 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 376 Labor and Employment on S.B. No. 1555

The purpose of this bill is to establish a four-year, voluntary job-sharing pilot project for all permanent, full-time employees belonging to units 2, 3, 4, 8, and 13 of the executive branch, the judicial branch, the Department of Education, the University of Hawaii, the Legislative Reference Bureau, the Legislative Auditor, and the Office of the Ombudsman. Employees already eligible for job sharing under other state laws are not covered by this bill.

Current state law provides for job sharing by Department of Education personnel and state librarians. This bill will extend job sharing opportunities to many other state employees.

Your Committee heard testimony in support of this measure from the Department of Personnel Services and the Hawaii Government Employees Association. Your Committee finds that job sharing will help the State retain trained, skilled employees who might otherwise be forced to leave their jobs for personal reasons. Your Committee further finds that job sharing will also benefit these employees by allowing them to retain their jobs while simultaneously attending to personal or family needs.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1555 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 377 Labor and Employment on S.B. No. 1553

The purpose of this bill is to allow members of the Employees Retirement System of the State of Hawaii who win an appeal for disability retirement benefits, after their original claim has been denied by the medical board, to collect attorney's fees and costs.

Current state law provides that an employee seeking disability retirement benefits for injuries sustained during the course of employment must obtain certification from the medical board that the employee is permanently incapacitated for further performance of that employee's duties. If the medical board denies such certification, the employee has a right of appeal to the board of trustees. The employee, however, is not entitled to reimbursement of attorney's fees and costs incurred through the appeal process even if the appeal is successful. This bill would allow employees who successfully appeal to receive attorney's fees and costs as part of their award, subject to the approval of the board of trustees.

Your Committee heard testimony in support of this measure from the Hawaii Government Employees Association. Your Committee finds that this bill will help to ensure that an employee with a meritorious claim is not denied disability retirement benefits merely because that employee lacked the funds to appeal an erroneous decision of the medical board.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1553 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 378 Labor and Employment on S.B. No. 1556

The purpose of this bill is to extend the benefits provided by Act 400, SLH 1988, to former members of the excluded managerial compensation plan.

The 1988 session of the Legislature passed Act 400 which provides pay adjustments for all present excluded managerial employees who were incumbents when the excluded managerial compensation plan went into effect on July 1, 1981. The adjustments were made to compensate these employees for inequities in pay created when subsequent changes to pay language were implemented and these employees were not allowed to benefit from the changes.

However, these adjustments were not made for those employees who, for a variety of reasons, were no longer a part of the excluded managerial compensation plan when Act 400 was implemented.

The bill would allow those employees similarly situated but technically not members of the excluded managerial compensation plan as of the implementation date to also enjoy the pay adjustments that were made to correct the inequities pursuant to Act 400.

Your Committee heard supporting testimony from the Director of Personnel Services and the Executive Director of the Hawaii Government Employees Association.

Your Committee has amended this bill to eliminate ambiguities by clarifying that the payment applies to the period that the former member filled the EMCP position.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1556, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1556, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi, Yamasaki and Reed.

SCRep. 379 Labor and Employment on S.B. No. 1542

The purpose of this bill is to provide employers with a tax credit equal to fifty per cent of the cost of employer subsidized childcare.

Current income tax law contains three provisions for relieving the cost of childcare. Section 235-55.6, Hawaii Revised Statutes (HRS), provides a credit which is claimed by parents or other qualifying individuals. Two other provisions rely on Internal Revenue Code sections 125 and 129 adopted under section 235-2.3, HRS, and provide for exclusions from employees' incomes of qualifying amounts received from employers for dependent care assistance or other benefits. By adding a new section to part VI in chapter 235, HRS, this bill would allow employers to receive tax credit for assisting their employees with childcare costs.

Your Committee heard supporting testimony from the Chamber of Hawaii, the Governor's Office of Children and Youth, and the Hawaii Association for the Education of Young Children. The director of the Department of Taxation

presented testimony in opposition to this measure; however, your Committee finds that a tax incentive is a positive step toward increasing employer involvement in childcare.

Your Committee has amended this bill by limiting the amount of the employers' tax credit to \$1250 per child and by requiring employers who choose to claim the credit to reduce their childcare tax deductions by the amount of the tax credit provided by this bill. Furthermore, your Committee has amended this bill to specify that "children" include persons who are 13 years of age or younger during any part of the taxable year. These amendments address the concerns expressed by the tax department.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1542, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1542, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi, Yamasaki and Reed.

SCRep. 380 Labor and Employment on S.B. No. 2014

The purpose of this bill is to provide for a study to evaluate the effectiveness of the State occupational safety and health program and to establish a procedure for annual oversight hearings by the Legislature.

Currently, assessment procedures under section 18 of Public Law 91-596, Occupational Safety and Health Act of 1970 (OSHAct) provide for state plan monitoring and periodic reports. This bill amends chapter 396, Hawaii Revised Statutes, by adding a new part requiring periodic assessments of the Department of Occupational Safety and Health Program and establishing annual legislative reports.

Testimony from the Director of the Department of Labor and Industrial Relations revealed concern that this bill would duplicate the present program and that enactment of this bill would require the submittal of a plan change supplement for secretary of labor approval.

Your Committee heard supporting testimony, however, from several occupational safety and health professionals, including the Governor's Conference on Health Promotion and Disease Prevention, Occupational Safety and Health Task Force, and finds that a study is necessary to facilitate the identification and implementation of changes that are essential in order to achieve the governor's objectives in reducing the incidence, frequency, and severity of work related accidents, injuries, illnesses and deaths.

Your Committee has amended this bill to insert an amount of \$100,000 to fund the study and to specify that the study be administered by the Governor's conference and that specifications be established by the conference's Occupational Safety and Health Task Force. Your Committee has further amended this bill by making nonsubstantive technical changes.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. 2014, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 2014, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi, Yamasaki and Reed.

SCRep. 381 Business Development and Pacific Relations on S.B. No. 907

The purpose of this bill is to make available certain tax credits to those insurers that conduct their business in a manner which contributes to employment and economic development in this State.

Your Committee has received testimony from representatives of both the foreign and domestic insurance companies doing business in this State. Upon consideration, your Committee has amended this bill to enhance the State's ability to regulate insurance companies. The Committee's amendments of this bill would amend Chapter 431, Hawaii Revised Statutes, as follows:

1. The gross premiums tax rates for property and casualty ("P&C") insurance premiums is established at 4.2 per cent and for life insurance premiums at 3.2 per cent.
2. Insurers are granted certain credits against the premium taxes provided that the insurer meets the requirements set forth in subsection (h) of section 431:7-202 of the Hawaii Revised Statutes. The insurer or its affiliate (which excludes general agents as defined in Article 9 of the Insurance Code) must:
 - a. Maintain in this State its books, records and other documents regarding its financial condition and its operations in Hawaii;
 - b. Maintain in this State officers and personnel knowledgeable of and responsible for the insurer's operations in Hawaii; and
 - c. Conduct in this State substantially all of its underwriting, policy issuing and servicing operations relating to Hawaii policies.
3. P&C insurers and life insurers, if they meet the requirements of subsection (h), are entitled to credits not exceeding 1.2 per cent of the gross premiums. The credits that the insurers may be eligible for are set forth in subsection (g) of section 431:7-202 and are as follows:

- a. The insurer's contributions to the State's Unemployment Compensation Fund and premiums paid pursuant to the State's Workers' Compensation Law and Temporary Disability Insurance Law;
- b. Contributions made by the insurer for a qualified group life insurance plan and a qualified pension/profit-sharing/annuity plan, and premiums paid for prepaid health/dental insurance for its Hawaii insurance operations personnel; and
- c. Taxes paid by the insurer to the Internal Revenue Service under the Federal Insurance Contributions Act of 1954, as amended, for persons employed in this State for its insurance operations in this State.

Your Committee finds that the bill as amended in S.D. 1 is a constitutional and effective means of encouraging insurers to conduct their operations in Hawaii in such a manner that it would (i) promote employment and economic development in Hawaii, (ii) make the insurers more responsive to local conditions and concerns and more responsive to the persons to whom they provide insurance and serve, and (iii) enhance the State's ability to regulate, supervise and control this complex and important industry, with a view of providing the fullest protection possible to Hawaiian insureds.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 907, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 907, 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 Aki, Holt and George.

SCRep. 382 Human Services on S.B. No. 1827

The purpose of this bill is to provide State-funded medical insurance for inmates of correctional facilities.

Your Committee heard testimony from the American Civil Liberties Union (ACLU) who favored the intent of the bill, but expressed concern over the language that stated that only inmates who did not possess medical insurance would be covered. The ACLU pointed out that under the current Medicaid law, private health insurers are considered the primary insurer and pay the major portion of the claim. Medicaid is the secondary insurer and only pays the remaining balance not met by the primary insurer. This bill would make inmates with private insurance ineligible for secondary insurance coverage provided by Medicaid and would be left with substantial out-of-pocket costs that the inmate and his family may not be able to afford.

Your Committee finds that the costs of medical care for inmates has risen dramatically due to the fact that the Department of Corrections has no means by which to control medical costs for care in the community. It is the Committee's intent to have the State provide medical insurance to all qualified inmates of State correctional facilities so as to limit the expenditures for medical costs to the State by providing a cap on medical costs. With the ACLU's testimony in mind, your Committee still believes that the language of the bill is workable.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1827 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki, Aki and Levin.

SCRep. 383 Business Development and Pacific Relations on S.B. No. 1052

The purpose of this bill is to establish the California-Hawaii Cooperative Commission.

Your Committee heard testimony on related bills, S.B. No. 118 and S.B. No. 1318 and finds that it should be a priority of the State to develop certain cooperative projects of mutual benefit.

Your Committee has amended this bill by clarifying definitions concerning the composition of commission members, their powers and duties, their meetings and their incorporation.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 1052, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1052, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Aki, Holt and George.

SCRep. 384 Human Services on S.B. No. 1829

The purpose of this bill is to make housekeeping changes in the State's criminal injuries compensation law.

Chapter 351, Hawaii Revised Statutes, currently provides compensation for victims of certain crimes. This bill adds a new definition for "designated person," and updates the obsolete terminology used for certain sexual offenses, victims of which are entitled to compensation.

Your Committee heard supporting testimony from the Department of the Prosecuting Attorney, City and County of Honolulu, and from the Criminal Injuries Compensation Commission, and finds that the purposes of the proposed bill are worthy of its support.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1829 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki, Aki and Cobb.

SCRep. 385 Human Services on S.B. No. 1171

The purpose of this bill is to appropriate \$344,158 for each year of the fiscal biennium 1989-1991 for the extension of Queen's foster care program to the island of Maui.

The foster care program places disabled elderly into foster families and significantly reduces the need for skilled nursing care and intermediate care facilities. At the same time, it provides a measure of independence within a community-centered, family-oriented setting. The program at Queen's Medical Center has been operating successfully for 5 years and the Maui community has indicated it has both the need and the interest to maintain such a community-based program.

Your Committee heard supporting testimony from the coordinator of the Community Care Program, the President and social worker of Hale Makua, the Director of Human Services and a retired public health nurse. Concern was expressed that many Maui residents have family members who have left the island leaving them without a close family support system.

Your Committee has amended this bill by adding a proviso that Hale Makua shall be the operating agency for this program.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1171, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1171, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Aki.

SCRep. 386 Human Services on S.B. No. 1024

The purpose of this bill is to require the State to reimburse each of the several counties for the cost of providing special transit services for handicapped persons under certain conditions.

The cost of providing transportation service for handicapped persons has increased substantially due to rising costs and increased ridership. Presently, federal or State laws require the State provide transportation to handicapped clients who participate in programs administered by the State. Your Committee finds that a high percentage of handicapped riders using transportation services provided by the counties are clients of State-administered programs and further finds that financial assistance should be given to the counties to continue providing this valuable services.

In addition, your Committee realizes that present methods for reimbursing the counties range from direct reimbursement, subsidies, and utilization of a grant-in-aid process. Your Committee amended the bill by providing that funding for assistance to the counties should be done through the grant-in-aid process and made several changes in the language for purposes of clarify and conformance with recommended drafting style.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1024, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1024, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Aki.

SCRep. 387 Human Services on S.B. No. 1979

The purpose of this bill is to establish an elderly home care services special fund to be administered by the governor's Executive Office on Aging.

This special fund is to be used to fund long-term, community based home care services for the frail elderly. The bill also requires that one-half of one per cent of all interest earned annually by the state employees retirement system shall be appropriated to the fund.

Your Committee received testimony in support of this measure from the Governor's Executive Office on Aging and finds that this fund will provide much needed home care services for the State's elderly population, especially since the costs of medical care and institutionalization are continually rising. Without a viable community-based system in place, the cost increases will become prohibitive at both the private and public sector level.

Your Committee amended the bill to allow unexpended funds to be returned to the employee retirement system at the end of the fiscal year instead of to the general funds, and to provide that short-term community-based home care be included as services to be funded to expand the scope of available services.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1979, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1979, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Aki.

SCRep. 388 Human Services on S.B. No. 936

The purpose of this bill is to make an appropriation to increase the foster care board rates.

Currently there is not sufficient quality or quantity of appropriate substitute care homes. A contributing factor has been the low foster board rates which do not adequately compensate providers for the cost of care.

Your Committee received supporting testimony and documentation from the Department of Human Services and finds this bill is an appropriate vehicle to attract more applicants to provide foster care.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 936 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Aki.

SCRep. 389 Human Services on S.B. No. 1908

The purpose of this bill is to appropriate funds to compensate victims of crime who suffer injuries.

Chapter 351, Hawaii Revised Statutes, provides for compensation of certain victims of crime. Compensable expenses include out-of-pocket medical expenses, loss of earning power, funeral and burial expenses, as well as pain and suffering. This bill would not affect the substantive law but would provide funds for compensation only.

Your Committee heard supporting testimony from the Criminal Injuries Compensation Commission and finds that the funding of the criminal injuries compensation fund as provided for by this bill is desirable.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1908 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Aki.

SCRep. 390 Human Services on S.B. No. 1830

The purpose of this bill is to extend the filing deadline for criminal injuries compensation claims under special circumstances.

Section 351-62, Hawaii Revised Statutes, currently provides that payment under Chapter 351 shall not be made unless the application has been made within eighteen months after the date of injury, death, or property damage. This bill would allow, for good cause, compensation for claims filed beyond the eighteen month period when the victim is a minor or is mentally incapacitated.

Your Committee heard supporting testimony from the Department of Corrections, Criminal Injuries Compensation Commission and from the Department of the Prosecuting Attorney, City and County of Honolulu. The latter witness supported any claims filed beyond the deadline for good cause. Your Committee finds that the purposes of this bill are worthy of its support.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1830 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Aki.

SCRep. 391 Human Services on S.B. No. 1160

This bill establishes a Department of Youth Services and makes an appropriation of \$660,904 to fund the department for fiscal biennium 1989-1991.

This newly created autonomous agency would come under the administrative auspices of the Department of Human Services and administer and integrate youth services currently scattered throughout State government. The Department would provide a continuum of long-term treatment services to all youth who may need assistance.

Your Committee heard supporting testimony from Daniel G. Heely, Senior Judge of the Family Court; Harold Falk, Director of Corrections; Barbara Yamashita, Hawaii Youth Services Network and Winona E. Rubin, Director of Human Services. The only concern expressed was that the funding may not be sufficient, however, your Committee finds there appears to be adequate resources and appropriate positions to get the agency operational.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1160 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all the members of the Committee except Senators Yamasaki, Aki and Levin.

SCRep. 392 Human Services on S.B. No. 1981

The purpose of this bill is to create a child care corporation to facilitate the purchase of state surplus land for child care facilities.

Presently, more than sixty percent of the women of child-bearing age in the United States are in the work force, and forty percent of those women have children under three years of age. Within the State of Hawaii, the problem of adequate child care is particularly acute, as there currently exists a critical shortage of adequate child care facilities.

The lack of adequate child care facilities has, and, unless curtailed, will continue to have, an adverse impact upon family stability, the health and welfare of children, and the State's economy.

This bill addresses this important concern by establishing the child care corporation. The corporation would be empowered to acquire surplus state land to create or develop non-profit child care facilities at reduced costs.

The corporation would also, among other things, establish criteria for, and approve child care programs authorized to operate under this bill, and encourages the private sector to participate in developing and supporting child care facilities.

Your Committee has amended the bill by generally redesignating the term "Franchisee" to "Program", placing the corporation under the Governor's office instead of the Department of Human Services, deleting the dead-line for Board of Directors appointments, and deleting the sections regarding conditions precedent to the award of franchisor, exemption from taxation, and exemption from competitive bidding.

Your Committee has also amended the bill to encourage its support of non-profit child care organizations. For such organizations have long been the leaders and have set the standard in this field.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1981, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1981, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Aki.

SCRep. 393 Human Services on S.B. No. 574

The purpose of this bill is to exempt food from Hawaii's general excise taxes.

Section 237-24, Hawaii Revised Statutes, lists a number of amounts not subject to general excise taxes. This bill would amend that section by adding food to the list of amounts not taxable. In addition, the bill would require the Director of Taxation to report the financial implications of the tax exemption annually to the legislature.

Your Committee heard opposing testimony from the Department of Taxation, which had a number of complaints about the bill. The department argued that the bill would contribute to increasing costs of government and business, the excise tax impacts the seller but not the purchaser, the bill would directly benefit only the food retailer, the State's revenues may decline if declines in the growth of personal income occur, and that the existing refundable food tax credit is more beneficial for those in the lower income brackets. Your Committee respectfully rejects the arguments of the Department of Taxation made in opposition to this bill and finds that the purpose of this bill is worthy of its support.

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

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 574, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 574, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki, Aki and Levin.

SCRep. 394 (Majority) Transportation on S.B. No. 161

The purpose of this bill is to amend Section 46-1.5, Hawaii Revised Statutes, allowing counties the right to open, construct, maintain, close, or charge toll for the use of county highways as defined in Section 264-1.

Your Committee finds that by allowing the counties to extract a toll for use of county highways will help alleviate some of the financial burden laid upon the State for transportation costs.

Your Committee has amended this bill by changing the original amending language to include a provision that all funds received by the charging of a toll shall be used for construction or maintenance of county highways.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 161, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 161, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi and George.
Senator Levin did not concur.

SCRep. 395 Housing and Hawaiian Programs on S.B. No. 1027

The purpose of this bill is to make an appropriation of \$2,000,000 for fiscal years 1989-1990 and 1990-1991, for plans, design, construction and improvement for pastoral lots in Pu'ukapu, Waimea, Hawaii.

Supporting testimony was received by the Department of Hawaiian Home Lands who support the intent of the bill insofar as it does not replace current priorities in the executive biennium budget.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1027 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 Holt and Reed.

SCRep. 396 Transportation on S.B. No. 1777

The purpose of this bill is to appropriate funds for fiscal year 1989-1990 for a study to determine the location of passing lanes on the Queen Kaahumanu Highway, Maui. The funds would be expended by the Department of Transportation.

Your Committee finds that this project would promote public safety and is therefore a proper subject for public funding.

Your Committee has amended this bill by inserting the amount of \$20,000 as the appropriation.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1777, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1777, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi and George.

SCRep. 397 (Majority) Housing and Hawaiian Programs on S.B. No. 750

The purpose of this bill is to provide the members of the Board of Trustees of the Office of Hawaiian Affairs with an annual salary and a benefit program commensurate with other public officers and employees.

Section 10-9, Hawaii Revised Statutes, currently provides that trustees receive fifty dollars a day as compensation for every meeting they attend, for transportation fares between islands and abroad, and for personal expenses incurred on official business. This bill would set an annual salary of \$14,400 for trustees and would include the trustees in any benefit program generally applicable to officers and employees of the State, including the pension and retirement system. Former and current trustees who currently participate in the State's pension and retirement system, at their option, may apply for credit for their service as a trustee.

This bill also changes the language pertaining to transportation fares by replacing, "between islands and abroad" with "intrastate and out-of-state." Finally, the bill changes the language relating to personal expenses by deleting the phrase, "at the rates specified by section 78-15" and inserting the phrase that personal expenses, "not exceed the maximum allowance of any public officer or employee for intrastate or out-of-state travel."

Your Committee received testimony both in support and in opposition of this bill. Testimony in support of this bill was presented by Mr. Kamaki Kanahale, Administrator of the Office of Hawaiian Affairs, who submitted that the current pay schedule for the Board of Trustees was modeled after the Board of Education model of 1979, which in fact, was established in 1966. Mr. Kanahale reasoned that due to inflation, the recommended pay increase was in order. Testimony in opposition was presented by Mr. Richard P. Kinney of the Hawaiian Political Action Council of Hawaii (HPACH). Your committee finds that the recommended pay increase is just compensation for services provided by the trustees and that such an increase is a step in the right direction towards affirming their commitment towards the Office of Hawaiian Affairs.

Your Committee made technical nonsubstantive changes, to conform the bill to recommended drafting style.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 750, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 750, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.
Senator Solomon did not concur.

SCRep. 398 Housing and Hawaiian Programs on S.B. No. 920

The purpose of this bill is to appropriate funds for: 1) the planning, design, and construction of supervised shelters for homeless persons in each of the various counties, and 2) an outreach and education program to facilitate the transition for these persons from their current situation to the shelters, with families receiving top priority.

The bill appropriates \$2,500,000 to the Housing Finance and Development Corporation (HFDC) to plan, design, and construct the shelters, and a total of \$560,000 to the Hawaii Housing Authority (HHA) for staff, equipment, and facilities necessary to implement the outreach and evaluation program.

Your Committee received testimony in support of this measure from the Housing Finance and Development Corporation, the Hawaii Housing Authority, the Affordable Housing Alliance, the Maui Affordable Housing Alliance, the Kokua Council for Senior Citizens of Hawaii, and members of the general public.

Testimony indicated that the number of homeless people in Hawaii is increasing rapidly, and includes families with children, the poor, the chronically mentally ill, the elderly, and physically disabled people, while the number of shelters available are grossly inadequate in meeting the needs of this growing population. Your Committee finds that the proposed appropriations will affirm the State's commitment to improving the quality of life for the people of Hawaii by providing for the resources necessary to help some of our most vulnerable citizens, the homeless.

Your Committee amended the bill by:

- 1) Making the Hawaii Housing Authority the expending agency for funds to plan, design, and construct shelters for the homeless;

- 2) Making the Departments of Human Services and Health the expending agencies for funds to implement the outreach and evaluation program; and
- 3) Making certain technical, nonsubstantive amendments for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 920, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 920, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Cobb, Holt and Reed.

SCRep. 399 Housing and Hawaiian Programs on S.B. No. 1221

The purpose of this bill is to provide an appropriation of \$60,000 to the Housing Finance and Development Corporation (HFDC) for continuing the forum which is presently considering various proposals and related issues with respect to leasehold condominiums.

Your Committee heard testimony in support of this bill from the Executive Director, Housing Finance and Development Corporation; Director, Public Affairs, Kamehameha Schools/Bernice Pauahi Bishop Estate; Goodwill Anderson Quinn & Stifel/Castle Estate; Hawaii Council of Associations of Apartment Owners (HCAAO); Hawaii Independent Condominium and Cooperative Owners (HICCO), Hawaii Leaseholders Equity Coalition (HALE), Co-op Lessees Representatives, and representatives of the Small Landowners Association.

Your Committee finds that it is imperative that verifiable data satisfactory to both lessees and lessors should be gathered to lay a strong foundation to base future discussions and decisions concerning these issues. Among the questions which could be considered are:

- 1) List of all voluntary conversions of leasehold condos/co-op (whole and partial) statewide.
- 2) What was the selling price, date of transaction and location of sale?
- 3) Were they 100% or partial?
- 4) Of single lot lessors (realizing that there may be difficulty with several single landowners under one project), how many have sold voluntarily and how many are left in lease?
- 5) How many units are on lots that are owned by lessors that own only one project or portion of a project?
- 6) Update on what is the percentage of owner-occupants in residential leasehold condos/co-ops (there was some discussion on how you determine this. Possible suggestions were claiming homeowner exemption or not depreciating the unit).
- 7) Regarding the existing HFDC report how many drafts were there; how many authors and who were they?
- 8) HCAAO/HALE analysis of oligopoly should be looked at and checked for accuracy.
- 9) The number of residential leasehold condos/co-ops built and converted needs to be updated.
- 10) A review of lease rent renegotiations with or without arbitration and surrender clauses needs to be done and summarized to the .01 accuracy level.
- 11) An accurate number of leasehold residential condos-co-ops compared to fee needs to be established.
- 12) What are the appraisal techniques especially in the area of comparables and discount rates?
- 13) What are the rules on 1031 exchanges and what are some examples?
- 14) Of the conversions that have taken place, how many are straight sales; how many are 1031 exchanges?
- 15) Compilation of resales by years (average retention) and resale price against combined purchase of leasehold interest, and lease fee interest.
- 16) Prior to 1986 what percentage of lessees knew about the surrender clause in their lease at the time of purchase?
- 17) Look at situations where voluntary conversion was offered but didn't take place and why it didn't.
- 18) How does leasehold compare to the cost of fee ownership and renting?
- 19) How long is the average retention period of multi-family leasehold?
- 20) Demographics for lessees and lessors:
 - a) Age
 - b) Male/Female
 - c) Income

- d) Size of family
- e) Residence
- f) Ethnicity

Parenthetically, your Committee recommends that the term "condominium" also include "co-operative apartments" and "corporations" since representatives of cooperative housing units are members of the forum.

Your Committee has amended the bill by including a proviso that the funds provided by this bill shall not be released until lessees and lessors agree on the substance of the questions to be addressed by the forum. The Executive Director of HFDC is also authorized to determine the validity of the questions for the purposes of this Act.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1221, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1221, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Fernandes Salling, Holt and Reed.

SCRep. 400 Housing and Hawaiian Programs on S.B. No. 149

The purpose of this bill is to provide an income tax incentive to fee remainder owners of leasehold condominiums upon the sale of their fee interest in the land to the lessees.

Under current law, Section 253-13, Hawaii Revised Statutes (HRS), provides for such an exemption where the landowner is a nonprofit organization. Chapter 516, HRS, provides for residential leasehold conversions. This bill would exclude from gross income for income tax purposes, income resulting from any gain on any sale or exchange of land if the: (1) land was subject to a ground lease on the effective date of this bill at all times thereafter before the date of that sale or exchange or; (2) sale or exchange is to the lessee under that ground lease; (3) only buildings on the land are residential (or appurtenant structures); and (4) sale or exchange occurs before January 1, 1996. The bill defines "residential buildings" as any single family house and any building containing two or more dwelling units.

Your Committee heard opposing testimony from the department of taxation that this tax incentive would primarily benefit a special interest group and would be unfair to owners of condominiums which have already been converted to fee ownership without the benefit of this bill. However, your Committee believes that the intent of this bill which seeks to effectuate the sale of fee remainder interests in leasehold condominiums to lessees is of greater merit in light of the current housing situation.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 149 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 Holt and Reed.

SCRep. 401 Housing and Hawaiian Programs on S.B. No. 1465

The purpose of this bill is to amend section 201E-224(c), Hawaii Revised Statutes, to clarify that a homeowner can file a legal action and to allow the filing of a class action suit.

Section 201E-224 enables the Housing Finance and Development Corporation (HFDC) to repurchase or to rent and repair a dwelling unit with a substantial construction defect, subject to certain conditions. It also permits the HFDC to file a legal action on behalf of a homeowner for claims resulting from a substantial construction defect.

This bill clarifies that the HFDC has the power to provide financial or other assistance to a homeowner to enable the homeowner to file his or her own legal action.

Your Committee finds that this will give the HFDC greater flexibility in dealing with problems relating to substantial construction defects where it is advisable that the homeowner, rather than the HFDC, file the legal action to determine the liability of other parties, or where the HFDC may have different interests and prosecution of the action would create a conflict or interest with the homeowner.

This bill also provides that a class action suit may be filed when there are at least ten homeowners whose residences have substantial construction defects caused by the same or similar acts of omission. This would make it easier to use the class action device in litigation.

Your Committee finds that this resource will strengthen and clarify the rights of homeowners and the HFDC under Chapter 201E.

Upon further consideration, your Committee has amended the bill as follows:

- (1) Deleted language referring to discretion of the courts;
- (2) Limited the filing of class actions to the HFDC;
- (3) Lowered the qualifying number of participants in class actions from ten to five to enable the use of class action suits in smaller HFDC projects; and
- (4) Deleted language requiring the defects be caused by the same or similar acts or omissions, thereby focusing on the similarity of the defects.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1465, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1465, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 402 Housing and Hawaiian Programs on S.B. No. 1241

The purpose of this bill is to provide a general excise tax exemption for moderately or substantially rehabilitated housing projects developed under any government assistance program approved by the Housing Finance and Development Corporation.

Government assistance programs would include the Farmers Home Administration 502 and the Federal Housing Administration 235 programs.

Your Committee finds that this tax exemption would facilitate the cause of affordable housing and would therefore be in the public interest.

Your Committee has amended this bill by clarifying that the exemption would also be applied to projects developed under the sponsorship of a private nonprofit corporation providing home rehabilitation or new homes for qualified families in need of decent and low cost housing. Your Committee has also added a new subsection (c) to section 201E-205, Hawaii Revised Statutes, providing definitions of "moderate rehabilitation" and "substantial rehabilitation."

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1241, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1241, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt and Reed.

SCRep. 403 Agriculture on S.B. No. 957

The purpose of this bill is to appropriate funds to provide disease free plant material to the anthurium industry to replace plants infested with anthurium blight.

Since anthurium blight is the primary problem facing the anthurium industry, continuation of research by the College of Tropical Agriculture and Human Resources is essential to resolving this bottleneck to the industry's well-being.

Your Committee heard supporting testimony from the Governor's Agriculture Coordinating Committee, the Board of Agriculture and the University of Hawaii College of Tropical Agriculture and Human Resources.

Your Committee has amended the bill by providing \$87,000 for fiscal year 1989-1990, and \$42,000 for fiscal year 1990-1991. Your Committee also clarified the bill's language to include private laboratories along with the anthurium industry as beneficiaries of this bill, and designates the College of Tropical Agriculture and Human Resources as the ultimate recipient of the funds appropriated.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 957, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 957, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Aki, Mizuguchi and Reed.

SCRep. 404 Agriculture on S.B. No. 536

The purpose of this bill is to make an appropriation of \$170,000 for fiscal year 1989-1990, for various fruit fly control and eradication projects.

Specific projects include an environmental monitoring program to determine the impact of various eradication measures on non-target organisms, a program for the registration of various chemicals necessary for an eradication program, and a public education program to promote understanding and support for fruit fly eradication.

The testimony received by your Committee indicated that this appropriation is necessary to restore funds that were inadvertently left out when the U.S. Congress passed the budget bills in 1988. Although the funds will probably be restored by Congress this year, it is important for the timing and coordination of on-going projects, that certain fruit fly projects proceed as scheduled.

The projects for which the appropriation will be used are:

1. Public Education Program. This program is necessary to achieve public understanding and support for fruit fly eradication. Although the approach that has been adopted for the eradication of fruit flies is through the use of integrated techniques, which emphasize knowledge of the pest and substitution of management techniques for chemical pesticides, the public's perception is that any type of eradication or control will involve major use of chemical pesticides. This program is necessary to correct that perception.

2. Environmental Monitoring. In conjunction with the Agricultural Research Service's pilot test to eradicate the Mediterranean fruit fly from Kauai and Niihau, this program will attempt to determine the impact of eradication measures on non-target organisms.
3. Registration of Chemicals. Under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), the chemicals that will be used in an eradication program must be registered for their proposed uses. These chemicals include the various attractants and toxicants and combinations of both. The funds for this program will be used for research and gathering of data necessary to build support for the registration of the chemicals for their intended use.

Your Committee expressed concern over the spraying of pesticides and the effects of an eradication program that involves mass spraying. The Committee recognizes the importance of developing an eradication strategy that is sensitive to the environment by not employing the massive aerial spraying as part of the eradication. Your Committee has received assurance from the Department of Agriculture and those involved in the development of the detailed eradication strategy that the programs in this bill do not involve any aerial spraying. Further, your Committee has been advised that the Hawaii Fruit Fly Committee, which has the task of developing the detailed eradication strategy, is cognizant of the requirements of the environmental laws and Endangered Species Act, and will formulate a plan that minimizes the negative environmental impacts of an eradication strategy.

Your Committee has amended this bill to reflect the environmental concerns expressed in the testimony and to also stress the importance of a fruit fly eradication program. Accordingly, the following amendments have been made to the bill:

1. On line 3, the words "less any federal funds received" have been deleted;
2. On line 4, the words "research on" have been added after the word "for"; and
3. On line 7, the words "on non-target organisms" have been deleted.

The purpose of these amendments are to emphasize the importance of a fruit fly eradication program and to ensure that the federal funds inadvertently lost in 1988 will be restored post haste.

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

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 536, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 536, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Aki, Mizuguchi and Reed.

SCRep. 405 Agriculture on S.B. No. 1101

The purpose of this bill is to establish environmental recycling parks in Hawaii.

A major objective of the State is to plan for and improve Hawaii's land, air, water resources, and natural physical environment. The current method of dealing with solid wastes in the State threatens to interfere with this important priority. More innovative approaches are needed to reduce solid waste generation and increase the reuse or recycling of solid waste materials. Solid wastes must be managed in a manner that protects the health, safety, and welfare of citizens of the State.

This bill provides the legislative authority to facilitate the reuse and recycling of materials in our community. Specifically, the bill establishes an Environmental Recycling Park Authority with appropriate powers and duties including the designation of recycling parks and setting criteria for park lessees and conditions for leases, and creates an Environmental Recycling Park Development Fund.

The bill also provides an appropriation to effectuate the purposes of the bill.

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

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1101, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1101, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Aki, Mizuguchi and Reed.

SCRep. 406 Agriculture on S.B. No. 850

The purpose of this bill is to make an appropriation for a study on the formulation and implementation of an agricultural and economic diversification plan for the Hamakua Coast.

Sugar, which is the mainstay of agriculture on the Hamakua Coast of the Big Island of Hawaii, has a tenuous future. This was brought to light in the 1988 legislative session when a \$10 million loan was requested to ameliorate the cash flow situation at Hamakua Sugar. The failure of the sugar industry on the Hamakua Coast would have a domino effect on West Hawaii.

This bill addresses this concern with the purpose of assisting the Hamakua community as it prepares to deal with the impacts of an industry in transition.

Your Committee has amended this bill to emphasize the importance of long-term planning and to stress the involvement of the community in developing its future.

Your Committee has also amended the bill by changing the expending agency to the Office of State Planning, which is a more appropriate expending agency for the bill.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 850, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 850, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi and Reed.

SCRep. 407 Agriculture on S.B. No. 882

The purpose of this bill is to appropriate \$8.5 million to the agriculture emergency loan revolving fund and to authorize the Department of Agriculture to issue a loan of that amount to the Hilo Coast Processing Company (HCPC). The loan authorized under this bill would provide HCPC with necessary emergency funding to purchase the power plant and related assets. The intent of the bill is to maintain and improve the company's ability to produce and manufacture sugar, sugar cane by-products, and generate power.

Hilo Coast Processing Company is owned 50 percent by Mauna Kea Agribusiness, a C. Brewer subsidiary, and 50 percent by the United Cane Planters Cooperative. Hilo Coast Processing Company harvests and processes its members' sugar cane into raw sugar, molasses and bagasse, at the lowest possible cost to the growers. The loan is necessary because Mauna Kea Agribusiness alone, lost \$5 million in 1988 and is expected to lose \$5 million more this year. Growers are finding it difficult and in many cases impossible to remain in business.

During the past two years the company has taken a number of dramatic steps to reduce costs and to improve its return to growers. Salaries and wages of all 600 employees have been frozen since 1987, and staff at HCPC and Mauna Kea have been consolidated to save money. The company renegotiated its power agreement with Hawaiian Electric Light Company in 1988, which increased revenues from power sales in exchange for lengthening the term of the agreement and increasing the penalties for non-performance. Despite these actions, the yield to growers has been below normal.

The loan is needed to purchase power generating equipment that is owned by a group of banks. The lease payments total \$1.9 million per year. With the \$8.5 million, HCPC will be able to buy the power plant and related assets. This action would reduce the annual cash burden to the cooperative by \$1,000,000 per year. The loan would be fully covered by the equipment and land, which will be used for collateral.

Your Committee heard supporting testimony from the Department of Labor and Industrial Relations, Department of Business and Economic Development, the Hawaii Island Contractors Association, Hawaiian Electric Light Company, Inc., Hilo Coast Processing Company, Department of Agriculture, several citizens and employees of the processing plant and the Governor's Agriculture Coordinating Committee. Your Committee also heard opposing testimony from Small Business Hawaii and Bill Sullivan, a concerned Hawaii resident.

The Committee has amended the bill on page three by inserting the word "and" before the word "or" on line 20. This amendment was based on testimony presented by Hawaiian Electric Light Company and gives the Department of Agriculture greater latitude in negotiating the collateral source to ensure the strongest position for the state.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 882, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 882, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi and Reed.

SCRep. 408 Agriculture on S.B. No. 624

The purpose of this bill is to allow the Department of Agriculture to transfer funds from the agricultural products revolving fund to the agriculture loan revolving fund and the aquaculture loan revolving fund by amending sections 153-3, 155-14, and 219-4, Hawaii Revised Statutes.

Your Committee heard testimony in support of this measure from the Board of Agriculture and amended the bill to set a \$1,000,000 ceiling on the amount of money which is transferable for each revolving fund within the calendar year.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 624, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 624, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Aki, Mizuguchi and Reed.

SCRep. 409 Agriculture on S.B. No. 541

The purpose of this bill is to make various appropriations to statewide agricultural activities.

Your Committee has amended the bill by adding an appropriation of \$30,000 for item (8) Leaf miner on celery, for fiscal year 1990-1991, which was inadvertently omitted from the bill, decreasing the appropriation for item (9) for Spotted wilt research to \$90,000 for both fiscal years, and changing the expending agency for item (6) Control of webworms to the Department of Land and Natural Resources.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 541, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 541, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Aki, Mizuguchi and Reed.

SCRep. 410 Agriculture on S.B. No. 1882

The purpose of this bill is to provide an appropriation to the water pollution control revolving fund and to allow the director of the Department of Health to make grants, loans, or a combination of grants and loans to the counties.

Grants or loans made to any state or county agency will be used for the construction of necessary treatment works and other projects intended for wastewater reclamation or waste management to prevent or control the discharge of untreated or inadequately treated sewage or other waste into any State waters.

Recent changes in the Water Quality Act of 1987 (Public Law 100-4) embody a dramatic shift in the financing of wastewater treatment facilities from the federal government to state and local governments. Under the new law, the states may receive federal grants to capitalize a revolving fund up to 1994. In order for the State to qualify for a capitalization grant, the legislature passed Act 365, Session Laws of Hawaii 1988 which established a water pollution control revolving fund in accordance with the provisions and requirements of the Water Quality Act of 1987. Surveys indicate that approximately \$1.4 billion of wastewater treatment facilities are required over the next twenty years to protect our valuable underground waters. The total federal capitalization grants which the State expects to receive up to 1994 will not be adequate to finance the needed wastewater treatment facilities.

Your Committee heard testimony in support of this measure from the City and County of Honolulu Department of Public Works, the County of Maui Department of Public Works, and the Kailua Chamber of Commerce. Your Committee finds that it is appropriate and desirable for the State to provide financial mechanisms such as grants, loans or a combination of grants and loans to meet the anticipated growth in the State and to encourage development of the State's water resources.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1882 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 Mizuguchi and Reed.

SCRep. 411 Health on S.B. No. 1836

The purpose of this bill is to establish the State Health Insurance Program to provide health insurance coverage for persons currently without such coverage.

Although Hawaii has the only statutorily mandated prepaid health care program in the nation, as well as a broad-based Medicaid program, there remains a significant group of uninsured individuals. This bill would establish a means through which all Hawaii residents would have access to health insurance coverage regardless of age, income, employment status, or any other factor.

Your Committee heard testimony in support of the general principles of this measure from the Department of Health, the Department of Human Services, the Department of Labor and Industrial Relations, the Hawaii Medical Service Association, Kaiser Permanente, the Hawaii Medical Association, and many others. Your Committee remains dedicated to the concept of a State health insurance program, but upon further consideration finds that more study and planning is needed to resolve logistical problems before such a program can become a reality.

Your Committee has therefore amended this bill by deleting its contents and inserting new language to appropriate \$500,000 to plan, design, and construct a state health program during fiscal year 1989-1990. In addition, the amended bill appropriates \$8,000,000 for fiscal year 1990-1991 to implement the program so designed.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1836, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1836, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Menor, Yamasaki and Reed.

SCRep. 412 Agriculture on S.B. No. 1837

The purpose of this bill is to direct the Director of Health to provide, if available, grants for the purpose of enforcing litter laws and to conduct public education programs.

This bill would enhance the consciousness of the public regarding litter laws and the accompanying penalties therefor.

Your Committee has amended the bill by removing the proposed deletion of the definition of "Recycle".

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1837, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1837, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Mizuguchi and Reed.

SCRep. 413 Health on S.B. No. 800

The purpose of this bill is to provide funds to establish in the Mental Health Division of the Department of Health a mental health unit which shall provide needed bilingual mental health services to immigrants statewide.

This bill would establish a new program to be staffed by bilingual paraprofessionals proficient in one of several named languages. The program would have the following functions and would provide the following services: outreach, education, case finding, screening, referral and linkage, consultation, crisis stabilization, community support services, system advocacy, client support and advocacy, and monitoring and follow-up.

Your Committee heard supporting testimony from the Director of Health, a number of organizations, and some individuals. Two members of the public testified against the bill. Your Committee finds that the purpose of this bill is worthy of its support but defers judgment on the appropriate level of funding to your Committee on Ways and Means.

Your Committee has amended this bill by substituting "strive" for "begin" and "should" for "must" in the findings section of the bill, by deleting the provisions concerning direction, management, and staffing of the mental health unit, and by substituting the sum of \$1 for each fiscal year in the appropriation section of the bill.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 800, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 800, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Menor, Yamasaki and Reed.

SCRep. 414 Health on S.B. No. 1185

The purpose of this bill is to repeal the requirement that the director of finance shall determine that moneys in special funds are insufficient in order to appropriate general funds for operating expenses of county/state hospitals. The proposed amendments in this bill provide that:

- 1) Revenues generated by each county/state hospital shall be kept in separate accounts and expended for operating expenses in the county in which the revenues are generated;
- 2) Each hospital administrator shall supervise the account with the hospital advisory committee; and
- 3) Funds for capital improvement projects and operating expenses be requested from the legislature as necessary.

Your Committee amended the bill by adopting the recommendations of the Department of Health and deleted the proposed amendment to section 37-34, Hawaii Revised Statutes. The Department of Health testified that the bill as written would prevent the county/state hospital system from having the flexibility of transferring revenues to hospitals out of that county's jurisdiction to other hospitals in the event of revenue shortfall. Your Committee inserted new language to provide that any moneys remaining in the special fund's account at the end of each fiscal year shall be returned to the general fund.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1185, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1185, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Menor, Yamasaki and Reed.

SCRep. 415 Health on S.B. No. 1197

The purpose of this bill is to outlaw the possession, possession for sale, transportation, or manufacture of anabolic steroids.

Steroids are recognized as subject to abuse and dependence, with a long list of consequences. Some of these consequences include hypertension, increased athletic injuries, possible liver and prostate cancer, hepatitis, testicular atrophy, and body builder's psychosis.

This bill would encourage greater caution on the part of physicians in their prescription practices while at the same time reducing the likelihood of procurement through nonmedical means.

Your Committee has amended the bill by correcting the spelling of the term "Nandrolone decanoate," and by making technical changes for purposes of clarity.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1197, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1197, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Menor, Yamasaki, and Reed.

SCRep. 416 Health on S.B. No. 1252

The purpose of this bill is to appropriate funds to establish a foodhandlers' education and voluntary certification program consisting of community college food system programs and private industry.

Your Committee finds that there is a definite need for foodhandler education programs to reduce the risk of transmitting foodborne diseases.

Your Committee has amended this bill by deleting the eventual transferral of the program to Oahu and the need for staff. Your Committee also amended Section 2 of the bill by designating the correct chapter in the Hawaii Revised Statutes and by inserting a \$1 appropriation amount in order to let the specific amount be determined by the Committee on Ways and Means. Your Committee has also made technical, nonsubstantive changes to conform with recommended drafting style.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1252, as amended herein, and recommends that it pass Second Reading in the the form attached hereto as S.B. No. 1252, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Menor, Yamasaki and Reed.

SCRep. 417 Health on S.B. No. 213

The purpose of this bill is to add language to the purpose section of chapter 327D, the medical treatment decisions act (living will), to strengthen that section.

Chapter 327D, Hawaii Revised Statutes, currently provides for the right of a person to control decisions relating to the person's own medical care, including provisions for written declarations that a person does not wish to have life-sustaining procedures imposed. This bill would strengthen the current law by stating that the exercise of the right to control the decisions regarding one's medical care is a right requiring no one's approval.

Your Committee heard supporting testimony from the director of health and from the director of the executive office on aging. Opposing testimony heard was from the Hawaii medical association, Hawaii right to life, and the Roman Catholic Diocese of Honolulu. Your committee finds that the present law should be strengthened by adding the additional language protecting an individual's right to make personal decisions about the individual's own medical care.

Your committee has amended the bill by making a few minor language changes in the proposed additional statutory language and by adding a new section to Chapter 327D, Hawaii Revised Statutes, to make clear that the chapter in no way limits or restricts the individual's right to control his or her own medical care, as those rights existed prior to enactment of the chapter.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 213, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 213, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Menor, Yamasaki and Reed.

SCRep. 418 Health on S.B. No. 1627

The purpose of this bill is to appropriate \$3,218,883 for fiscal year 1989-1990 and \$4,570,930 for fiscal year 1990-1991 to ensure that children and adolescents are afforded essential mental health services.

Currently these mental health services are provided by the Department of Health (DOH) to children and adolescents when funds are available. Unfortunately this translates to a little service for a lot of needy children and youth.

This bill provides funds which would enable the DOH to put in place a minimal framework of components for a child and family mental health system of care. A "System of Care" is the nationally used term that describes a spectrum of integrated levels of care necessary to maintain emotionally and behaviorally troubled children and adolescents in the least restrictive environment closest to home or in a home-like setting.

Of special interest to your Committee was the issue of Adolescent Day Treatment. Your Committee finds that there are two Adolescent Day Treatment programs on Oahu - one in Windward, and one in Central Oahu. There are two more budgeted for the Kalihi-Palama and Diamond Head area, but there are more planned for the neighbor islands. Your Committee has therefore included the concerns of the neighbor islands addressed in S.B. No. 835 in this bill.

Additionally, your Committee finds that in December of 1984, the State Department of Health - Mental Health Division and the Office of Civil Rights, U.S. Department of Human Services reached a settlement agreement on issues raised by a compliance review regarding Adolescent Day Treatment.

In response to the concerns of the neighbor islands, and to comply with the agreement made with the Office of Civil Rights, your Committee has amended the bill by increasing the amount appropriated for Adolescent Day Treatment to \$736,000 for fiscal year 1989-1990, and \$903,000 for fiscal year 1990-1991.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1627, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1627, S.D. 2, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Menor, Yamasaki and Reed.

SCRep. 419 Health on S.B. No. 400

The purpose of this bill is to statutorily provide for control of lead contamination in drinking water.

The bill requires the identification and publication of a list of all types of drinking water coolers containing lead and establishes provisions for replacement or repair. The sale or purchase of coolers declared imminently hazardous consumer products would be prohibited, and coolers containing lead would have to be immediately rendered inoperable if found in use in schools. In addition, the Director of Health would be required to establish a program to assist schools in testing for and remedying lead contamination in their drinking water including publication of a guidance document and a testing protocol. Violations of these provisions would result in a fine of not more than \$25,000 per violation.

The bill also contains an appropriation to the Department of Health for fiscal year 1989-1990 to carry out the purposes of the bill.

Your Committee finds that lead in drinking water presents a clear and present health hazard. This bill is necessary to address and remedy the problem.

Upon further consideration, your Committee has amended the bill as follows:

- (1) Deleted the provisions relating to the types of coolers which contain lead, replacement or repair of such coolers, and declaration of imminent hazardous consumer product, and inserted a provision prohibiting any person who owns or offers for use a drinking water cooler from allowing it to continue in operation unless it has been certified by the manufacturer or a laboratory as being lead free. The Department would be authorized to adopt rules for implementing the certification process;
- (2) Deleted the provisions requiring lead contaminated school water coolers to be rendered inoperable or repaired and extended government assistance in testing for and remedying lead contamination to all government agencies as well as schools;
- (3) Lowered the civil penalty from a maximum of \$25,000 to a maximum of \$1,000 per violation;
- (4) Inserted \$1 as the amount of the appropriation;
- (5) Changed the effective date from July 1, 1989 to December 1, 1989; and
- (6) Made some technical changes which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 400, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 400, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 420 Health on S.B. No. 925

The purpose of this bill is to make an appropriation for summer in-service training for teachers.

Your Committee heard supporting testimony from several organizations and individuals.

Your Committee finds that this bill is the result of serious work by the task forces and committees of the Governor's 1990s Conference on Health Promotion and Disease Prevention. Members of the Task Force on the Reduction of Stress and Violence requested this bill as one way to begin to address a high priority objective of the 1990s Conference.

Witnesses supporting this bill felt that it was important that there be interdepartmental cooperation in the letting of a contract for training to an evaluated provider such as the Waianae Coast Peace Education Program. Your Committee further finds that the in-service training provided for in this bill is complementary to other programs.

Your Committee has amended the bill by inserting the amount of \$10,000 for the appropriation, by making minor language changes which have no substantive effect, and by adding the following phrase to the end of section 3: "which would focus on social skills development and on the four items listed as (a) - (d) in section 2 of this Act".

Your Committee on Health is in accord with the intent and purpose of S.B. No. 925, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 925, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 421 Health on S.B. No. 1256

The purpose of this bill is to enable a person to create a durable power of attorney that will effectively allow the holder to make health care decisions for the principal.

Chapter 327D, Hawaii Revised Statutes, concerns medical treatment decisions. Despite current provisions of law, there are difficulties with determination of agency or guardianship and the failure of some health care providers to recognize durable powers of attorney for health care decisions are lawful. This bill would help to address difficulties such as those. The bill would provide clear guidelines for the use of a durable power of attorney, the use of witnesses, qualifications to hold a durable power of attorney, language for legal forms, and a statement of the powers and rights of the principal who elects to use a durable power of attorney.

Your Committee heard supporting testimony from several witnesses and finds that the purposes of this bill are worthy of the Committee's support.

Your Committee has amended this bill by incorporating a number of amendments presented by one of the witnesses. As amended, this bill would in addition to the items mentioned above add a definition of "terminal condition;" insert the requirement that a principal have a terminal condition in some situations in which the principal wishes to use a durable power of attorney; add to the list of actions an attorney-in-fact cannot be authorized to do unless the principal has a terminal disease; broaden the list of persons who may be notified of a principal's wish to revoke a durable power of attorney; and clarifications of instances when a person cannot be denied procedures necessary to alleviate pain or discomfort or to provide hydration or nutrition other than hyperalimentation.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1256, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1256, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Menor, Yamasaki and Reed.

SCRep. 422 Health on S.B. No. 1877

The purpose of this bill is to establish the Division of Community Hospitals.

This bill would allow the Department of Health to plan, construct, improve, manage, control, and operate public health facilities throughout the State under one central administration.

Specifically, the bill employs the Department to:

- (1) Adopt bylaws and rules governing the conduct of its affairs;
- (2) With the approval of the Governor, enter into contracts or other transactions necessary to carry out its business;
- (3) Again with the Governor's approval, enter into business relationships;
- (4) Participate in prepaid healthcare service and insurance programs;
- (5) Set rates and charges for services provided in each public health facility; and
- (6) Develop division-wide capital and strategic plans.

The bill authorizes the Director to provide prerequisites for personnel shortage categories, including monetary incentives and travel and moving expenses.

All hospital administrators and assistant administrators would be civil service exempt, and each county would have a Public Health Facility Management Advisory Committee to advise the Director on matters concerning planning, construction, improvement, maintenance, and operation of public health facilities within their jurisdictions.

The Governor would be authorized to enter into contracts with territories, possessions, and other areas in the Pacific region to use state public health facilities on a space available basis; provided the State is reimbursed for costs of such use.

The bill goes on to allow Leahi Hospital to admit indigent and medically indigent persons who are suffering from chronic diseases and pay for their care and treatment out of the Hospital's regular appropriations for T.B. patients.

The Department would be authorized to accept money or other property for the purposes of the Division. Each public health facility would place its revenues into its own special fund to be used for payment of lawful operating expenses. Each month the Director would assess each hospital special fund two percent of its assets for deposit into the Hospital Administration fund, which in turn would be used to defray general administrative costs of the Division and provide supplemental funds to Division hospitals whose special funds may not be adequate to meet their expenses. The Director would submit an annual report twenty days prior to the convening of each regular session of the Legislature identifying all fund balances and ceiling increases in the various hospital funds, including transfers and expenditures made from the funds.

Finally, to statutorily set in place the provisions of this new chapter, the Hawaii Revised Statutes would be amended by substituting the words "division of community hospitals" for the words "county/state hospitals division" wherever they appear.

The Department of Health strongly supports this measure.

Your Committee finds that this bill will significantly improve the ability of the State to meet its obligations relating to the public health by providing the combination of flexibility and control the Department needs to manage and operate Hawaii's public health facilities and meet the needs of the community.

Your Committee has amended this bill by providing that two-thirds of the legislature must approve the establishment or closure of any public health facility or any contract or business relationship entered into by the Director. Your Committee has also made some technical amendments which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1877, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1877, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Menor, Yamasaki and Reed.

SCRep. 423 Health on S.C.R. No. 6

The purpose of this resolution is to request a study by the legislative auditor concerning insurance coverage for mammography as required under section 23-51, Hawaii Revised Statutes.

Your Committee heard testimony on February 16, 1989, concerning the related bill, SB 1398. At that time, the only opposing testimony was based on the fact that this resolution was not accompanying that bill. Your Committee finds that this study is necessary.

Your Committee has amended this resolution by deleting the reference to ages; clarified the requirements of section 23-51, Hawaii Revised Statutes; and corrected two drafting errors.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 6, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 6, S.D. 1.

Signed by all members of the Committee except Senators Menor and Reed.

SCRep. 424 Labor and Employment on S.B. No. 1699

The purpose of this bill is to amend the laws of the State relating to employment.

Your Committee has amended this short form bill by inserting substantive material that would allow the Department of Labor and Industrial Relations to provide information about apprentices to the U.S. Department of Labor for data input into the Apprenticeship Management Program (AMP). Currently, Hawaii is prohibited from providing this information by chapter 92E, Hawaii Revised Statutes, which prohibits disclosure of personal records to any person other than the individual involved unless the disclosure is made pursuant to law that expressly authorizes such disclosure.

The AMP is a computerized data system that collects apprenticeship information from all states in order to monitor and project apprenticeship trends by occupation, industry, and geography. The data collected under the AMP program is purged of information that can identify the individuals involved and thus should not unduly infringe upon privacy rights.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1699, as amended herein, and recommends it pass First Reading in the form attached hereto as S.B. No. 1699, S.D. 1, and be recommitted to the Committee on Labor and Employment for further consideration.

Signed by all members of the Committee except Senator Solomon.

SCRep. 425 Education on S.B. No. 1622

The purpose of this bill is to amend the laws of the State relating to schools.

Your Committee has amended this short form bill by adding substantive material requiring the Board of Education to adopt a set of standards to be used as guidelines for a school inspection program, the purpose of which would be to ensure that the public schools achieve and maintain high levels of sanitation, safety, maintenance, upkeep, and general appearance consistent with public health and safety standards.

The Board would appoint an advisory committee to assist in developing the standards and inform the Superintendent of Education as to what resources are needed to implement the school inspection program. The Superintendent would implement the program to the extent feasible under available resources. The bill would take effect on July 1, 1989.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1622, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1622, S.D. 1, and be recommitted to the Committee on Education for further consideration.

Signed by all members of the Committee except Senators Ikeda, Solomon and Koki.

SCRep. 426 Consumer Protection and Commerce on S.B. No. 54

The purpose of this bill was to provide that an amendment to the articles of incorporation of a Hawaii corporation that would add, change, or delete a greater voting requirement shall be adopted by the same vote and classes or series then in effect or proposed to be adopted, whichever is greater.

The bill would also apply the Hawaii Business Corporation Law to specified corporations whose articles of incorporation and bylaws were adopted prior to July 1, 1987, and invalidates provisions of articles or bylaws to the extent that they attempt to vary requirements relating to informational content, execution, delivery, filing, and effectiveness of documents required to be delivered to the Director of Commerce and Consumer Affairs.

Under present law, unless a greater voting percentage is provided by the articles of incorporation, a majority vote is required to amend the articles. This bill provides that if the articles of incorporation requires a super majority vote, i.e., any requirement over a simple majority, for any action then any vote to reduce that requirement would need the super majority vote then in effect. Likewise, if a requirement for a super majority vote is proposed to be added to the articles of incorporation the amendment must be adopted by the super majority vote proposed.

This bill is based on the Model Business Corporation Act.

Your Committee has amended this bill by deleting Section 2 relating to articles and bylaws adopted prior to July 1, 1987 and invalidating provisions which would vary the requirements of mandated filings with the Department. Your Committee finds that these provisions were previously adopted pursuant to Act 371, Session Laws of Hawaii 1988, Section 13.

Your Committee has also amended the bill by changing the effective date to July 1, 1989 to facilitate implementation.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 54, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 54, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Chang, Ikeda and Nakasato.

SCRep. 427 Government Operations on S.B. No. 13

The purpose of this bill is to designate December 8 of each year as Bodhi Day, to commemorate the day that Prince Siddhartha Gautama attained "Enlightenment."

Your Committee amended the bill to correct the spelling of "Bodhi" in both the text and title of the bill and to explain the significance of Bodhi Day.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 13, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 13, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 428 Government Operations on S.B. No. 19

The purpose of this bill is to correct an error which was made in Act 263, Session Laws of Hawaii 1988, by amending section 46-1.5(10), Hawaii Revised Statutes (HRS), to revert to the language originally found in section 61-2(8), HRS.

The bill, at page 4, line 6, substitutes the word "no" for the word "each" in order to prohibit, rather than allow, counties from giving or loaning credit to, or in aid of persons or corporations. The bill also makes other non-substantive changes to correct drafting style.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 19, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 429 (Majority) Corrections on S.B. No. 99

The purpose of this bill is to repeal section 322-5, Hawaii Revised Statutes, which authorizes the use of prisoners to remove nuisances.

Section 322-5 currently gives the Department of Health the authority to compel the prison superintendent or the chiefs of police to "cause" prisoners to aid the Department in removal of nuisances or causes of sickness.

Your Committee heard testimony in support of this measure from the Department of Corrections and the Department of Health. Your Committee finds that removal or clean up of public nuisances should be attempted by persons specifically trained in these tasks. Your Committee further finds that the State has a duty to prevent prisoners from exposure to potentially hazardous situations during their incarceration.

Your Committee on Corrections is in accord with the intent and purpose of S.B. 99 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator Koki did not concur.

SCRep. 430 Corrections on S.B. No. 647

The purpose of this bill is to allow the Department of Corrections (DOC) to adopt standards to ensure that all corrections department employees having direct involvement with incarcerated persons are of reputable and responsible character. This bill specifically authorizes the DOC to make criminal history record checks on such employees.

Your Committee heard testimony in support of this measure from the DOC and the Office of the Attorney General. Your Committee finds that allowing the DOC to conduct a criminal records check of new and existing employees will help to avoid situations that could compromise the safety and security of the staff and inmates of state correctional facilities.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 647 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 431 Corrections on S.B. No. 650

The purpose of this bill is to eliminate the requirement that the Department of Corrections (DOC) house inmates with major medical, psychiatric, and specialized needs at the high security correctional facility.

Section 353-7, Hawaii Revised Statutes, currently mandates that inmates with those needs be housed at the high security facility. This bill would allow the DOC to continue with its current practice of housing such inmates at the Halawa Medium Security Facility or, more usually, at the Oahu Community Correctional Facility, where the DOC has established intensive mental health services in conjunction with the Department of Health.

Your Committee heard testimony in support of this measure from the DOC. Your Committee finds that allowing the DOC to maintain its current, established practice will best serve both the DOC and the persons under its supervision.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 650 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 432 Corrections on S.B. No. 651

The purpose of this bill is to allow the Department of Corrections (DOC), with the approval of the governor, to transfer committed felons to any out-of-state correctional facility located in a state that is not a member of the Western Interstate Corrections Compact (WICC) if such a transfer is in the interest of maintaining security or good management at the facility which currently houses the inmate or is in the best interests of the inmate.

Current state law does not authorize the DOC to transfer inmates to out-of-state facilities unless that transfer is agreed upon through the WICC. The WICC, however, limits the states to which the DOC may transfer inmates. The inclusion of the new section proposed by this bill would thus give the DOC flexibility to arrange transfers to facilities in states that are not subject to the WICC.

Your Committee heard testimony in support of this measure from the DOC. Your Committee finds that allowing the DOC to arrange transfers of inmates to facilities in states not subject to the WICC will give the DOC the flexibility needed to maintain security and optimum management in state correctional facilities.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 651 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 433 Corrections on S.B. No. 652

The purpose of this bill is to prohibit persons under the jurisdiction of the Department of Corrections (DOC) from being granted a legal name change until their maximum sentences have been served or they have been discharged from parole.

Current state law allows correctional facility inmates and parolees to change their names any number of times. Such name changes make it difficult for DOC officials to exchange accurate background checks with other criminal justice agencies, and enhance the possibility that the wrong offender may be released from prison due to mistaken identity.

Your Committee heard testimony in support of this measure from the DOC. Your Committee finds that prohibiting name changes by persons under DOC jurisdiction will improve the administration of criminal justice by eliminating the possible misidentification of such persons.

Your Committee has amended the bill by making clarifying language changes which have no substantive effect.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 652, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 652, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 434 Energy and Natural Resources on S.B. No. 1430

The purpose of this bill is to address problems of fishing with ocean drift gill nets and to ban their use or possession within the State's exclusive economic zone.

This bill would prohibit and provide penalties for fishing with or possession of drift gill nets. Your Committee heard testimony concerning the devastation wreaked upon marine life by drift gill nets. Gill nets, often stretching up to thirty miles in length, are set adrift for long time periods, indiscriminately netting and trapping sea creatures, including endangered marine mammals and fish with little or no commercial value. These dead or dying creatures are then discarded, left to rot or die slow, agonizing deaths. The devastation caused by lost or abandoned drift nets is perhaps worse; these nets continue to "ghost fish" indefinitely, continuing to trap and ensnare fish and other marine life for no beneficial purpose whatsoever. These nets sink with the weight of their prisoners only to rise up again as the corpses rot and disintegrate to renew the cycle.

Your Committee finds that drift gill net fishing poses a serious threat to the Pacific fisheries and that strong measures must be taken to send a message to drift gill net fishing fleets that the brutal and indiscriminate killing of marine life through the use of drift gill nets will no longer be tolerated. Your Committee further finds that this bill is consistent with the State's constitutional assertion and reservation of its sovereign "rights and interest in its exclusive economic zone for the purpose of exploring, exploiting, conserving, and managing natural resources, both living and nonliving, of the seabed and subsoil, and adjacent superadjacent waters."

Your Committee has amended the bill by amending subsection (b) by:

- (1) Clarifying that a conviction must be obtained prior to imposing the prohibitions specified;
- (2) Changing the time from which the five year prohibition period begins to run from "the date of the violation" to "the date of the conviction";
- (3) Including a prohibition on fishing within the exclusive economic zone for five years; and
- (4) Simplifying the remaining language to provide a ban on access to or use of any state harbor facility.

Your Committee also has made technical, nonsubstantive changes to subsection (a) for purposes of style and clarity.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1430, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1430, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 435 Agriculture on S.B. No. 1573

The purpose of this bill is to amend the Hawaii Revised Statutes.

Your Committee has amended this short form bill by adding language clarifying Section 157-41, Hawaii Revised Statutes. This bill specifies criminal and administrative penalties enforceable by the Board of Agriculture.

Specifically, any person found to be in violation of Chapter 157 shall be guilty of a misdemeanor, subject to a fine of not less than \$250 or more than \$1,000, or imprisonment for not more than one year, or both. The Board of Agriculture, after proper notice and opportunity for hearing, may impose administrative penalties on any person who violates this chapter or any rule adopted under this chapter, of not less than \$250 or more than \$1,000 for each separate offense.

Your Committee finds that stiff penalties are justified if milk processors should fail to comply with monthly audit recommendations.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1573, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1573, S.D. 1, and be recommitted to the Committee on Agriculture for further consideration.

Signed by all members of the Committee.

SCRep. 436 Agriculture on S.B. No. 1095

The purpose of this bill is to allow consumers to differentiate, by suitable sign or label, locally produced milk from imported mainland milk.

Your Committee heard opposing testimony from the Hawaii Food Industry Association and Meadow Gold Dairies, Inc. and supporting testimony from the Aloha Dairy Cooperative, the Board of Agriculture, and the 50th State Dairy Farmers' Cooperative.

Your Committee is of the opinion that consumers should know what they are purchasing and that labeling that differentiates milk produced locally from imported milk is in the best interest of consumers. After due consideration of the intent of the bill, your Committee has amended the bill by deleting the entire substance of the bill as received and substituting a new section which amends the labeling law, chapter 486, Hawaii Revised Statutes. The new provision prohibits, effective October 1, 1989, the sale of any milk or milk product which is at least ninety per cent produced in Hawaii unless it is labeled "Island Fresh" and features the "Island Fresh" logo. The new provision also requires that the required labels be affixed on the facings of the carton or container in bold face type.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1095 as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1095, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 437 Education on S.B. No. 1620

The purpose of this bill is to amend the laws of the State relating to education.

Your Committee has amended this short form bill by inserting a new part to chapter 297, Hawaii Revised Statutes, requiring educational administrators and officers, as part of their regular duties, to return to the classroom to revitalize their perceptions of educational needs and problems.

Specifically, beginning with the 1989-1990 school year, all administrators and educational officers would spend three days in a classroom unless excused. The Department of Education would establish guidelines to implement this requirement including method of selection, range of classroom assignments, non-duplication of assignments, across the board placement, waivers, individual school control, and teacher control. Such classroom experience would be considered part of the assignee's regular work and would not be separately compensated.

The bill also provides for preparation of administrators, educational officers, teachers, and students for participation in the program, including advance notification and meetings between the classroom teacher and the assignee to plan for the classroom assimilation experience.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1620, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1620, S.D. 1, and be recommitted to the Committee on Education for further consideration.

Signed by all members of the Committee except Senators Menor, Tungpalan, Yamasaki and Koki.

SCRep. 438 Government Operations on S.B. No. 15

The purpose of this bill is to repeal chapter 129, Hawaii Revised Statutes (HRS), relating to blackouts; since powers granted in this chapter are included in chapter 128, HRS.

Your Committee received testimony from the Department of Defense that "the repeal of chapter 129...would not be detrimental to Hawaii's civil defense preparedness, provided that the present provisions in chapter 128, HRS, remain."

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 15 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 439 Government Operations on S.B. No. 25

The purpose of this bill is to repeal Chapter 57, Hawaii Revised Statutes, entitled "Urban and Regional Design." This chapter requires each county to prepare urban and regional design plans.

Your Committee received no testimony in support of retaining this chapter. The Land Use Research Foundation of Hawaii testified in favor of the repeal, because "the Counties have both the jurisdiction and capability of governing themselves."

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 25 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 440 Agriculture on S.B. No. 1572

The purpose of this bill is to amend the Hawaii Revised Statutes.

Your Committee has amended this short form bill to authorize the state Department of Health to establish a new recycling and solid waste management program to encourage waste reduction and recycling for the purpose of instilling a new ethic of resource conservation. This bill would reduce the amount of solid waste generated and incorporates recycling programs into solid waste management systems statewide. Chapter 340A, HRS has been amended to provide statutory authority to establish and implement this program.

Your Committee finds that Hawaii's present methods of waste reduction and recycling are inadequate, and that more aggressive and innovative approaches are needed. As Hawaii approaches the 21st century, available landfill space will become increasingly inadequate or insufficient to address the mounting solid waste disposal crisis. Proper statutory authority will enable the state Department of Health to establish a Recycling Office to carry out program planning, development and coordination with the counties.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1572, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1572, S.D. 1, and be recommitted to the Committee on Agriculture for further consideration.

Signed by all members of the Committee except Senator B. Kobayashi.

SCRep. 441 Health on S.B. No. 1628

The purpose of this short form bill is to provide a vehicle for substantive amendments relating to health.

Your Committee finds that Act 86, Session Laws of Hawaii 1988, repealed the law relating to the regulation of pigeons and aviary game birds. Based on the belief that there existed no reason for the department of health to continue the regulation of pigeon and aviary game bird raising on the basis of public health, and that the paperwork involved in the issuance of state permits was therefore unnecessary, Act 86 eliminated all departmental involvement in the regulation of these activities. Without the department's oversight in pigeon and aviary game bird raising, county zoning regulations took precedence.

In the case of the city and county of Honolulu, zoning regulations equate the raising of pigeons and aviary game birds to the raising of livestock--which is strictly limited in residential areas. Consequently, according to the city and county's zoning regulations, owners are allowed to raise a maximum of two birds each in areas zoned residential. Because hobbyists raise and maintain hundreds of pigeons for competition or exhibition, the present situation has seriously jeopardized the viability of this sport in Hawaii.

Your Committee finds that uniform and reasonable regulation of pigeon and aviary game bird raising is necessary throughout the State. The purpose of this bill is to: (1) reinstitute the State's regulatory requirements over pigeon and aviary game bird raising; (2) establish registration requirements for the construction and maintenance of lofts to house these birds; and (3) enable appropriate state agencies to monitor and prevent the outbreak and spread of diseases affecting these birds more effectively through the list of registered loft owners in the State.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1628, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1628, S.D. 1, and be recommitted to the Committee on Health for further consideration.

Signed by all members of the Committee except Senators B. Kobayashi, Menor and Yamasaki.

SCRep. 442 Government Operations on S.B. No. 26

The purpose of this bill is to eliminate outdated and unnecessary licensing functions administered by the counties.

Currently, county licenses are issued and fees are required for selling beef or pork; manufacturing candy, cakes, "or other food products"; operating a steam laundry or restaurant; processing milk; operating a carnival; or selling tobacco.

Linda L. Smith, outgoing director of finance for the City and County of Honolulu, testified that this bill would eliminate over 9,000 licenses annually. While the counties collect license fees, they do not actually enforce standards and practices.

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 have been prosecuted.

This bill is identical to S.B. No 2314-88, S.D. 1, which passed the Senate after favorable testimony was received from both the City and County of Honolulu, the Department of Health, the Board of Agriculture, and Department of Labor and Industrial Relations.

Your Committee has amended the bill at page 4, line 22 (page 4, line 19 of the bill as amended), page 6, line 4 (page 6, line 2 of the bill as amended), page 9, line 19 (page 9, line 18 of the bill as amended) to make technical corrections which have no substantive effect.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 26, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 26, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 443 Government Operations on S.B. No. 20

The purpose of this bill is to consolidate Parts I, II and III 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 asked for assistance in re-drafting Chapter 52 and received tremendous cooperation. An ad hoc committee was formed, in 1988, 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 State of Hawaii Organization for Police Officers (SHOPO). Your Committee wishes to acknowledge the time and efforts of the ad hoc committee members and express its appreciation.

Your Committee finds that this bill streamlines and makes uniform the law relating to the police departments of every county and eliminates obsolete, conflicting and otherwise unnecessary provisions from the present law.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 20, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 444 Government Operations on S.B. No. 29

The purpose of this bill is to repeal section 103-54, Hawaii Revised Statutes (HRS), which requires that government contracts involving the employment of laborers provide for payment of wages on a weekly basis where compensation is \$5 or less per day. This section is, obviously, obsolete.

The bill also amends section 103-56, HRS, which requires that payments be made on the fifteenth and last days of the month, by deleting reference to section 103-54, HRS.

Ken Takenaka, of the Construction Industry Legislative Organization (CILO), testified in support of the bill and recommended that both sections 103-54 and 103-56, HRS, be repealed. Both sections are unnecessary since the current practice within the construction industry is to pay its workers on a weekly basis. The collective bargaining contracts of the major trades and sub-trades all provide for payment of wages on a weekly basis. Furthermore, the vast majority of contractors, including non-union contractors, pay their workers on a weekly basis.

Your Committee has adopted the recommendations of the CILO, and has amended the bill by repealing both sections 103-54 and 103-56, HRS.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 29, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 29, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 445 Government Operations on S.B. No. 107

The purpose of this bill is to replace obsolete military titles in section 134-34, Hawaii Revised Statutes (HRS), relating to national emergencies.

The bill replaces the current military titles with a generic designation, "senior United States military commander in the State," to avoid the need for future amendments whenever the military changes titles.

Your Committee received supporting testimony from Mr. Sam Koffler of the Schofield Rod and Gun Club and the Rod and Gun Club of Wheeler Air Force Base, and Major General Alexis T. Lum, State Adjutant General. Both testified that the titles currently in the statute are obsolete.

Your Committee has amended the bill to clarify that the senior commander referred to is "headquartered" in the State.

Major General Lum testified that there is an internal process of designating authority in the absence of the Commander in Chief, United States Pacific Command, and recommended that an allowance be made for this process by adding language recognizing the Commander in Chief's authority to confer his duties under section 134-34 upon a duly designated representative. Your Committee has amended the bill by adding the recommended language and finds that the addition of this language will ensure that the national emergency determination process will be within the proper national command authority chain.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 107, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 107, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 446 Government Operations on S.B. No. 10

The purpose of this bill is to prohibit the sale, to minors, of confectionery containing alcohol of five percent or more.

Bruce C. Bigelow, Esq., testified in support of the bill, but expressed concern that the bill classifies liquor flavored confections as "liquor products" and causes inappropriate regulatory and sales restrictions to be applied to the sale of these candies.

Your Committee finds that these liquor flavored candies do not present any significant potential for abuse, and that the purpose of this bill is better accomplished by amending Chapter 328, relating to food, drugs, and cosmetics. Your Committee has therefore amended the bill by deleting the proposed changes to section 281-2, Hawaii Revised Statutes, and instead amending section 328-6. The bill, as amended, adds to the list of prohibited acts, the "...sale of any food that is a confectionery containing alcohol in excess of one-half of one percent by weight to any person below the age of twenty-one years."

Your Committee has also amended the bill by making nonsubstantive changes on page 6, line 21 in order to conform existing language to recommended drafting style.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 10, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 10, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 447 Government Operations on S.B. No. 976

The purpose of this bill is to allow county mayors to modify business days and hours of county offices by executive order or directive.

Currently, Section 80-1, Hawaii Revised Statutes, requires that State and county offices remain open between the hours of 7:45 a.m. and 4:30 p.m., Monday to Friday. The Governor has the exclusive authority to modify those business days and hours by executive order. This bill gives the county mayors, as chief executives of their county or municipal subdivisions, the authority to modify business hours and days of those offices as well.

The Director of Civil Service of the City and County of Honolulu submitted testimony in support of the bill, stating that Hawaii has one of the highest percentages of dual income earners per household in the nation. Many individuals who use public services are employed during regular working hours and must leave their work place to use these services.

Your Committee finds that the modification of hours and days of certain government offices to meet the needs of potential users would promote more efficient and accessible public services, and may even help to minimize the current traffic congestion problem.

Your Committee has amended the bill to make non-substantive changes to correct typographical errors and to conform with recommended drafting style.

Your Committee is in accord with the intent and purpose of S.B. No. 976, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 976, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 448 Government Operations on S.B. No. 174

The purpose of this bill is to require government agencies to make available, for inspection and duplication, water and well testing results performed by an agency of the State.

Although the proposed amendment is well-intentioned, access to this type of records was addressed by the passage of Act 262, Session Laws of Hawaii 1988, which becomes effective on July 1, 1989. Specifically, access is addressed by section 92F-12(a)(6), Hawaii Revised Statutes (HRS), which provides for the disclosure of the "results of environmental tests."

Notwithstanding the apparent sufficiency of Act 262, Session Laws of Hawaii 1988, your Committee believes it is appropriate to recognize the special importance of the results of tests on water and wells.

Your Committee has amended the bill by deleting the proposed changes and, in lieu thereof, amending section 92F-12(a)(6), HRS, to read:

"(6) Results of environmental tests, including water and well test results;"

Because section 92F-12(a)(6) does not go into effect until July 1, 1989, the bill has been further amended by changing the effective date to July 1, 1989.

The bill, as amended, is not subject to the possibility of negative inferences which could be drawn from the earlier language.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 174, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 174, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 449 Human Services on S.B. No. 1875

The purpose of this bill is to provide an exception to the requirements for psychologists and psychiatrists who certify and treat disabled general assistance recipients.

Section 346-71(b)(3), Hawaii Revised Statutes, provides for general assistance to disabled persons by the Department of Human Services when a determination of physical or mental impairment is made. Examinations for mental impairment are conducted by a licensed psychologist or psychiatrist, and cases are assigned by the Department of Human Services on a rotating basis. Current law provides that the psychologist or psychiatrist making the determination of mental impairment is ineligible to provide out-patient treatment for the disabled person.

Your Committee heard testimony in support of this measure from the Department of Human Services. Testimony indicated that there are many rural areas on the neighbor islands where only one Medicaid psychologist or psychiatrist is

in practice. If the available psychologist or psychiatrist determines a case of mental impairment, present law prohibits ongoing treatment by this health care provider.

Your Committee amended the bill to specify that a licensed psychologist or psychiatrist may determine and certify mental impairment, and if necessary, provide the ongoing out-patient treatment in areas where such professionals are in short supply. Your Committee believes that accessibility to quality health care is paramount, and this bill provides for expeditious treatment of persons with mental impairments.

Your Committee further amended the bill by making certain technical, nonsubstantive changes for the purpose 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. 1875, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1875, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 450 Human Services on S.B. No. 970

The purpose of this bill is to amend the eligibility requirements for general assistance provided by the Department of Human Services.

Section 346-71, Hawaii Revised Statutes, governs the eligibility for public assistance. This bill would amend this section to require applicants to furnish the Department of Human Services with a social security account number for each member of the assistance unit, or verification that an application was made for the members.

Your Committee heard supporting testimony from the Department of Human Services and finds that passage of this measure will standardize the general eligibility requirements for all programs administered by the Department and facilitate the various interfaces with other agencies.

Your Committee further finds that using a common identifier such as the applicant's social security number in interfacing with other agencies will prevent duplication of benefits and ensure that funds allocated for various welfare programs are expended on truly needy individuals and families.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 970 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 Koki.

SCRep. 451 Transportation on S.B. No. 18

The purpose of this bill is to raise the minimum age at which a person may obtain a driver's license from sixteen to seventeen years of age.

The bill also changes a reference to Chapter 333, Hawaii Revised Statutes, (HRS) contained in Section 286-104(6), HRS, to Chapter 333F to reflect the passage of Act 341, Session Laws of Hawaii 1987, which repealed Chapters 333 and 333E, Part II and replaced them with Chapter 333F, HRS.

Studies have shown that young drivers are overinvolved in traffic accidents. In Hawaii, young drivers are generally overinvolved by a factor of two. That is to say that for every driver population percentage point they occupy, young drivers are responsible for twice as many accidents.

Your Committee finds that raising the required age for obtaining a driver's license would help reduce the incidence of traffic accidents, thereby increasing the safety of all drivers in the State.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 18 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 452 Transportation on S.B. No. 694

The purpose of this bill is to amend Section 286-26(i), Hawaii Revised Statutes, to reflect the results of Act 347, Session Laws of Hawaii 1987, regarding the requirement of proof of no-fault insurance in order to obtain a valid inspection sticker.

Section 286-26(i), HRS, cites Sections 294-8.5 and 294-12.6 HRS, as the no-fault insurance identification card and the proof of insurance card laws. However, these sections have been repealed and reenacted under the insurance code.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 694 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 453 Transportation on S.B. No. 1005

The purpose of this bill is to amend Section 286-50, Hawaii Revised Statutes, to allow bona fide residents of Hawaii to register out-of-state vehicles in Hawaii.

The present law allows members of the Hawaii congressional delegation and members of their staff who are bona fide Hawaii residents to register their out-of-state vehicles in Hawaii if certain requirements relating to identification of the vehicle, proof of ownership and ultimate payment of the use tax are met. This bill would broaden the law to allow any bona fide Hawaii resident to register an out-state vehicle in Hawaii if the requirements are met.

The bill also updates statutory references to identification numbers of vehicles by substituting the term "vehicle identification" numbers for the term "serial or engine and factory" numbers throughout Section 286-50.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1005 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 454 Transportation on S.B. No. 1010

The purpose of this bill is to require the State to pay for license plates which are purchased by the City and County of Honolulu for assignment to vehicles registered to the State of Hawaii.

Presently, the Hawaii Revised Statutes require that the City and County of Honolulu purchase all uniform license plates for the entire State of Hawaii. Although the statutes provide for each county to pay for their proportionate share of the license plate expense, the State is not required to pay for licenses purchased by the City and County of Honolulu for issuance to State registered vehicles.

Your Committee finds that this bill will cure an inequity by requiring the State to bear the cost of purchasing license plates for State vehicles.

Your Committee has amended the bill by making nonsubstantive language changes for the purpose of clarity.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1010, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1010, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 455 Ways and Means on S.B. No. 1748

This bill, as received by your Committee, was a short form bill relating to budgeting. Your Committee has amended the bill to establish clear procedures governing executive budget requests not contained in the executive budget or the supplemental budget, as the case may be, and which are submitted for consideration to the legislature less than twenty days before the convening of the legislature.

This bill requires the governor to submit separate bills for additional executive budget requests submitted to the legislature after the executive budget or supplemental budget, as the case may be. The bills would have to include:

- (1) Reasons why the additional request was not included with the original budget or supplemental budget;
- (2) Clear and compelling reasons why the request must be included;
- (3) The percentage increase or decrease the additional request represents in relation to the executive budget or supplemental budget; and
- (4) Other information.

In previous years, additional budget requests have been made through the use of governor's messages, but only for emergency situations, or where significant new information became available which required action. However, it has increasingly become common practice for the executive to submit additional budget requests for legislative consideration through the use of governor's messages for nonemergency situations. Because the Executive Budget Act does not provide a procedure for the governor to submit such additional budget requests, there is a compelling need to establish clear guidelines for doing so.

The continued indiscriminate use of governor's messages to submit additional budget requests is contrary to the requirements and intent of the Executive Budget Act and abuses the fundamental concept of the system of checks and balances among the various branches of government upon which our system of government rests. The practice of using governor's messages for additional budget requests also deprives the legislature of the time needed to adequately review the governor's additional proposals. This practice undermines the intent of the Executive Budget Act by emasculating established procedures to prepare, coordinate, analyze, and enact a budget to implement the State's program and financial objectives and policies.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1748, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1748, S.D. 1, and be recommitted to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 456 Ways and Means on S.B. No. 1750

The bill, as received by your Committee, was a short form bill relating to state funds. Your Committee has amended the bill to make appropriations and to set program specifications for the executive departments, as proposed by the governor in his State of the State address of January 25, 1989, and in subsequent communications received from him during the 1989 regular session.

Your Committee finds that the governor has highlighted areas of pressing need in the State and has stated that initiatives taking decisive action need to be taken and which deserve immediate and wholehearted support. Accordingly, the executive has proposed a number of initiatives for the 1989-1991 fiscal biennium determining courses of action that guide programs addressing these pressing needs in the form of messages from the governor requesting budget additions over and above the executive budget. Your Committee finds that although the State's current financial condition is sound, prudent judgment must prevail in determining the optimal course of action to take in responding to these needs.

Your Committee finds that the practice of using governor's messages to submit additional budget requests does not conform to the procedure established by section 37-71, Hawaii Revised Statutes, which requires the governor to submit the executive budget not less than twenty days before the legislature convenes in every odd-numbered year. The intent of the twenty-day requirement is to ensure that the legislature is provided adequate time to review the governor's budget.

Your Committee finds that in previous years, governor's messages have been used, but only for emergency requests for funding that could not otherwise have been included in the budget pursuant to the budget process required by law. However, it has recently become common practice to use governor's messages to request nonemergency funding not included in the original executive budget.

Your Committee agrees that this use of governor's messages is contrary to, and circumvents the requirements and intent of, the executive budget act. The indiscriminate use of governor's messages defeats the purpose and intent of the executive budget act by not allowing for orderly preparation, coordination, and analysis of the budget which is the principal tool by which state program and financial objectives and policies are implemented.

Your Committee also finds that Article VII, Section 9, of the Hawaii State Constitution, requires that the legislature transmit the executive biennium budget to the governor before any other bill containing appropriations may be passed by the legislature. However, your Committee finds that if the additional executive initiative budget requests are included in the executive biennium budget, the resulting bill will, by itself, likely exceed the general fund expenditure ceiling pursuant to chapter 37, Hawaii Revised Statutes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1750, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. 1750, S.D. 1, and be recommitted to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 457 Education on S.B. No. 1977

The purpose of this bill is to exempt from the civil service laws one public high school student selected by the Hawaii State Student Council as a non-voting member of the Board of Education as authorized by the State Constitution.

Regular members of the Board are currently civil service exempt under section 76-16(6), Hawaii Revised Statutes, which allows for the exemption of positions filled by popular vote. Since the student position is not filled by popular vote, this bill is needed to specifically provide for the appropriate civil service exemption.

Your Committee received supporting testimony from the Superintendent of Education.

Your Committee has amended this bill 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. 1977, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1977, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 458 Education on S.B. No. 1382

The purpose of this bill is to address the problem of excessively hot public school classrooms by including heat in the Department of Education's specification standards.

This bill would require air conditioning to be installed in any school which is affected by extreme heat and allows the parent/teacher association to pay for electricity for an air conditioning system installed for heat control until all the public schools are air conditioned. The bill further requires the Department, in conjunction with the American Pediatric Association, to develop criteria to determine whether a school should be air conditioned.

Your Committee is aware that many of our public schools are adversely affected by heat due to location and lack of air conditioning. The solution would appear to be air conditioning, and therefore it is appropriate to include heat as a Department specification standard.

Your Committee has amended this bill as follows:

- (1) Deleted the reference to extreme heat in recognition that heat in itself is sufficient reason for air conditioning;
- (2) Deleted reference to the American Pediatric Association in the belief that the Department is fully qualified to develop appropriate standards (rather than criteria) for heat in the schools without outside assistance; and
- (3) Provided that the Department may require the approximate cost of electricity and maintenance for privately installed air conditioners to be paid by the parent/teacher association until the Department establishes heat and noise standards and a policy relating to air conditioning.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1382, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1382, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 459 Education on S.B. No. 654

The purpose of this bill is to amend the provisions relating to compulsory attendance in school and exemptions therefrom.

Specifically, the bill would do the following:

- (1) Repeal the exemption from mandatory school attendance where a competent tutor is employed or where a child has graduated from a vocational school;
- (2) Authorize the Superintendent of Education or a representative, rather than the school department, to excuse a child who is suitably employed and at least fifteen years old;
- (3) Allow the Superintendent's representative to approve an alternative educational program;
- (4) Add an exemption to mandatory attendance when the school principal is notified of the intent to home school; and
- (5) Require employers of children who are excused in order to work to notify the school within three days upon termination of the child's employment.

Your Committee received supporting testimony from the Superintendent of Education and finds that this bill reflects current practices in the school system and serves to update and strengthen the laws relating to compulsory school attendance.

Your Committee has amended this bill by changing the term "home school" to read "to provide home education" on page 3, line 7 (page 2, line 21 of the bill as amended), for the purpose of clarification, and by making a technical change which has no substantive effect.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 654, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 654, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 460 Consumer Protection and Commerce on S.B. No. 153

The purpose of this bill is to prohibit a governing instrument of an apartment project, including cooperative housing corporations, from being amended to prohibit any conduct, activity, object, item, or property except by a seventy-five percent vote of the owners whenever the declaration or other governing instrument allows or specifies such conduct, activity, object, item, or property. Governing instruments would include the declaration, articles of incorporation, bylaws, or any other governing document.

Your Committee finds that this bill conforms with accepted theory that bylaws and house rules should not contradict the declaration.

A growing body of developing national condominium law supports this theory and practice. The Community Associations Institute (CAI) a national and local organization, is involved in the development of condominium and community homeowner association law and the evolution of law on project instruments, governance and bylaws for condominiums and cooperatives.

The national attorney for CAI is Mr. Wayne S. Hyatt, who as a national authority has written several books on the subject of Condominium and Community Association law. Two of his latest books are worth noting in this regard. 1) Condominium and Homeowner Practice: Community Association Law (1988), and 2) Condominium and Homeowner Associations - A Guide to the Development Process (1985 with a 1988 supplement).

In his first book cited above, Hyatt includes the subject of pets as a use restriction in the declaration as part of an American Law Institute and American Bar Association suggested Table of Contents for a Condominium Declaration, on page 370. He further recommends that pets may be included in the declaration on pages 385-6. Thus, including pets as an appropriate use restriction in the declaration has been recognized by the American Law Institute and the American Bar Association.

In the second book cited above, Hyatt specifically lists pets and enforcement of the pet provision in the suggested Table of Contents for the declaration (not the bylaws) on page 137. The bylaws involve much more detailed subjects, such as meetings, voting, directors, management of funds, etc. He clearly recognizes that pets are such an important item that provisions for same should be placed in the declaration or basic underlying document of a project.

Locally, it has been the practice of many developers to provide pet facilities or originally market the project as allowing pets, in order to increase sales, and with the declaration silent on the subject of pets. Then, usually within two or three years, a bylaw amendment is proposed to ban pets. This is a subterfuge that undermines the original reliance of the first purchasers to have and keep pets, is directly counter to the legal theory and practice as espoused above by Mr. Hyatt and should not be allowed to continue without an amendment to the project instruments or the declaration as the basic underlying document of the project.

Your Committee has amended the bill by clarifying that it is the declaration in the case of condominiums and the articles of incorporation in the case of cooperative housing corporations which are the basic documents which may not be contradicted by other project instruments without seventy-five percent of the owners so voting.

Your Committee has further amended this bill by providing that if pet facilities are included in a project, or if the project is marketed and sold as allowing pets, then the declaration or the articles of incorporation, as the case may be, must specify that pets are allowed in the project. It is the intent of your Committee that failure to so specify constitutes a subterfuge.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 153, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 153, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Hagino and McCartney.

SCRep. 461 Culture, Arts and Historic Preservation on S.B. No. 1112

The purpose of this bill is to make permanent the designation of the Humuhumu-nukunuku-a-pua'a as the State Fish.

Your Committee finds that the Humuhumu-nukunuku-a-pua'a has received favorable community support as the State Fish. A State Fish campaign and public poll conducted in 1984 by the University of Hawaii's Waikiki Aquarium and Marine Option Program distributed over 586,000 ballots statewide. A total of 60,151 ballots was tabulated with the Humuhumu-nukunuku-a-pua'a receiving 16,577 votes as the State Fish. Maximum use was made of the media and special events in 1984 as part of the campaign to call attention to the selection process for an official State Fish.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1112 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 462 Health on S.B. No. 663

The purpose of this bill is to clarify the purpose of Chapter 325, Hawaii Revised Statutes.

Chapter 325, Hawaii Revised Statutes, concerns infectious and communicable diseases. This bill would clarify the purpose of the chapter.

Your Committee heard supporting testimony from the Director of Health and finds that it is desirable to state clearly the purpose of Chapter 325 because the rulemaking authority for the Director of Health is tied to the "purpose of carrying out this chapter." The change will clarify the law.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 663 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 463 Health on S.B. No. 660

The purpose of this bill is to provide sick leave benefits to Hansen's disease patients participating in the Patient Employment Program (PEP).

Section 326-22, Hawaii Revised Statutes, provides for the compensation of patient employees, which currently includes vacation pay but not sick leave. This bill would add sick leave benefits to the compensation payable to patients employed under section 326-21, Hawaii Revised Statutes.

Your Committee heard supporting testimony from the Director of Health and finds that this bill would enable the Patient Employment Program to comply with the settlement of a discrimination complaint filed with the Office for Civil Rights (OCR) and would allow the program more flexibility in determining and implementing other substantive items in the negotiation.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 660 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 McMurdo.

SCRep. 464 Health on S.B. No. 320

The purpose of this bill is to foster a continuing search for alternative research methods that do not involve animals.

Section 711-1109, Hawaii Revised Statutes, currently exempts accepted veterinary practices and activities carried on for scientific research from the crime of cruelty to animals if the practices and activities are governed by standards of accepted educational or medicinal practices. This bill would add another requirement: the purposes of the veterinary practices and scientific research would need to be ones not achievable by alternative means not involving animals.

Your Committee heard supporting testimony from the Hawaiian Humane Society and finds that the purpose of this bill is worthy of its support.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 320 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 465 Health on S.B. No. 658

The purpose of this bill is to provide an exception to the requirement for premarital examination for immunity to rubella upon the presentation of laboratory evidence of rubella immunity. The bill also repeals the sunset date for mandatory premarital rubella screening.

Section 572-7, Hawaii Revised Statutes, currently provides that an application for a marriage license shall be accompanied by a physician's statement that the female applicant has been given a serological test for immunity against rubella and has been informed of the adverse effects of rubella on a fetus. The section provides exceptions if the female applicant provides proof of immunization with live rubella virus vaccine or if the applicant is not and will never be physically able to conceive a child. This bill would add another exception, the presentation of laboratory evidence of rubella immunity, and would eliminate the sunset date of the current statute.

Your Committee heard supporting testimony from the Director of Health and from the Commission on the Handicapped and finds that the continuation of the rubella screening program is still needed, although with the proposed modification to allow presentation of laboratory evidence of rubella immunity as a method of compliance with the statute.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 658 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi, Menor and Yamasaki.

SCRep. 466 Health on S.C.R. No. 6

The purpose of this concurrent resolution is to request a study by the legislative auditor concerning insurance coverage for mammography as required under section 23-51, Hawaii Revised Statutes.

Your Committee heard testimony on February 16, 1989, concerning the related bill, SB 1398. At that time, the only opposing testimony was based on the fact that this concurrent resolution was not accompanying that bill. Your Committee finds that this study is necessary.

Your Committee has amended this concurrent resolution by making language changes to the last whereas clause in order to more accurately state the requirements of Section 23-51, Hawaii Revised Statutes.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 6, S.D. 1, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 6, S.D. 2.

Signed by all members of the Committee except Senators Menor and Yamasaki.

SCRep. 467 Government Operations on S.B. No. 688

The purpose of this bill is to allow the State to acquire real property without an appraisal when the property is to be donated to the State or has a fair market value of \$2,500 or less, and to allow owners to donate property to the State only after being informed of compensation rights.

The bill also clarifies the definitions of "uneconomic remnant", "State", and "appraisal" to eliminate ambiguities in section 113-5, Hawaii Revised Statutes.

Your Committee heard supporting testimony from the Department of Transportation and the Department of Land and Natural Resources and finds that this bill will amend section 113-5, to comply with the 1987 amendments to the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act. Your Committee further finds that compliance with the federal law is necessary to assure continued eligibility for federal funds.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 688 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 Menor.

SCRep. 468 Energy and Natural Resources on S.B. No. 1919

The purpose of this administration bill is to amend Section 171-35, Hawaii Revised Statutes, to allow the Board of Land and Natural Resources the option to establish lease rental payments on a monthly basis, in addition to the present quarterly, semi-annual, or annual payment options.

Testimony in support of this measure was received from the Chairperson of the Board of Land and Natural Resources.

Section 171-35, Hawaii Revised Statutes, requires the lessees of State lands pay their lease rent up to one year in advance, in quarterly, semi-annually or annual increments. For leases that involve a large sum of lease rent, or for leases whose lessees have a cash flow problem, these payment options may pose a hardship on the lessee. In these cases, a monthly lease rent payment schedule, may help alleviate the hardship.

Your Committee finds that a monthly lease rent payment schedule option to be applied at the Board's discretion is in order.

Your Committee has amended the bill to make a technical correction which has no substantive effect.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1919, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1919, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 469 Energy and Natural Resources on S.B. No. 1891

The purpose of this bill is to amend Section 171-6, Hawaii Revised Statutes, to allow the Board of Land and Natural Resources to assess a service charge in addition to interest normally charged on collection of delinquent payments due on leases.

Testimony in support of this administration bill was received from the Department of Land and Natural Resources. The intent of the service charge is to serve as a deterrent to delinquencies in the payment of lease rentals, sales, and other accounts of the Department.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1891 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 470 Energy and Natural Resources on S.B. No. 669

The purpose of this bill is to amend Chapter 171, Hawaii Revised Statutes, by defining unencumbered public lands and making it a petty misdemeanor to violate the Department of Land and Natural Resources' administrative rules regulating unencumbered public lands.

Testimony in support of this administrative measure was received from the Department of Land and Natural Resources. Presently, Section 171-6(14), Hawaii Revised Statutes, empowers the Board of Land and Natural Resources to administratively penalize violators of the Department's administrative rules regulating unencumbered public lands. However, the process does not allow for timely disposition of cases. This bill would make violation of the administrative rules a criminal offense, thus allowing a citation to be served immediately in the event of a violation. The issuance of a citation would be similar to that for a traffic or a fish and game violation. This procedure would allow for responsive action and a quick disposition of the case.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 669 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 471 Energy and Natural Resources on S.B. No. 431

The purpose of this bill is to amend Section 171-24, Hawaii Revised Statutes, relating to signatures required on public land conveyance documents.

Testimony in favor of this bill was received from the Department of Land and Natural Resources.

Currently all conveyance documents prepared by the Department of Land and Natural Resources require the signature of two members of the Board of Land and Natural Resources. This bill would change the signature requirement to a single signature which may be the Chairperson or any authorized employee.

This bill would permit faster and more timely processing of conveyance documents. Presently, escrow closings are regularly scheduled with both buyer and seller setting a closing date and executing all required documents at the escrow office. As members of the Board are non-paid, non-full time appointees, they are often unavailable for timely execution of documents. Since dispositions of public land can only be given by Board approval in accordance with Section 171-13, Hawaii Revised Statutes, the act of executing the conveyance document is ministerial and without discretionary authority.

Your Committee has amended the bill to delete the proposed substitution of the word "shall" with the word "may" on Page 1, line 17. Use of the word "may" would imply that documents need not be signed by either the Chairperson of the Board of an authorized employee and is not in keeping with the intent of the bill.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 431, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 431, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 472 Energy and Natural Resources on S.B. No. 90

The purpose of this bill is to repeal Chapter 173, Hawaii Revised Statutes, pertaining to reclamation of lands.

The Department has never utilized Chapter 173, but instead has applied section 171-60, Hawaii Revised Statutes, in the development of submerged lands. The Department has no objections to the repeal of Chapter 173.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 90 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 473 Ways and Means on S.B. No. 1750

The purpose of this bill is to make appropriations and to set program specifications for the executive departments, as proposed by the governor in his State of the State address of January 25, 1989, and in subsequent communications received from him during the 1989 regular session.

Your Committee finds that the executive has proposed a number of initiatives for the 1989-1991 fiscal biennium determining courses of action that guide programs addressing these pressing needs in the form of messages from the governor requesting budget additions over and above the executive budget.

Your Committee finds that the practice of using governor's messages to submit additional budget requests does not conform to the procedure established by section 37-71, Hawaii Revised Statutes, which requires the governor to submit the executive budget not less than twenty days before the legislature convenes in every odd-numbered year. The intent of the twenty-day requirement is to ensure that the legislature is provided adequate time to review the governor's budget.

Your Committee finds that in previous years, governor's messages have been used, but only for emergency requests for funding that could not otherwise have been included in the budget pursuant to the budget process required by law. However, it has recently become common practice to use governor's messages to request nonemergency funding not included in the original executive budget.

Your Committee agrees that this use of governor's messages is contrary to, and circumvents the requirements and intent of, the executive budget act. The indiscriminate use of governor's messages defeats the purpose and intent of the executive budget act by not allowing for orderly preparation, coordination, and analysis of the budget which is the principal tool by which state program and financial objectives and policies are implemented.

Your Committee also finds that Article VII, Section 9, of the Hawaii State Constitution, requires that the legislature transmit the executive biennium budget to the governor before any other bill containing appropriations may be passed by the legislature. However, your Committee finds that if the additional executive initiative budget requests are included in the executive biennium budget, the resulting bill will, by itself, likely exceed the general fund expenditure ceiling pursuant to the chapter 37, Hawaii Revised Statutes.

Your Committee has amended the bill to correct the title.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1750, S.D. 1, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. 1750, S.D. 2, and be recommitted to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee except Senators Tungpalan and George.

SCRep. 474 Ways and Means on S.B. No. 1909

The purpose of this bill is to continue the investment yield rate for the employees' retirement system at eight per cent for the fiscal years ending June 30, 1989 and 1990.

Your Committee finds that actuarial valuations are prepared annually to determine the employer contributions required to fund the retirement system. With the exception of the investment yield rate, certain noneconomic and economic assumptions recommended by the system's actuary are utilized by the board of trustees to determine the employer's annual contribution to the retirement system. Since the statutory investment yield rate expired on June 30, 1988, it is necessary to establish an investment yield rate for fiscal years 1989 and 1990.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1909 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 475 Ways and Means on S.B. No. 683

The purpose of this bill is to expressly provide that when the department of taxation files a tax lien in the bureau of conveyances it is automatically filed in the land court. The bill also requires the parties to a mortgage foreclosure to inform the department of taxation of such proceedings.

Your Committee finds that the department of taxation is presently required to file a separate tax lien with both the bureau of conveyances and the land court of the department of land and natural resources in order to perfect claims against delinquent taxpayers. In contrast, the federal tax liens recorded in the bureau of conveyances automatically become a lien on land registered in the land court under chapter 501, Hawaii Revised Statutes.

In addition, there is presently no requirement that parties filing a foreclosure action inform the department of taxation of mortgage foreclosures. As a result, the department has no knowledge of the court proceedings and has no opportunity to file a claim to recover delinquent taxes owed the State. This bill is intended to reduce the overall research and clerical workload of filing liens, provide parity with the federal tax liens, and improve the collection of delinquent taxes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 683 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 476 Ways and Means on S.B. No. 633

The purpose of this bill is to authorize and appropriate funds for the 1989-1991 fiscal biennium, for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the exclusive bargaining representative of collective bargaining unit 1.

Your Committee finds that section 89-10, Hawaii Revised Statutes, requires that the cost items contained in ratified agreements be included in the governor's budget within ten days after the date on which the agreement was ratified. Since agreements with the bargaining units were not completed in time for inclusion in the governor's 1989-1991 biennium budget request, separate bills with unspecified appropriations have been submitted to cover the costs of implementing the agreements. This bill is one of them. Specific amounts will be inserted upon ratification of the agreements.

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. 633, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 633, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 477 Ways and Means on S.B. No. 1862

The purpose of this bill is to purge the Department of Accounting and General Services' capital improvement project accounting records for all state and county agencies and to also encourage all expending agencies to lapse all unrequired balances after projects have been completed. This measure also provides that any encumbered balances required to meet the financial obligations of the State shall not lapse.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1862 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 478 Ways and Means on S.B. No. 634

The purpose of this bill is to authorize and appropriate funds, for the 1989-1991 fiscal biennium, for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the exclusive bargaining representative of collective bargaining unit 2.

Your Committee finds that section 89-10, Hawaii Revised Statutes, requires that the cost items contained in ratified agreements be included in the governor's budget within ten days after the date on which the agreement was ratified. Since agreements with the bargaining units were not completed in time for inclusion in the governor's 1989-1991 biennium budget request, separate bills with unspecified appropriations have been submitted to cover the costs of implementing the agreements. This bill is one of them. Specific amounts will be inserted upon ratification of the agreements.

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. 634, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 634, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 479 Ways and Means on S.B. No. 636

The purpose of this bill is to authorize and appropriate funds, for the 1989-1991 fiscal biennium, for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the exclusive bargaining representative of collective bargaining unit 4.

Your Committee finds that section 89-10, Hawaii Revised Statutes, requires that the cost items contained in ratified agreements be included in the governor's budget within ten days after the date on which the agreement was ratified. Since agreements with the bargaining units were not completed in time for inclusion in the governor's 1989-1991 biennium budget request, separate bills with unspecified appropriations have been submitted to cover the costs of implementing the agreements. This bill is one of them. Specific amounts will be inserted upon ratification of the agreements.

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. 636, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 636, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 480 Ways and Means on S.B. No. 635

The purpose of this bill is to authorize and appropriate funds for the 1989-1991 fiscal biennium for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the exclusive bargaining representative of collective bargaining unit 3.

Your Committee finds that section 89-10, Hawaii Revised Statutes, requires that the cost items contained in ratified agreements be included in the governor's budget within ten days after the date on which the agreement was ratified. Since agreements with the bargaining units were not completed in time for inclusion in the governor's 1989-1991 biennium budget request, separate bills with unspecified appropriations have been submitted to cover the costs of implementing the agreements. This bill is one of them. Specific amounts will be inserted upon ratification of the agreements.

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. 635, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 635, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 481 Ways and Means on S.B. No. 637

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the exclusive bargaining representative of collective bargaining unit 5 for the fiscal biennium 1989-1991.

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. 637, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 637, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 482 Ways and Means on S.B. No. 640

The purpose of this bill is to provide fund authorization and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the exclusive bargaining representative of collective bargaining unit 8 for the fiscal biennium 1989-1991.

The director of finance testified that section 89-10, Hawaii Revised Statutes, requires legislative appropriation of all cost items of the collective bargaining agreements negotiated between the State and the respective bargaining units and that when the legislature is not in session, the cost items contained in a ratified agreement shall be submitted for inclusion in the Governor's next operating budget within ten days after the date on which the agreement is ratified. Because agreements were not completed in time for inclusion in the 1989-1991 fiscal biennium budget request, separate measures were submitted to cover the costs of implementing the agreements.

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. 640, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 640, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 483 Ways and Means on S.B. No. 638

The purpose of this bill is to authorize and appropriate funds, for the 1989-1991 fiscal biennium, for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the exclusive bargaining representative of collective bargaining unit 6.

Your Committee finds that section 89-10, Hawaii Revised Statutes, requires that the cost items contained in ratified agreements be included in the governor's budget within ten days after the date on which the agreement was ratified. Since agreements with the bargaining units were not completed in time for inclusion in the governor's 1989-1991 biennium budget request, separate bills with unspecified appropriations have been submitted to cover the costs of implementing the agreements. This bill is one of them. Specific amounts will be inserted upon ratification of the agreements.

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. 638, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 638, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 484 Ways and Means on S.B. No. 639

The purpose of this bill is to provide fund authorization and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the exclusive bargaining representative of collective bargaining unit 7 for the fiscal biennium 1989-1991.

The director of finance testified that section 89-10, Hawaii Revised Statutes, requires legislative appropriation of all cost items of the collective bargaining agreements negotiated between the State and the respective bargaining units and that when the legislature is not in session, the cost items contained in a ratified agreement shall be submitted for inclusion in the Governor's next operating budget within ten days after the date on which the agreement is ratified. Because agreements were not completed in time for inclusion in the 1989-1991 fiscal biennium budget request, separate measures were submitted to cover the costs of implementing the agreements.

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. 639, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 639, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 485 Ways and Means on S.B. No. 643

The purpose of this bill is to authorize and appropriate funds, for the 1989-1991 fiscal biennium, for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the exclusive bargaining representative of collective bargaining unit 11.

Your Committee finds that section 89-10, Hawaii Revised Statutes, requires that the cost items contained in ratified agreements be included in the governor's budget within ten days after the date on which the agreement was ratified. Since agreements with the bargaining units were not completed in time for inclusion in the governor's 1989-1991 biennium budget request, separate bills with unspecified appropriations have been submitted to cover the costs of implementing the agreements. This bill is one of them. Specific amounts will be inserted upon ratification of the agreements.

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. 643, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 643, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 486 Ways and Means on S.B. No. 641

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and collective bargaining unit 9 for the fiscal biennium 1989-1991.

Your Committee finds that section 89-10, Hawaii Revised Statutes, requires that the cost items contained in ratified agreements be included in the governor's budget within ten days after the date on which the agreement was ratified. Since agreements with the bargaining units were not completed in time for inclusion in the governor's 1989-1991 biennium budget request, separate bills with unspecified appropriations have been submitted to cover the costs of implementing the agreements. This bill is one of them. Specific amounts will be inserted upon ratification of the agreements.

Your Committee has amended the bill by changing the effective date to coincide with the beginning of the State's fiscal year. Your Committee also has made 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. 641, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 641, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 487 Ways and Means on S.B. No. 642

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the exclusive bargaining representative of collective bargaining unit 10 for the fiscal biennium 1989-1991.

Your Committee finds that section 89-10, Hawaii Revised Statutes, requires that the cost items contained in ratified agreements be included in the governor's budget within ten days after the date on which the agreement was ratified. Since agreements with the bargaining units were not completed in time for inclusion in the governor's 1989-1991 biennium budget request, separate bills with unspecified appropriations have been submitted to cover the costs of implementing the agreements. This bill is one of them. Specific amounts will be inserted upon ratification of the agreements.

Your Committee has amended the bill by changing the effective date to coincide with the beginning of the State's fiscal year. Your Committee also has made 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. 642, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 642, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 488 Ways and Means on S.B. No. 644

The purpose of this bill is to authorize and appropriate funds for the 1989-1991 fiscal biennium, for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the exclusive bargaining representative of collective bargaining unit 13.

Your Committee finds that section 89-10, Hawaii Revised Statutes, requires that the cost items contained in ratified agreements be included in the governor's budget within ten days after the date on which the agreement was ratified. Since agreements with the bargaining units were not completed in time for inclusion in the governor's 1989-1991 biennium budget request, separate bills with unspecified appropriations have been submitted to cover the costs of implementing the agreements. This bill is one of them. Specific amounts will be inserted upon ratification of the agreements.

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. 644, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 644, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 489 Ways and Means on S.B. No. 685

The purpose of this bill is to provide for the dissolution of the tax review commission upon the adjournment of the legislature to which it submits its report.

Testimony presented before your Committee by the chairperson of the current tax review commission revealed that current law provides for the dissolution of the tax review commission upon completion of its duties. Accordingly, the first tax review commission which was convened in August, 1982, was dissolved in December, 1984, after submitting its report to the legislature. Because the commission was no longer in existence, the legislature did not have the benefit of the commission's testimony during the 1985 legislative session when the commission's recommendations were being considered.

Your Committee agrees that the law should be clarified, as provided in this bill, to ensure that the valuable input from the tax review commission is available during the legislative session when its recommendations are being considered.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 685 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 490 Ways and Means on S.B. No. 645

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments for employees excluded from collective bargaining under chapter 89C, Hawaii Revised Statutes, for the fiscal biennium 1989-1991.

Your Committee amended the bill to include officers and employees of the office of Hawaiian affairs and to appropriate special funds for fiscal biennium 1989-1991. Your Committee also made technical nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 645, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 645, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 491 Ways and Means on S.B. No. 679

The purpose of this bill is to clarify the capital goods excise tax credit law to allow for its consistent application.

The bill clarifies the definitions relating to the purchase of eligible property and the applicable year property is considered placed in service for purposes of computing the tax credit which will coincide with the Internal Revenue Code. The bill also clarifies that in the computation of the capital goods excise tax credit for partnerships, shareholders of S corporations, and beneficiaries of estates and trusts, the cost of eligible property is to be determined at the partnership, S corporation, estate, or trust level and the distribution of the tax credit shall be determined by rules of the department of taxation.

Upon the recommendation of the department of taxation, your Committee has amended by the bill by deleting from the definition of "purchase" the proviso that the property not be acquired in certain related-party transactions since the proviso relates to investment tax credit problems and not to the capital goods excise tax credit. Your Committee has also made technical, nonsubstantive amendments to the bill for purposes of style.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 679, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 679, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 492 Ways and Means on S.B. No. 681

The purpose of this bill is to allow the department of taxation and a taxpayer to agree to an extension of time for the department to assess a deficiency or determine a refund based on a change in the taxpayer's taxable income at the federal level. Current law provides a one year period for the assessment or determination, but in some cases, especially those in which the taxpayer takes the dispute to the federal Tax Court, the one year period is insufficient.

The proposed bill would allow the department and the taxpayer to agree in writing to one or more extension periods. Your Committee finds that this would give the taxpayer and the department a more viable option than the ones currently available of either issuing an assessment or going to court. Your Committee also notes that the provision added by this bill is similar to the extension provisions contained in section 235-111(c), Hawaii Revised Statutes, relating to the limitation period for assessment, levy, and collection.

Your Committee received favorable testimony from the department of taxation and the Tax Foundation of Hawaii.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 681 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 493 Ways and Means on S.B. No. 1861

The purpose of this bill is to update the state bond law to allow for the more effective and efficient management of the state bond program.

Your Committee finds that certain provisions of chapter 39, Hawaii Revised Statutes, are unclear and require clarification. Other provisions require updating to recognize recent and ongoing developments in state law and state programs.

Specifically, this bill amends the provision relating to details of general obligation bonds to clarify that bonds issued by the State shall bear interest as determined in accordance with the law regulating general obligation bonds. Similarly, the law relating to the use of revenues from revenue bonds is amended to require that the appropriation, application, and expenditure of special funds securing revenue bonds be accounted for on the basis of the fiscal year for which appropriated. Finally, this bill clarifies that special funds are to be recognized as another fund to which revenues or user taxes of an undertaking may be transferred upon the fulfillment of the bonding requirements under the part.

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 S.B. No. 1861, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1861, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 494 Ways and Means on S.B. No. 1900

This bill, as received, was a short form bill. Your Committee amended the bill to provide substantive changes to the real property tax law, and held hearings on this new drafts.

The purpose of this bill, as amended, is to make housekeeping changes to eliminate certain references to chapter 246, the real property tax law, to prepare for its eventual repeal in 1990. Chapter 246 was enacted when the State had control over real property taxation functions. That power was subsequently transferred to the counties. Chapter 246 became, in large part, an anachronism, but could not be entirely repealed since other chapters referred to its procedures.

Your Committee finds that in preparation for the complete transfer of the real property tax functions and the subsequent repeal of the state law, this bill removes or corrects references to chapter 246 or the real property tax contained in chapters 92, 111, 174, 237, 421H, and 501, Hawaii Revised Statutes. Administrative provisions currently a part of chapter 246 have been rewritten and added to chapter 231, the general law on tax administration.

Testimony in favor of S.B. No. 1900, S.D. 1, was received from the department of taxation and the Tax Foundation of Hawaii.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1900, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1900, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 495 Transportation on S.B. No. 1719

The purpose of this bill is to amend the laws of the State relating to transportation.

Your Committee has amended this short form bill by inserting substantive material, the purpose of which is to amend Section 342-22, Hawaii Revised Statutes, which 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 adopt rules to require, as of July 1, 1991, that all new diesel buses and existing diesel buses that undergo major reconstruction, whose size is larger than twenty-five feet in length and having a curb weight of more than twenty thousand pounds gross weight, 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 on Transportation is in accord with the intent and purpose of S.B. No. 1719, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1719, S.D. 1, and be placed on the calendar for Second Reading and Third Reading.

Signed by all members of the Committee except Senators Levin, Menor, Mizuguchi and George.

SCRep. 496 Transportation on S.B. No. 1920

The purpose of this bill is to repeal Section 261-25, Hawaii Revised Statutes.

This administration bill would repeal Section 261-25 which names the airport facility formerly located at Kailua, Kona, Hawaii. This facility was replaced in 1970 by Keahole Airport and was subsequently decommissioned. The area described as Kona Airport is now a park administered by the Department of Land and Natural Resources.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1920 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 McCartney and Menor.

SCRep. 497 Consumer Protection and Commerce on S.B. No. 129

The purpose of this bill was to specify the fiduciary duty that a condominium's board of directors owes to the association of apartment owners.

Your Committee finds that this duty is the same as set forth in section 415-35, Hawaii Revised Statutes, concerning general business corporation law and is appropriate for condominium law as well as minimum standards of care and performance.

Your Committee has carefully considered each of the bills relating to condominium property regimes referred to it and has elected to break down the subject matter into six major categories on condominium governance. The six categories are: boards of directors and associations; bylaws; common elements; expenses; proxies; and pets. This bill addresses the area of boards of directors and associations and incorporates as amendments the substance of several other senate bills, some of which have also been amended. Those bills are:

- (1) S.B. No. 130 which, as amended, would authorize associations to form nonprofit corporations for the purpose of purchasing the land under their buildings, as long as seventy-five percent of the owners agree;
- (2) S.B. No. 367 which, as amended, would provide a mechanism for the removal of an association board member for failing to comply with specific provisions of chapter 514A;
- (3) S.B. No. 294 which, as amended, would provide (A) that an owner shall not act as an officer of the association and an employee of the managing agent; (B) that association employees may not sell or rent apartments in the project which are not owned by the association, unless approved by sixty-five percent of the membership; (C) that the board must meet at least once a year and notice must be posted within seventy-two hours prior to the meeting if practicable; and (D) that associations, at their own expense, shall provide annually to the membership current copies of pertinent project documents and chapter 514A as amended;
- (4) S.B. No. 1219, which would authorize the association to borrow money for repair, replacement, maintenance, operation, or administration of the common elements or for making additions, alterations or improvements;
- (5) S.B. No. 1216, which would allow projects with less than ten units to waive the yearly audit by majority vote of owners present at a meeting or by proxy;
- (6) S.B. No. 500 which, as amended, would prohibit directors from expending association funds for travel, fees, or per diem unless owners are notified and a majority approve the expenses;
- (7) S.B. No. 137 which, as amended, would (A) expand and clarify the membership of association boards; (B) specifically allow a proposed bylaw to be submitted by a volunteer apartment owners' committee as well as the board; and (C) provide for recordation of an amendment to a bylaw in the Bureau of Conveyances, the Land Court, or both;
- (8) S.B. No. 426 which, as amended, would delineate election procedures for boards of directors, including specifics relating to (A) notification of owners; (B) candidacy; (C) solicitation of proxies; (D) mailings to owners of notices, ballots, candidates' statements, etc.; (E) validation of ballots and proxies; and (F) floor nominations;
- (9) S.B. No. 271 which, as amended, would authorize a board to lease equipment for repair, replacement, maintenance, operation, or administration of the common elements provided that sixty-five percent of the owners would have to authorize lease of equipment costing more than \$25,000;
- (10) S.B. No. 295, which would authorize an association, by sixty-five percent vote, to purchase and sell not more than two apartments in the project;
- (11) S.B. No. 365, which would clarify that awards of expenses, costs, and attorneys' fees are payable to an owner who prevails in a claim substantiated by any action, board decision, or legal opinion obtained by the board;
- (12) S.B. No. 132 which, as amended, would require furnishing the current list of members, either by mail at association cost, or by pick-up, within two days of the request of any member as long as the member submits a written statement to the effect that the list will be used personally and only for legitimate purposes directly related to the functions of the project;
- (13) S.B. No. 364 which, as amended, would provide that any condominium containing forty or more units shall include a resident manager's dwelling unit with one parking stall and a separate resident manager's office as residential special purpose common elements, and if the association has no resident manager, the dwelling unit and parking space may be rented or leased by the association; and
- (14) S.B. No. 270 which, as amended, would allow an association to be incorporated as a nonprofit corporation subject to the approval of seventy-five percent of the owners, provided that Chapter 514A shall supercede Chapter 415B to the extent of any conflict between the two. However, the liability provision of Chapter 415B would not apply.

In addition, your Committee has given Sections 13 and 14 of the bill an effective date of January 1, 1990 to allow time for condominium developers to incorporate the new mandate described in item (13) above, in their proposed projects.

Your Committee wishes to note that the amendments made to this bill were largely based on consensus achieved among the Real Estate Commission, the Blue Ribbon Panel on Condominiums, and other interested condominium owners.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 129, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 129, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Tungpalan and Koki.

SCRep. 498 Consumer Protection and Commerce on S.B. No. 131

The purpose of this bill is to allow apartment owners to have the same access to equipment, materials, resources, and facilities that is available to the board of directors during their regular, annual, and special meetings of the association.

Specifically, the bill provides that apartment owners be provided seats at meetings and shall be entitled to use the public address system to speak on any issue for not less than ten minutes.

Your Committee finds that apartment owners should be afforded the same accommodations enjoyed by the board of directors. Upon further consideration, the bill has been amended by:

- 1) Adding "whenever reasonably possible" on page 1, line 12. There is no way to determine the number of seats required for a particular meeting, but reasonable efforts should be made to provide seats for as many attendees as possible;
- 2) Changing the length of time allowable to any speaker, as provided in lines 13 and 14, from not less than ten minutes to not less than five minutes. Clearly the intent of this bill is to limit (but allow) an owner to speak rather than require him or her to speak for a minimum period; and
- 3) Making the provisions of this section retrospective and prospective.

Your Committee on Consumer Protection and Commerce has carefully considered each of the bills in this area and has elected to break down the subject matter into six major categories on condominium law and governance. The six categories are: boards of directors and associations, bylaws, common elements, expenses, proxies, and pets. This bill addresses the area of common elements and has incorporated the following bills:

- 1) S.B. No. 419 which, as amended, would add a new section to be applied retrospectively and prospectively to chapter 514A, Hawaii Revised Statutes, to allow an association of apartment owners to sell, store, donate, or otherwise dispose of abandoned possessions. The bill also requires that the proceeds of any sale or disposition, after deduction of expenses, be held for the owner for thirty days, and provides that if not claimed, such proceeds become the property of the association of apartment owners; and
- 2) S.B. No. 151, which amends section 514A-13 of the Hawaii Revised Statutes to clarify that certain designated areas shall not be designated apartments or dwelling units and shall not be entitled to vote at meetings. The bill also amends section 514A-13.5, Hawaii Revised Statutes, which prohibits the charging of a fee for ingress or egress to apartments, to make that section apply retroactively as well as prospectively.

The proposals contained were achieved largely on a consensus basis involving the Real Estate Commission, the Condominium Specialist, the Blue Ribbon Panel on Condominiums and other interested condominium owners.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 131, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 131, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Tungpalan and Koki.

SCRep. 499 Consumer Protection and Commerce on S.B. No. 132

The purpose of this bill was to provide that the list of association of apartment owners be maintained at a place designated by the board of directors and a copy be made available upon request and at cost to any association member within one business day of the request; provided that the list shall not be used for commercial purposes.

Your Committee has amended this bill by specifying that the most current list shall be mailed at cost or picked up by a member upon request within two business days of the request provided that the member first furnishes a written statement that the list shall be used only for legitimate purposes directly related to the functions of the project.

Your Committee has carefully considered each of the bills relating to condominium property regimes referred to it and has elected to break down the subject matter into six major categories on condominium governance. The six categories are: boards of directors and associations; bylaws; common elements; expenses; proxies; and pets. This bill addresses the area of expenses and incorporates as amendments the substance of several other senate bills, some of which have also been amended. Those bills are:

- (1) S.B. No. 316 which, as amended, provides that the association may not use an owner's current payment of common expenses to offset late charges or overdue payments while the delinquent owner is contesting the prior charges, as long as the owner states in writing his reasons for not paying the charges, places the disputed amount in an interest bearing trust account or escrow, and promptly submits the dispute to mediation or arbitration;
- (2) S.B. No. 501 which, as amended, would provide that an association's lien on apartment owners for unpaid expenses shall take priority over all other liens except for taxes and government assessments and the first mortgage. It would also allow an association to rent a vacant apartment to make up for lost association expense income if the owner cannot be located after two attempts over a two month period;
- (3) S.B. No. 504 which, as amended, would limit the cost of arbitrating a dispute between owners and an association to \$250 per party, including but not limited to the filing fee, administrative costs, and compensation for the arbitrator, or \$500 each if findings and conclusions of law are included, and which would prohibit an arbitrator's decision to include an award of attorneys' fees;
- (4) S.B. No. 363, which clarifies the availability of documents such as the most current financial statement and the minutes of the most recent board of directors meeting and imposes time limits for retention of such documents; and
- (5) S.B. No. 364 which, as amended, would provide that any condominium containing forty or more units shall include a resident manager's dwelling unit with one parking stall and a separate resident manager's office as

residential special purpose common elements. If the association has no resident manager, the dwelling unit and parking space may be rented or leased by the association.

In addition, your Committee has given Sections 8 and 9 an effective date of January 1, 1990 to allow time for condominium developers to facilitate this new mandate in their proposed projects.

Your Committee wishes to note that the amendments made to this bill were largely based on consensus achieved among the Real Estate Commission, the Blue Ribbon Panel on Condominiums, and other interested condominium owners.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 132, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 132, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Tungpalan and Koki.

SCRep. 500 Consumer Protection and Commerce on S.B. No. 134

The purpose of this bill was to provide that proxies may be given to the board of directors of an association of apartment owners provided that each member votes the member's pro-rata share of all votes of the board. Board members would not be allowed to vote as a block according to the wishes of the majority of board members.

Your Committee has amended this bill by clarifying that each board member shall be allowed to vote the member's pro-rata share of the total percentage of common interest given to the board.

Your Committee has carefully considered each of the bills relating to condominium property regimes referred to it and has elected to break down the subject matter into six major categories on condominium governance. The six categories are: boards of directors and associations; bylaws; common elements; expenses; proxies; and pets. This bill addresses the area of proxies and incorporates as amendments the substance of several other senate bills, some of which have also been amended. Those bills are:

- (1) S.B. No. 865 which, as amended, provides time limits of one hundred eighty days, one hundred twenty days, and one hundred twenty days respectively in which to obtain written consent to amend the declaration, bylaws, or house rules of a condominium. The time limits would apply equally to boards of directors and to owners or committees of owners soliciting proxies;
- (2) S.B. No. 254 which, as amended, would provide that proxies for annual or special meetings whose dates, times, or sites have been changed but whose purposes are the same as the originally scheduled meeting shall be valid for eleven months from the date the board votes to have the meeting, unless the proxies have been rescinded during this period. The bill would further provide that notices to solicit proxies for the election or reelection of board members shall be posted at least sixty days, rather than the present thirty days, prior to the solicitation and that the deadline for requests by owners to use association funds to solicit proxies shall be within fifteen days, rather than the current seven days, of the posted notice;
- (3) S.B. No. 1373, which would require all vote or written consent forms relating to amending the bylaws to provide for both affirmative and negative written responses, provided that the written consent forms do not require more effort to vote yes or no; and
- (4) S.B. No. 315 which, as amended, would prohibit owners from having access to names and apartment numbers of owners who have submitted proxies during the proxy solicitation period. The association secretary or a designee would review and approve or disapprove proxies submitted prior to the deadline and would not disclose information pertaining to the review of proxies to anyone except to the managing agent as needed to perform his duties or to the association's counsel where legal guidance is needed.

Your Committee wishes to note that the amendments made to this bill were largely based on consensus achieved among the Real Estate Commission, the Blue Ribbon Panel on Condominiums, and other interested condominium owners.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 134, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 134, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Tungpalan and Koki.

SCRep. 501 Consumer Protection and Commerce on S.B. No. 154

The purpose of this bill was to allow apartment owners to keep pets unless the condominium declaration specifically states or is amended to state that pets are prohibited. Bylaws prohibiting pets would be invalid.

Your Committee finds that pets are beneficial to human life and should be allowed in condominium projects if a reasonable percentage of the owners agree.

Your Committee has amended this bill by explicitly stating that associations of apartment owners may allow or disallow pets by a vote of the owners. If the declaration mentions pets, the declaration would have to be amended to reflect any change in the pet provisions. If the declaration is silent regarding pets, the bylaws could be amended by a sixty-five percent affirmative vote to reflect any decision or change. The association would pay for mailing the proposal for change and the humane society of the county would prepare a one page bulletin on pets which would be included in the mailing.

In addition, if a board proposes to ban or regulate pets it may indicate its rationale but in any case must include with the proposal a one page counter argument prepared by the humane society specifying reasons why the owners should vote against the proposal. Failure to include the counter argument would invalidate the proposal.

In conformance with the amendments discussed above which allow a condominium project to set forth its policy on pets in either the declaration or bylaws, the provisions on the rights of tenants to keep pets has been amended to encompass a condominium's pet policy as stated in either the declaration or bylaws.

Your Committee has further amended the bill by clarifying that pet owners entitled to keep pets pursuant to a declaration or bylaw shall be entitled to keep pets for the life of the owner, by deleting the limitation on one pet per apartment, by making the provisions both retrospective and prospective, and by giving the bill an effective date of July 1, 1989.

Your Committee wishes to note that the amendments made to this bill were largely based on consensus achieved among the Real Estate Commission, the Blue Ribbon Panel on Condominiums, and other interested condominium owners.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 154, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 154, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Tungpalan and Koki.

SCRep. 502 Consumer Protection and Commerce on S.B. No. 173

The purpose of this bill is to amend the condominium property regime law to clarify the qualifications of board members and provide that the seats on the board be proportionate to the percentage of ownership in the condominium complex.

Specifically, the bill requires that all board members must be owners, co-owners, vendees under an agreement of sale, or an officer of a corporate owner of an apartment. In addition, the bill provides that not more than one representative from any one apartment shall be allowed to sit on the board.

Your Committee has amended the bill to clarify the method of determining the proportionate percentage of seats on the board available to each owner. Your Committee finds that the amendments proposed in this bill will provide more equity in the control of condominium associations.

Your Committee on Consumer Protection and Commerce has carefully considered each of the bills in this area and has elected to break down the subject matter into six major categories on condominium law and governance. The six categories are: boards of directors and associations, bylaws, common elements, expenses, proxies, and pets. This bill addresses the area of bylaws and has incorporated the following bills:

- 1) S.B. No. 511, which would add a new section to chapter 514, Hawaii Revised Statutes, providing that the condominium declaration take priority over all other project documents, followed by the bylaws, then house rules. The bill also specifies the jurisdiction of each document; and
- 2) S.B. No. 1372 which, as amended, would allow the board of directors of an association of apartment owners to restate the association's declaration or bylaws without a vote of the apartment owners if the restatement conforms to any governmental statute, ordinance or rule and does not change the existing substance of the declaration or bylaws unless required by law.

The proposals contained were achieved largely on a consensus basis involving the Real Estate Commission, the Condominium Specialist, the Blue Ribbon Panel on Condominiums and other interested condominium owners.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 173, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 173, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Tungpalan and Koki.

SCRep. 503 Culture, Arts and Historic Preservation on S.B. No. 1140

The purpose of this bill is to designate one percent of any appropriation for the major renovation of an existing state building costing \$100,000 or more for the purchase of works of art.

Under existing law, the requirement for setting aside one percent of an appropriation for art is limited to original construction costs. This bill would expand the requirement to include renovations of an existing state building costing at least \$100,000.

Your Committee finds that this bill supports and enhances the intent of the art in state buildings program.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1140 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 504 Culture, Arts and Historic Preservation on S.B. No. 1815

The purpose of this bill is to amend Chapter 103, Hawaii Revised Statutes, by adding a new section which would make an exception for the Hawaii Public Broadcasting Authority to expedite purchases deemed essential to maintain transmission or production services. These purchases would be exempted from public bidding requirements with the approval of the Governor.

Your Committee finds that this amendment would appropriately expedite essential purchases deemed vital to the maintenance of transmission and production services. This amendment would give the Hawaii Public Broadcasting Authority the capability to respond to emergency situations quickly without unnecessary inconvenience to viewers.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1815 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 505 Health on S.B. No. 695

The purpose of this bill is to allow new smoking areas at State airports.

Section 328K-3, Hawaii Revised Statutes, currently provides certain exceptions to the prohibition of smoking in public places. This bill would add a new exception: areas designated as holding rooms used as in-transit lounges for international flights, provided that they are located so as to minimize the toxic effect of smoke in adjacent nonsmoking areas.

Your Committee heard supporting testimony from the Director of Health and the Tri-Agency Coalition (representing the American Lung Association, the American Heart Association, Hawaii Affiliate, and the American Cancer Society, Hawaii Pacific Division), provided that non-smokers are not affected by the smoke. Your Committee heard opposing testimony from the Hawaii Medical Association and from the Hawaiian Islands Nonsmokers Organization.

Your Committee finds that it cannot support the bill as introduced because it would allow some smoke to reach nonsmokers. Therefore, your Committee has amended this bill by deleting the word "minimize" and inserting instead the word "eliminate" so that the creation of the new smoking area will not affect the air quality in adjacent nonsmoking areas.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 695, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 695, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 506 Health on S.B. No. 659

The purpose of this bill is to amend the Hawaii Revised Statutes to provide for the operation of hospices in Hawaii.

The Hawaii Revised Statutes currently do not regulate hospices. This bill would provide the Department of Health with rulemaking power with respect to hospices and would provide a penalty for operation of a hospice without a license.

Your Committee heard supporting testimony from the Director of Health and finds that hospice programs are a valuable part of our health care system which appear to require licensure to distinguish between legitimate programs and others and to assure the public that hospice programs are adhering to a basic or minimum level of competence and standards. Your Committee further finds that it is important that the rules authorized by this bill be written so as not to jeopardize acceptable, but more limited rural programs.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 659 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 507 Health on S.B. No. 662

The purpose of this bill is to provide authority for the specifics of the Department of Health's tuberculosis reporting requirements to be contained in the department's administrative rules and to add a requirement that pharmacies report dispensing drugs used to treat tuberculosis.

Section 325-71, Hawaii Revised Statutes, requires physicians and others to report known cases of tuberculosis, including the name, age, sex, nationality, occupation, place of last employment, and address of the afflicted person. The section further requires the provision to the department, upon request, of x-ray films and medical information from the record of any person suspected of having tuberculosis. Finally, a provision in this section requires a laboratory to report tuberculosis bacteria, or suspected tuberculosis bacteria, that it finds in any person.

This bill would (1) substitute "the identity and epidemiologic information concerning" for the list of items now required to be reported; (2) require the reporting of suspected cases of tuberculosis, in addition to known cases; (3) require the provision to the department of x-ray films and medical information concerning persons known to have tuberculosis, in addition to those only suspected to have the disease; and (4) require an individual in charge of a pharmacy to file a detailed report with the Department of Health concerning the dispensing of any anti-tuberculosis medication.

Additionally, this bill adds provisions to section 325-71, Hawaii Revised Statutes, that would (1) allow the release of information to the Department of Health pursuant to that section without prior informed consent of the person to whom the information pertains; (2) specify that a report to the Department of Health by one of those required to report under that section does not excuse others required to report from doing so; and (3) provide rulemaking authority to the Department of Health for rules concerning tuberculosis surveillance.

Your Committee heard supporting testimony from the Director of Health, the Hawaii Medical Association, and the Hawaii Federation of Physicians and Dentists. The latter two organizations testified in opposition to the reporting requirement for pharmacies. Your Committee finds that there is a need to continue tuberculosis surveillance but that there may be better ways of improving surveillance without the possible violation of the privacy of persons who use "anti-tuberculosis" medications for reasons other than tuberculosis. Your Committee further finds that a delay in the effective date is desirable and intends that the Department of Health shall develop and adopt rules pursuant to Chapter 91, Hawaii Revised Statutes, prior to the effective date of this bill. Your Committee notes that although this bill specifically gives the Director of Health rule making authority for the purposes of Part IV of Chapter 325, Hawaii Revised Statutes, the director already has the power to adopt rules under Section 325-13, Hawaii Revised Statutes.

Your Committee has amended this bill by deleting the proposed new requirement that pharmacies report to the Department of Health whenever they dispense anti-tuberculosis medication and by changing the effective date of this bill from the approval date to January 1, 1990.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 662, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 662, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 508 Health on S.B. No. 1139

The purpose of this bill is to prohibit smoking in all areas of Aloha Stadium except for the open concourse areas.

Section 328K-2, Hawaii Revised Statutes, prohibits smoking in a number of public locations. Currently, smoking is not prohibited in Aloha Stadium. This bill would prohibit smoking in the Stadium except on the open concourse areas.

Your Committee heard supporting testimony from the Director of Health, the Hawaii Medical Association, the Tri-Agency Coalition (representing the American Lung Association of Hawaii, the American Heart Association, Hawaii Affiliate, and the American Cancer Society, Hawaii Pacific Division), and the Hawaiian Islands Nonsmokers Organization. Your Committee heard opposing testimony from the Tobacco Institute, which questioned the need for this bill given the State's authority under Section 328K-2(10), Hawaii Revised Statutes, to designate no-smoking areas in the Stadium. Your Committee also heard testimony from the manager of Aloha Stadium who testified about possible enforcement difficulties and costs and suggested areas in the Stadium which should be designated as smoking areas.

Your Committee finds that smoke in Aloha Stadium poses a threat to the health of both smokers and nonsmokers. Your Committee further finds that the bill's provision excepting the open concourse areas of the Stadium may be confusing and has amended the bill accordingly. It is the Committee's intention that the Stadium Authority designate as smoking areas such plaza and concourse areas as will minimize the exposure of nonsmokers to the smoke of others.

Your Committee has amended this bill by rewriting subparagraph (F) to give the Stadium Authority the power to designate plaza and concourse areas as smoking areas as it may find appropriate.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1139, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1139, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 509 Consumer Protection and Commerce on S.B. No. 1508

The purpose of this bill is to provide that each workers' compensation policy purchased by an employer in this State shall contain an optional deductible ranging from \$100 to \$2,500 for medical benefits.

Current law provides optional deductibles ranging from \$100 to \$500.

Your Committee received supporting testimony from the Director of Labor and Industrial Relations and two organizations representing businesses in Hawaii and finds that this measure may ultimately result in lower insurance premiums for employers.

Your Committee has amended this bill by providing that the optional deductibles shall be fully disclosed to prospective purchasers in writing.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1508, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1508, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Hagino, A. Kobayashi and McCartney.

SCRep. 510 Consumer Protection and Commerce on S.B. No. 1376

The purpose of this bill is to provide a means by which a mortgagor may choose to continue a mortgage life insurance policy at a specific fee or opt to discontinue the coverage when the grace period ends, if such coverage is not a condition for obtaining the mortgage.

The bill would require savings and loan associations, industrial loan companies, credit unions, or casualty insurance company agents to send to a mortgagor, four weeks prior to the expiration of the grace period during which the life insurance is offered for free, a form by which the mortgagor may indicate his choice to continue the coverage at a specified fee or discontinue the policy. Failure to provide the form would result in automatic termination of the mortgage life insurance policy after the free offer period expires.

Your Committee finds that this bill will help to protect consumers by clarifying and emphasizing the circumstances under which mortgage life insurance is an option rather than a requirement under Hawaii law.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1376 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, Hagino, A. Kobayashi and Matsuura.

SCRep. 511 Consumer Protection and Commerce on S.B. No. 967

The purpose of this bill is to amend Section 467-14, Hawaii Revised Statutes, relating to license suspension and revocation of real estate brokers and salespersons.

Specifically, the bill allows the real estate commission to revoke the license of a broker or salesperson who obtains or causes to obtain any knowledge of questions or copies of forms relating to the licensure examination, for the purpose of disseminating the information to future examination takers.

Testimony in support of this measure was received from the Real Estate Commission and the Hawaii Association of Realtors. Your Committee finds that this amendment will prevent theft of the examination and send a clear message to licensees about the seriousness of jeopardizing the licensing examination process.

Your Committee on Consumer Protection and Commerce has carefully considered bills in the area of suspension and revocation of real estate licenses and has incorporated the following related bills into this measure:

- 1) S.B. No. 1820, which provides that when the real estate recovery fund is used to settle a claim or satisfy a judgment against a licensed real estate broker or salesperson and the license is terminated, the person shall not be eligible to receive a new license for two years from the effective date of the termination;
- 2) S.B. No. 1821, which allows an active or inactive real estate salesperson to apply for the real estate broker licensing examination if the applicant has been a licensed salesperson for at least two years on a full time basis; and
- 3) S.B. No. 1822, which makes it unlawful to any person to file a false statement or document with the testing service agency designated by the real estate commission.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 967, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 967, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Chang.

SCRep. 512 Consumer Protection and Commerce on S.B. No. 869

The purpose of this bill is to repeal the requirement that a separate rate sheet be attached to each multi-peril insurance policy issued in the State.

Currently, insurers that generate multi-peril policies by computer must manually produce the prescribed rate sheets, and insurers with special programs or who undertake substantive amendments to their programs must do so within the framework of the rate sheet. This bill would provide the flexibility to allow timely changes in the manner in which an insurer states all rating factors for multi-peril policies.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and finds that the resulting cost savings and flexibility which would result from this measure should benefit consumers through stable rates and broader, more innovative coverages and programs.

However, your Committee believes that the policyholder should still be informed as to the rates charged and the amount of liability provided for each specific risk covered by the policy. Therefore, your Committee has amended this bill by providing that each insurer issuing a multi-peril policy shall provide the policyholder with a written statement, rather than a rate sheet, separately stating the premiums and amounts of insurance or liability included for the risks covered by the policy.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 869, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 869, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang and Hagino.

SCRep. 513 Consumer Protection and Commerce on S.B. No. 868

The purpose of this bill is to clarify that self-insurance of motorcycles and motor scooters is prohibited except in the case of the State and the counties which may self-insure as long as they comply with the requirements of section 431:10C-105, Hawaii Revised Statutes.

Current law is unclear on the issue of governmental self-insurance of motorcycles and motor scooters.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and finds that a self-insurance exception for government-owned motorcycles and motor scooters would contribute to public safety and traffic control. This bill clarifies the government exception.

Your Committee has amended this 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. 868, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 868, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Hagino, A. Kobayashi and McCartney.

SCRep. 514 Consumer Protection and Commerce on S.B. No. 609

The purpose of this bill is to require that an applicant for the real estate license examination be a citizen of the United States or an alien authorized to work in the United States.

Current law is silent on the matter of citizenship or residence status because a 1974 Attorney General's Opinion held that any statute which requires citizenship or the intention to become a citizen as a condition precedent to licensure by a board, commission, or department violates the Equal Protection Clause of the 14th Amendment of the United States Constitution. However, the Immigration Reform and Control Act of 1986, in order to improve the labor market for citizens, provided that only American citizens or resident aliens should be employed by American employers.

In view of the more recent federal legislation, your Committee finds that it is appropriate to limit eligibility for the real estate license examination to American citizens and resident aliens authorized to work in America.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 609 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Chang.

SCRep. 515 Consumer Protection and Commerce on S.B. NO. 514

The purpose of this bill is to eliminate the requirement under condominium property regime law that trust funds must be established to pay for common expenses.

Section 514A-16(b), Hawaii Revised Statutes, currently provides that all funds received or payable to the manager or board of directors of an association of apartment owners for common expenses shall constitute trust funds for the purpose of paying the cost of labor or materials.

Your Committee received supporting testimony from the Hawaii Association of Realtors and the Hawaii Council of Associations of Apartment Owners and finds that the trust fund requirement makes it difficult for associations of apartment owners to collateralize loans. This bill will help associations to borrow money needed for the proper operation of condominium projects.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 514 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, Hagino, A. Kobayashi and McCartney.

SCRep. 516 Consumer Protection and Commerce on S.B. No. 510

The purpose of this bill is to ensure that the condominium property law, Chapter 514A, Hawaii Revised Statutes, shall not be applied to properties on which two single family dwelling units have been built pursuant to Section 46-4(c), Hawaii Revised Statutes (Ohana Zoning).

Current law is unclear as to whether it is permissible to profit from Ohana zoning by converting properties which have two single-family dwelling units on them into condominiums. This bill would specifically disallow such conversions.

Your Committee received supporting testimony from several citizens and finds that Ohana zoning was intended to benefit members of the same family rather than allow profits to be taken through condominium conversions. Subdivision of Ohana zoned properties in order to sell them as condominiums is therefore contrary to the intent of Ohana zoning and the Legislature.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 510 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, Hagino, A. Kobayashi and McCartney.

SCRep. 517 Consumer Protection and Commerce on S.B. No. 497

The purpose of this bill is to clarify the twenty-eight day notice of termination provision under the Landlord-Tenant Code.

Current law provides that a landlord or tenant must provide a written notice of at least twenty-eight days. This bill clarifies that when the landlord gives notice the tenant may vacate at any time prior to the ultimate termination date and pay prorated rent only for the days the tenant actually occupies the unit before vacating. When the tenant provides notice, the tenant must pay through the twenty-eighth day.

Your Committee received supporting testimony from the Hawaii Association of Realtors and the Institute of Real Estate Management and finds that this bill will clarify the law relating to notices and provide tenants with greater flexibility in finding new living arrangements.

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. 497, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 497, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Hagino, A. Kobayashi and McCartney.

SCRep. 518 Consumer Protection and Commerce on S.B. No. 368

The purpose of this bill is to clarify and strengthen the provisions relating to the regulation and operations of condominium hotels.

Specifically, the bill would do the following:

- (1) Clarify that the definition of "condominium hotel" includes apartments in a condominium property regime providing transient lodging for periods of less than thirty days. Operating a condominium hotel would include renting or leasing apartments from the owner in order to provide transient lodging;
- (2) Require annual rather than biennial registration with the Real Estate Commission and payment of initial and annual registration fees;
- (3) Amend bonding requirements by exempting consideration of units included in a registered time share plan managed by a registered time share plan manager;
- (4) Require all persons who have custody of funds received by the condominium hotel operator to be covered by a fidelity bond;
- (5) Exempt operators from real estate broker license requirements if they are operating exclusively in condominium projects specifically authorized as hotels by county zoning regulations and permitted by the condominium declaration and bylaws; and
- (6) Provide that first recourse for recovery by an apartment owner aggrieved by a dishonest condominium hotel operator or the operator's agent shall be the fidelity bond and second recourse shall be the Real Estate Recovery Fund, if the violator is a real estate licensee.

Act 225, Session Laws of Hawaii 1988, suspended the real estate broker licensure requirement, allowed the Real Estate Commission to accept broker licensure as an alternative to bonding, and suspended bonding for operators managing ten condominium units or less until June 30, 1989. During the moratorium, the Commission requested the Hawaii Real Estate Research and Education Center to assist with further assessment of the need to regulate condominium hotel operators. This bill is the result of that work.

Your Committee received supporting testimony from the Real Estate Commission and the Hawaii Hotel Association and finds that this measure appropriately addresses and clarifies continuing questions and problems relating to condominium hotel operation.

Your Committee has amended this bill by making several clarifying language and 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. 368, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 368, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Hagino, A. Kobayashi and McCartney.

SCRep. 519 Consumer Protection and Commerce on S.B. No. 308

The purpose of this bill is to clarify the obligations of landlords and tenants to maintain fit premises.

Sections 521-42(a)(1) and 521-51(1), Hawaii Revised Statutes, provide that the landlord or the tenant, as the case may be, must "comply with all provisions primarily applicable to tenants of any state or county law, code, ordinance, or regulation, noncompliance with which would have the effect of endangering health or safety, governing maintenance, use, or appearance of the dwelling unit...."

Your Committee finds that a simple statement to the effect that tenants and landlords must comply with "all applicable building and housing laws materially affecting health and safety" is less ambiguous and therefore preferable.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 308 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Hagino, A. Kobayashi and Matsuura.

SCRep. 520 (Majority) Consumer Protection and Commerce on S.B. No. 269

The purpose of this bill is to provide that the general excise tax, if any, of a retail transaction, shall be included in the sale price.

Hawaii does not have a sales tax but the four percent excise tax levied on retail transactions is usually passed on to the customer and represented on the sales receipt. Some license holders, however, increase the price of the goods or services they sell by an amount greater than four percent and represent such amount to the customer as state tax when in fact some of it is not. This bill would label such practice as deceptive and would subject the violator to legal sanctions.

Your Committee, after much consideration, finds that the amendment to Section 481A-3(a) proposed by this bill needs clarification. Therefore, your Committee has changed the language of the proposed amendment to read as follows:

"(8) Adds any additional charge to the list or posted price of goods or services, including any charge added pursuant to a representation that the charge constitutes the collection of a state tax...."

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 269, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 269, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang and Hagino.
Senator Koki did not concur.

SCRep. 521 Consumer Protection and Commerce on S.B. No. 59

The purpose of this bill is to prohibit discrimination in financial practices relating to real estate transactions and restrictive covenants and conditions.

This bill would amend sections 515-5 and 515-6 of the Hawaii Revised Statutes and bring Hawaii law into compliance with the Fair Housing Amendments Act of 1988, which goes into effect on March 12, 1989. Specifically, the bill prohibits discrimination in the provisions regarding financial practices and restrictive covenants and conditions because of marital status, parental status, or HIV (human immunodeficiency virus) infection.

Your Committee received testimony in support of this measure from the Hawaii Association of Realtors and the American Civil Liberties Union and finds that that housing discrimination based on marital status, parental status, or HIV infection is irrelevant and inappropriate in determining financial ability to acquire or rent real property.

Your Committee on Consumer Protection and Commerce has carefully considered each of the bills in the area of discrimination in real property transactions and has incorporated the following related bills amending section 515-3 of the Hawaii Revised Statutes:

- 1) S.B. No. 546, which repeals the provision to exempt certain condominiums and cooperatives from discriminating against families with children when the bylaws, covenants, or administrative provisions existing before April 19, 1984 contained restrictions based on parental status. This bill was incorporated with a technical amendment made for the purpose of conformance with recommended drafting style; and
- 2) S.B. No. 960, which prohibits discrimination in real estate transactions based on "familial relationship", defined as the existence or nonexistence of the state of being related by blood, marriage, or adoption. This bill will prohibit property owners from discriminating against single, unrelated persons who wish to share a housing unit together. This bill also clarifies the standards for reasonable restrictions regarding housing for persons dependent on guide or signal dogs.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 59, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 59, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Chang, Hagino and Tungpalan.

SCRep. 522 Consumer Protection and Commerce on S.B. No. 55

The purpose of this bill is to provide for the regulation of long-term care insurance.

Specifically, the bill establishes standards to be regulated by the insurance commissioner for long-term care insurance policies covering medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services provided in a setting other than an acute care unit of a hospital. The bill authorizes the insurance commissioner to adopt rules that establish standards for full and fair disclosure and loss ratio standards for insurance policies.

In order to protect the rights of subscribers and users, this bill: 1) requires any policy advertised, marketed or offered as long-term care insurance to comply with the provisions of this bill, 2) prohibits policies which provide benefits only for institutionalization from conditioning such benefits upon admission to a facility within a period of less than thirty days, 3) requires insurers to provide applicants with an outline of coverage, 4) provides a thirty day right to return provision (free look provision) for individual policies, and 5) establishes requirements for group policy certificates.

In addition, this bill defines "preexisting condition" and prohibits: 1) the cancellation, nonrenewal, or termination of a policy on the basis of age or the deterioration of the mental or physical health of the insured, 2) the establishment of a new waiting period when coverage is converted to or replaced by a new or other form within the same company, and 3) the exclusion of coverage for a loss or confinement resulting from a preexisting condition if the loss or confinement occurs after a specified period following the effective date of coverage.

Your Committee heard testimony in support of this measure from the Governor's Executive Office on Aging and the Department of Commerce and Consumer Affairs. Your Committee finds that an acute need exists for specific regulations to protect and guide both insurers and subscribers in this relatively new focus of the insurance industry.

Your Committee has amended this bill as follows:

- 1) Deleted the sentence in section 1 regarding the repeal of Act 253, Session Laws of Hawaii, 1987, pursuant to the department of commerce and consumer affairs' testimony that the status of Act 253 is an open issue;
- 2) Included "an insured individual's home or residence" in the definition of long-term care insurance to permit insureds to exercise the option of remaining in their homes as long as possible;
- 3) Deleted "or nursing home care insurance" on page 5, line 13 to clarify the reference to long-term care services in a facility or personal residence;
- 4) Clarified the definition of "preexisting condition" as the treatment of symptoms to remove any ambiguity about availability of coverage. The original language of the bill is subjective as it is difficult to determine what a reasonably prudent person might do; and
- 5) Corrected a typographical error on page 6, line 7.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 55, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 55, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Chang.

SCRep. 523 Education on S.B. No. 846

The purpose of this bill is to ensure that the rights of students to freely express themselves in the public schools shall not be abridged.

Under this bill, no student could be suspended, expelled, or otherwise disciplined for expressions or publications made on school premises during school hours, nor would such expressions or publications be deemed to be expressions of school policy or subject any school official to civil or criminal liability.

Your Committee finds that it is appropriate to statutorily express state policy relating to freedom of expression as implied in the Constitutions of the United States and Hawaii.

Your Committee has amended this bill by deleting the text beginning on page 1, line 13 and ending on page 2, line 12, and substituting a new section to be added to chapter 298, Hawaii Revised Statutes, providing for the right of students to freedom of speech and assembly. This material explicitly references the protections provided by the Constitutions of the United States and the State as applied to students both individually and collectively, encompassing various modes of expression, including speech and written communication. It also consolidates and rephrases the deleted material relating to expression of school policy, student discipline, and school official liability.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 846, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 846, S.D. No. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 524 Agriculture on S.B. No. 1163

The purpose of this bill as received was to limit the sound levels that can be generated by the sound system of all motor vehicles.

Your Committee heard testimony in favor of the intent of this bill. Your Committee finds, however, that specific decibel limits for noise emanating from motor vehicle sound systems will be difficult to establish and enforce.

Your Committee has amended the bill substantially by:

- (1) Deleting the entire contents of the bill except for the definition of "sound system";
- (2) Adding a new section to chapter 291 instead of chapter 342;
- (3) Providing that no person shall operate or park a motor vehicle on a public highway if the vehicle has a sound system or any part thereof, regardless of whether removable, installed in any unenclosed area of the vehicle;
- (4) Establishing any violation as a petty misdemeanor and authorizing the confiscation and forfeiture of the sound system;
- (5) Specifying that the Act will be applied to all sound systems regardless of when installed; and
- (6) Changing the effective date to sixty days after the Act is approved.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1163, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1163, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Hagino.

SCRep. 525 Agriculture on S.B. No. 625

The purpose of this bill is to allow the Department of Agriculture to insure or participate in all classes of loans made under Chapter 155, Hawaii Revised Statutes (HRS).

Presently, Sections 155-5 and 155-6, HRS, which authorize the Department of Agriculture to insure or participate in agricultural loans only apply to qualified farmers. This bill will include new farmer program borrowers under the provisions of participating or insured loans.

Your Committee heard supporting testimony from the Board of Agriculture.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 625 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 526 Agriculture on S.B. No. 1853

The purpose of this bill is to strengthen the law with respect to the Department of Agriculture's plant and non-domestic animal quarantine program.

This bill would make it mandatory for all passengers, officers, and crew members of aircraft and sea vessels to fill out an agricultural declaration form and require the transportation company to deliver all forms to the plant quarantine inspector. Presently, these forms are distributed by the carriers and only those passengers and crew members possessing items listed on the form are required to complete the forms.

This bill would also require the Board of Agriculture to maintain a list of microorganisms which are allowed or prohibited entry into the State; make it a violation to import certain restricted plants and all non-domestic animals and microorganisms without a permit; and allow the Board to "grandfather" and permit the possession of a species, if it had been previously approved for entry, while still prohibiting its importation, propagation, transfer, and sale.

This bill also amends the penalty section for illegal non-domestic animals making the penalty for violations by the transportation carriers and importers consistent with that of the person who actually possesses an illegal animal.

Your Committee heard supporting testimony from the Board of Agriculture and the University of Hawaii Laboratory Animal Service. Opposing testimony was heard from the Honolulu Airlines Committee.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1853 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 527 Agriculture on S.B. No. 627

The purpose of this bill is to provide for other forms of surety aside from bonding, to meet the requirements of the "Hawaii Meat Inspection Act."

Currently section 159-15 requires bonding as the only permissible form of surety. Apparently, it has become increasingly expensive and in some cases, prohibitively costly for slaughterers to obtain bonds.

Your Committee heard supporting testimony from the Board of Agriculture and finds that passage of this bill would allow for alternate forms of surety without compromising protection of the public provided by the bonding requirement.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 627 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 528 Housing and Hawaiian Programs on S.B. No. 1811

The purpose of this bill is to amend Section 201E-21, Hawaii Revised Statutes, by replacing the word "authority" with the word "corporation".

Your Committee received testimony from the Housing Finance and Development Corporation supporting this minor, housekeeping amendment.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1811 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 529 Housing and Hawaiian Programs on S.B. No. 279

The purpose of this bill is to revise the qualifications to purchase the leased fee interest in residential houselots under Chapter 516, Hawaii Revised Statutes, by excluding from eligibility those lessees who are not bona fide residents of the State but who have a bona fide intent to reside in the development tract.

Your Committee received testimony from the Housing Finance and Development Corporation; The Kamehameha Schools/Bernice Pauahi Bishop Estate; Goodsill Anderson, Quinn & Stifel/Castle Estate; Hawaii Leasehold Equity (HALE) Coalition which were also representing Affordable Housing Alliance (AHA), the Founders Group of the Kokua Council for Senior Citizens, the Hawaii Independent Condominium and Cooperative Owners (HICCO) Association; and a small landowner. The testimony was generally in support of the bill. Concerns raised were that the definition of bona fide resident should be amended, a statement should be added which would not allow sheltering property assets in order to qualify for purchasing another houselot within a development tract, and the opportunity to purchase should be limited to owner-occupants. The Hale Coalition testified in opposition to the bill because they believe the proposed change would discriminate against those single family home leaseholders who have not yet converted their land to fee simple.

Your Committee finds the intent of Chapter 516 is to provide for single-family home ownership of fee simple residential property in the State for residents of the state. Chapter 516 currently extends the opportunity to purchase the fee interest in residential leasehold property to lessees who are not residents of the State. Limiting this opportunity to Hawaii residents is consistent with state policy and meets the needs of Hawaii residents. It may also tend to curb speculation by non-residents. Your Committee finds further that amending the qualification requirements should not adversely affect the ability of the Housing Finance and Development Corporation to designate a development tract for acquisition.

Your Committee has made several amendments to this bill. The definition of "bona-fide resident" is clarified. The amendment, at page 1, line 10, limits the opportunity to purchase the leased fee interest to Hawaii resident owner-occupants. On page 4, lines 1 to 6, those who own other residential lands and have conveyed such fee title to any other person, trust, business, or other legal entity within the past five years is not a qualified purchaser. Also amended is page 5, line 16, to remove from the total number of lessees, by whom the percentage participation requirement is measured, those lessees who by the stricter qualifications are rendered ineligible to purchase, thereby assisting the lessees to meet the more-than-fifty-percent threshold requirements for designation.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 279, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 279, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 530 Energy and Natural Resources on S.B. No. 1949

The purpose of this bill is to authorize the Public Utilities Commission (PUC) to regulate and inspect gas pipeline systems owned and operated by non-public utility companies for the safe, efficient, and proper maintenance of the systems. These non-public utility gas pipeline systems are commonly referred to as "master meter systems."

The intent of this bill is to safeguard against possible injury and property damage by the extension of the PUC's jurisdiction to those systems owned and operated by non-public utility entities.

The PUC testified in support of this bill. Gasco, Inc. also supported the bill and requested that certain language be inserted to ensure that the bill applied to only non-public utility owned and operated master metered pipeline systems. It further suggested the insertion of a phrase to identify the source of the safety standards.

Your Committee amended this bill by:

- 1) Inserting on page 3, line 11 the words "or both" after the word "corrosive".
- 2) Deleting on page 3, lines 12-13 the phrase "regardless of whether" and substituting the word "not".

- 3) Adding on page 4, line 5 the phrase "consistent with the regulations adopted by the United States Office of Pipeline safety" after the word "standards".

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1949, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1949, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 531 Energy and Natural Resources on S.B. No. 1890

The purpose of this bill is to amend Section 171-36, subsection (a), Hawaii Revised Statutes, to permit the Board of Land and Natural Resources to collect a premium payment from the lessee of a State lease, as a condition to approving the assignment of the lease from the lessee to another party. The bill also requires that in a percentage lease, should there be a sublessee, the revenue of the sublessee be included as part of the lessee's gross receipts.

Testimony in support of this administration bill was received from the Department of Land and Natural Resources.

Present law provides that the Board may revise the rental paid on a State lease based upon the consideration paid on an assignment of the lease, however, the State is presently not entitled to any portion of the consideration paid by the assignee. This bill would allow the State to share in the monetary consideration, which is a reflection of the increased value of the State's land.

In percentage leases, the lessee presently only reports the rental it receives from the sublessee as part of his gross revenues. This bill would require the revenues of the sublessee be included as part of the lessee's gross revenues for the purpose of calculating percentage rentals. This will result in higher lease rents paid to the State by the lessee.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1890 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 532 Energy and Natural Resources on S.B. No. 1885

The purpose of this bill is to clarify the law regarding the minimum mesh size allowed for nets and traps made with rigid or stiff material.

Presently, the Hawaii Revised Statutes do not distinguish between flexible and non-flexible net materials for traps. This bill amends Section 188-29 by separating minimum mesh size regulations for flexible net material and non-flexible materials for traps, and by repealing subsection 188-29(a)(8) since the length of a bullpen trap is covered by another section of law.

Your Committee finds that this bill will protect smaller, immature fish and allow them to grow to maturity and reproduce thus benefitting future generations of Hawaii's people.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1885 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 533 Energy and Natural Resources on S.B. No. 1841

The purpose of this bill is to update the law relating to fishing.

Presently, Section 188-35, Hawaii Revised Statutes, (HRS) provides that "any person may at any time fish or take any fish" in certain designated waters in the State. This conflicts with other statutes and Hawaii Administrative Rules (HAR) conservation measures of the Department of Land and Natural Resources such as those which provide for closed seasons during the spawning period of various fishes and bag limits on the taking of certain fishes.

This bill would resolve the conflicting provisions by deleting the language which allows the taking of any fish at any time and substituting therefor language which allows fishing "subject to applicable laws and rules." The bill also deletes paragraph 8 of Section 188-35(a), HRS, as unnecessary since the regulation of fishing in Kailua Bay is regulated by Chapter 52, HAR.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1841 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 534 Energy and Natural Resources on S.B. No. 1428

The purpose of this bill is to change the penalty for public utility violations related to the gas pipeline distributions systems. The bill provides for increasing the maximum penalty from \$200,000 to \$500,000 for violating, neglecting, or failing to conform or comply with a rule or order.

Testimony supporting this bill was received from the Public Utilities Commission. The maximum penalty will bring the state penalty provision in conformity with the federal Pipeline Safety Reauthorization Act of 1988.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1428 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 535 Energy and Natural Resources on S.B. No. 1427

The purpose of this bill is to amend Section 269-16 of the Hawaii Revised Statutes, to give the Public Utilities Commission the ability to be a party to an appeal of its order on a discretionary basis, rather than on a mandatory basis as is currently required.

The Commission is a quasi-judicial body, rendering decisions and orders similar to that of a circuit court. As a quasi-judicial body, the Commission is not a party in a contested case.

However, there is a need to prevent a void at the appellate level in certain circumstances, that could best be filled by the Commission representing its own position. Therefore, your Committee has amended the bill to make representation by the Commission discretionary provided that it represents itself on appeal where there is an appeal from a decision and order in an uncontested case or where there is no adverse party to the appeal.

Testimonies were received from the Public Utilities Commission and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1427, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1427, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 536 Energy and Natural Resources on S.B. No. 770

The purpose of this bill is to grant a franchise to Molokai Electric Company, Limited to provide electric power on the island of Molokai.

The earliest Molokai Electric franchise was issued to Hoolehua Company in 1931, and subsequently assigned to Molokai Electric. The term of the franchise, 50 years, has lapsed. This bill will grant a new franchise which will enable expansion and improved services.

Molokai Electric does not presently provide service to Kalawao County of Molokai, commonly known as Kalaupapa Settlement. While there are no plans to extend service beyond what is currently provided, it is advisable to have a franchise covering the entire island of Molokai.

The Committee concurred with recommendations for amendments which were submitted and has amended the bill to:

- (1) Include provisions on the County of Kalawao on the island of Molokai;
- (2) Include the Director of Health in Sections 3 and 5 of this bill since Kalawao County is under the jurisdiction of the Department of Health.

The Committee also amended the bill by adding Molokai Electric's "successors and assigns" in the definition of "corporation" in Section 1 of the bill. Hawaiian Electric, Maui Electric and Molokai Electric have obtained Public Utilities Commission and Securities and Exchange Commission approval for the merger of Molokai Electric in Maui Electric within three years. The addition of the words will clarify what will happen to this franchise upon the merger.

Testimony in support of this bill was received from the President and Chief Operating Officer of the Molokai Electric Company, Ltd.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 770, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 770, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 537 Human Services on S.B. No. 1401

The purpose of this bill is to amend the eligibility requirements for medical assistance for families.

Section 346-29, Hawaii Revised Statutes, prescribes the manner, form, and condition of applications for public assistance. Currently, the statutes provide a number of considerations to be applied by the Department of Human Services in determining the needs of an applicant for or recipient of public assistance. This bill would delete from that list of considerations the requirement that the department apply the resource retention requirements under the federal Supplemental Security Income Program, substituting the resource retention requirements under the federal Medical Catastrophic Coverage Act of 1988. This bill also would set the minimum community spouse resource allowance at \$50,000 and would add a new requirement to the list of departmental considerations for determining the needs of an

applicant or recipient, i.e., that \$1,500 in income shall be disregarded in determining the income needs of the spouse of a person applying for or receiving medical assistance only.

Your Committee heard supporting testimony from the Legal Aid Society of Hawaii and finds that there is a need to revise the list of considerations used by the Department of Human Services to determine the needs of an applicant for or recipient of medical assistance.

Your Committee has amended this bill by: (1) reinserting the original statutory language requiring the Department of Human Services to apply the resource retention requirements under the federal Supplemental Security Income Program in determining the needs of a family of two persons for medical assistance only and an additional \$250 for each additional person included in the application; (2) deleting the bill's provision concerning the minimum community spouse resource allowance and inserting new language requiring the department to set the community spouse resource allowance at no less than \$60,000, or such higher amount as determined by the Secretary of Health and Human Services by means of indexing, court order, or fair hearing decision; and (3) by amending the new provision requiring the department to disregard a total of \$1,500 in income in determining the income needs of the spouse of a person applying for or receiving medical assistance by adding "or such higher amount as determined by the Secretary of Health and Human Services by means of indexing, by court order, or by fair hearing decision."

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1401, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1401, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Aki.

SCRep. 538 Education on S.B. No. 192

The purpose of this bill is to control the inappropriate use of vertebrate animals for educational purposes.

Specifically, no child in any grade would be required to participate in the dissection of any vertebrate animal, regardless of whether dead or alive, for any purpose, and the failure of a child to participate in such dissection would have no effect on the child's standing in any course of study.

Your Committee finds that it is appropriate to protect children from sanctions should they choose not to participate in school dissection experiments.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 192 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 539 Agriculture on S.B. No. 1915

The purpose of this bill is to exempt noise variance applications for public highway and road construction activities from the public notice and participation requirements of Chapter 342.

Currently all off-hour road work requires a noise variance. The process for the approval of a noise variance takes a minimum of two months due to the public participation requirements in Chapter 342. This bill would permit the Director of Health to expedite the granting of noise variances.

Your Committee heard supporting testimony from the state Departments of Health and Transportation, the Hawaii Community Development Authority, the Kakaako Improvement Association and the Serta Mattress Company.

Your Committee has amended the bill to insert the word "section" before "342-7" on page 9, line 11.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1915, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1915, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Aki.

SCRep. 540 Agriculture on S.B. No. 700

The purpose of this bill is to provide an exemption from the law on excessive noise for recognized school activities.

Increasingly school activities that by nature generate loud sounds, whether it be crowds cheering at athletic events or bands practicing, are being complained of as being in violation of the excessive noise law. This bill would exempt school activities during reasonable hours as determined by the Director of Health.

Your Committee heard supporting testimony from the state Departments of Health and Education and from private citizens.

After hearing the testimony, your Committee has amended this bill by including new language, "provided that this section shall not apply to any school activity which is approved by school authorities." This amendment places the responsibility for determining reasonable hours for any school activity on a school authority instead of the Director of Health.

Your Committee finds that participation in school activities is an important part of the total school experience and that an attempt to curtail school activities because of noise may result in anti-social activities or less constructive activities.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 700, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 700, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Aki.

SCRep. 541 Tourism, Recreation and Planning on S.B. No. 1285

The purpose of this bill is to establish procedures and criteria for the Department of Business and Economic Development (DBED) to utilize when contracting with private agencies for the promotion of tourism.

Specifically, the bill requires DBED to establish and utilize:

- (1) Procedures for solicitation of contract proposals and evaluation of contractor qualifications;
- (2) A formal process for reviewing contract proposals and awarding contracts;
- (3) Measures of contractor effectiveness;
- (4) Systems for periodic monitoring and evaluation, including submission by contractors of periodic performance reports;
- (5) A procedure for financial and performance audits, when necessary; and
- (6) A system of evaluation of contractor performance in terms of compliance with contract terms and conditions.

In addition, the bill would require DBED to prepare an annual strategic plan and an annual marketing plan for tourism. No contract for tourism promotion would be awarded unless the proposal is consistent with the tourism marketing plan.

Your Committee received supporting testimony from the Director of Business and Economic Development and the Executive Director of the Hawaii Hotel Association and finds that the criteria provided in this measure constitutes sound business practice and should help in the overall efforts of the public and private sectors to promote Hawaii as a visitor destination.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1285 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 542 Tourism, Recreation and Planning on S.B. No. 691

The purpose of this bill is to provide that the business transfer fee payable to the Department of Transportation because of the transfer of interest in a corporation or other business entity holding a commercial permit for use of a state boating facility shall be based on the passenger-carrying capacity of the vessels owned or operated by the corporation or business entity.

Under current law, a person may transfer any or all stock or other interest in the corporation or business entity to another person without terminating the right of the corporation or business entity to retain or renew its commercial small boat harbor permit as long as the entity has been engaged in the same commercial vessel activity for at least one year and pays the Department a business transfer fee. This bill clarifies the basis upon which the transfer fee shall be determined.

Your Committee received supporting testimony from the Department of Transportation and finds that this bill is necessary to correct a possible defect in Act 231, Session Laws of Hawaii 1988, which has been codified as section 266-21.1(d), Hawaii Revised Statutes.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 691 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 543 Tourism, Recreation and Planning on S.B. No. 672

The purpose of this bill is to provide that no person with a hunting license and an approved hunter education certificate shall permit another person to carry, display, or use the license or certificate in any way. The holder of such documents would be required to physically possess them when hunting and present them on demand to any authorized officer.

The bill would also establish a hunter education program to be mandatory for all licensed hunters born after December 31, 1971 and all first time licensees. A person would be able to satisfy this requirement by completing a hunter education or safety course from another state or any other program approved by the North American Association of Hunter Safety Coordinators.

Your Committee supports proposals such as this which would provide an added measure of safety to the sport of hunting.

Your Committee has amended this bill by deleting Section 1 and inserting an amendment to section 183D-22, Hawaii Revised Statutes, requiring a person to have a valid hunter education certificate issued under section 183D-28 as a condition to being licensed.

Your Committee has further amended the bill by providing in section 183D-28:

- (1) That no person shall be eligible for a hunting license unless he possesses a valid hunter education certificate;
- (2) That successful completion of the hunter education program shall be mandatory for all persons born after December 31, 1971 and for all those born before January 1, 1972 who have never been issued a hunting license in Hawaii;
- (3) That persons who were born before January 1, 1972 and who once possessed a Hawaii hunting license, and persons who have successfully completed a hunter education or safety course in another state or any hunter education or safety program approved by the North American Association of Hunter Safety Coordinators, shall be issued the hunter education certificate without the necessity of participating in the hunter education program;
- (4) That a hunter education certificate shall be valid for the life of the person; and
- (5) That the Department of Land and Natural Resources may establish application and certificate fees for the hunter education program.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 672, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 672, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 544 Tourism, Recreation and Planning on S.B. No. 670

The purpose of this bill is to include violations of rules adopted by the Department of Land and Natural Resources among those offenses for which penalties are provided pursuant to section 183D-5, Hawaii Revised Statutes.

Current law does not statutorily provide penalties for violating the Department's administrative rules relating to wildlife. This bill proposes that violations of all administrative rules relating to chapter 183D, and violations of section 183D-61 relating to permits to take wild birds, game birds, or game mammals, for which there is currently no penalty, be treated as misdemeanors with sentences based on the number and frequency of prior convictions.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 670 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 545 Education on S.B. No. 912

The purpose of this bill is to provide a mechanism to maximize utilization of public school personnel.

The bill, as introduced, would authorize the Department of Education and the individual schools to trade off, transfer, or establish positions within existing position counts and resources. The Board of Education would be authorized to set guidelines to the minimum extent necessary.

Your Committee finds that educational staffing flexibility is needed if we are to develop our school system to its fullest potential.

Your Committee has amended this bill by deleting reference to individual schools and requiring the Board of Education to set guidelines for implementing staffing flexibility for the Department of Education.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 912, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 912, S.D.1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 546 Education on S.B. No. 909

The purpose of this bill is to require the Department of Education and the Board of Education to develop and adopt a policy to allow parents to choose the schools their children will attend.

Your Committee finds that school choice would advance the cause of improved education in the State and would benefit students, parents, and schools alike.

After careful consideration, your Committee has amended this bill as follows:

- (1) Clarified that parents or guardians shall choose the schools for their children;
- (2) Clarified that the Department of Education shall initiate the school choice policy which will be adopted by the Board of Education; and
- (3) Deleted references to specific criteria for school choice.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 909, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 909, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 547 Human Services on S.B. No. 1907

The purpose of this bill is to require the Criminal Injuries Compensation Commission to report annually to the Director of Corrections.

Currently, section 351-70, Hawaii Revised Statutes, requires the Criminal Injuries Compensation Commission to submit an annual report to the Director of Finance who in turn transmits the annual report and a legislative bill appropriating funds necessary to replenish the criminal injuries compensation fund to the legislature. This bill will transfer these responsibilities to the Director of Corrections.

Testimony in support of this measure was received from the Director of Finance and the Criminal Injuries Compensation Commission. Your Committee finds that since the Commission is attached administratively to the Department of Corrections, it is appropriate that the director of that department submit the annual report and appropriations bill to the legislature.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1907, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 548 Tourism, Recreation and Planning on S.B. No. 1715

The purpose of this bill is to give existing licensees and lessees who are displaced because of development within the convention center district the option of receiving a settlement payment in lieu of permanent or temporary relocation by the private developer.

Your Committee finds that it is appropriate to statutorily provide this option for persons who may be displaced by construction of a convention center in the area of the International Marketplace.

Your Committee has amended this bill by changing the reference to section 206X-9, Hawaii Revised Statutes, to section 206X-7, to reflect the correct statutory citation for this amendment. The bill has also been amended by clarifying that the task force which shall assist in the implementation of the relocation plan shall include persons representing agencies, organizations, government, and private interests, and by making other clarifying language and format changes which have no substantive effect.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1715, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1715, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 549 Health on S.B. No. 661

The purpose of this bill is to update statutory terminology describing persons with disabilities.

Chapter 348E, Hawaii Revised Statutes, contains provisions concerning the Commission on the Handicapped, including the commission's powers, duties, and functions. This bill would substitute the term "persons with disabilities" for the term "handicapped" throughout the chapter and would clarify the type of planning activities conducted by the Commission.

Your Committee heard supporting testimony from the Director of Health, the Commission on the Handicapped, the State Planning Council on Developmental Disabilities, and the Hawaii Centers for Independent Living. Your Committee finds that the change in terminology provided by the bill reflects the current usage and promotes a more positive image.

Your Committee has amended this bill by adding language to allow representatives of the ex officio nonvoting Commission members to serve in their stead, which reflects the current practice; substituting the phrase "data collection . . . to facilitate planning" for the proposed word "planning" in the powers, duties, and functions section, which will authorize needed data collection activities; and by making minor language changes which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 661, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 661, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 550 Health on S.B. No. 927

The purpose of this bill is to make a technical correction in the Hawaii Revised Statutes concerning commitment to Waimano Training School and Hospital and to require that persons readmitted to the facility meet admissions criteria.

Section 333F-16, Hawaii Revised Statutes, currently provides that persons committed to Waimano Training School and Hospital prior to July 1, 1987, remain wards of the director; that the persons are considered to have met the criteria for admission; and that petitions may be made for removal of the director as guardian of any person committed to Waimano Training School and Hospital "on July 1, 1987. . . ." This bill would remove the date from both places in that section, eliminate the presumption that persons admitted were admitted properly, and insert language requiring that persons readmitted shall meet the admissions criteria.

Your Committee heard supporting testimony from the Director of Health, the Commission on the Handicapped, and the State Planning Council on Developmental Disabilities and finds that this bill corrects a technical error in the statutes and eliminates an unwarranted assumption that the admittance criteria have been met in all cases. Your Committee further finds that this bill provides an additional needed safeguard for those whose institutionalization is sought: it adds the requirement that persons readmitted shall meet the current criteria for admission.

Your Committee has amended this bill by deleting all language in the first sentence of section 333F-16, Hawaii Revised Statutes, referring to persons committed to Waimano training school and hospital prior to July 1, 1987 remaining wards of the director; adding a provision that a guardian of a person previously admitted to Waimano Training School and Hospital may readmit the person; and by adding a new section 3, which makes a technical correction in a related section of the Hawaii Revised Statutes.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 927, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 927, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 551 Government Operations on S.B. No. 123

The purpose of this bill is to add a new chapter to the Hawaii Revised Statutes that addresses the problem of biting dogs.

This bill requires, among other things, confinement of dogs that have bitten, notice of the presence of such dogs on property, reporting of aggressive incidents by such dogs, training of such dogs to prevent recurrences, and sanctions against the owners of such dogs.

Your Committee received testimony from the Hawaiian Humane Society, the Hawaiian Kennel Club, Hawaiian Electric Company, Inc., and Margie Rodrigues, an animal trainer. While all of the parties testifying were supportive of some form of protective legislation, most proposed amendments to the bill.

Your Committee notes that Article VIII, Section 5 of the Constitution of the State of Hawaii requires the State to provide its share of the cost for any new program or increase in level of service mandated to any political subdivision. Your Committee also notes that section 46-1.5(15), Hawaii Revised Statutes (HRS), currently authorizes the counties to provide for public pounds and the regulation of stray animals and fowl.

Recognizing that the regulation of biting dogs under this bill is a county responsibility and wishing to avoid raising any question of the application of Article VIII, Section 5, your Committee has amended the bill by deleting its substance and substituting an amendment to section 46-1.5 that expressly authorizes the counties to regulate biting dogs and to levy civil penalties against their owners.

Your Committee also amended section 46-1.5(15) by deleting the word "fowl." Since fowl are animals, the word "fowl" is redundant.

Your Committee further amended the bill to reflect the changes proposed in S.B. No. 19, S.D. 1, which previously passed this Committee. That bill amends section 46-1.5(10), HRS, to prohibit, rather than allow, counties from giving or loaning credit to, or in aid of persons or corporations. It also makes non-substantive changes to correct drafting style.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 123, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 123, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 552 Government Operations on S.B. No. 1854

The purpose of this bill is to provide for a six month ban on future bidding, as an alternative penalty to termination of the contract, when a general contractor uses subcontractors other than those named in a bid submitted for a government contract.

Your Committee finds that termination of the contract is often not in the interest of the government because of the attendant delay. Contractors are aware of this and some have taken advantage. The alternative of barring the offending contractor from future bidding for a reasonable time will not disrupt the operations of the user agencies and will, therefore, be an effective sanction.

Your Committee received supporting testimony from the Department of Accounting and General Services (DAGS) and representatives of subcontractor organizations. The Construction Industry Legislative Organization (CILO), representing the perspective of general contractors, opined that the bill was ambiguous and too discretionary, and opposed it as unnecessary and lacking an adequate appeals process. Your Committee notes, however, that an appeals procedure is available to the contractors through the administrative hearings process pursuant to Chapter 91, Hawaii Revised Statutes.

Your Committee has amended the bill, at the request of DAGS, to increase the period for which offenders can be barred from future bidding to one year. The bill has also been amended to make nonsubstantive changes in the format of the proposed changes to the statute.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1854, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1854, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 553 Government Operations on S.B. No. 722

The purpose of this bill is to amend sections 92-3 and 92-5, Hawaii Revised Statutes (HRS), to allow the legislative bodies of the respective counties to hold meetings that are closed to the public for certain limited purposes.

This bill authorizes such meetings to allow for informal discussions by members of county legislative bodies when less than a quorum is present, for discussion of matters not before the council, for receipt of information, for discussion of legislative proposals prior to second reading or prior to introduction if three readings are not required, and for discussion of legislative procedure or strategy.

Your Committee heard testimony from David Matthews, Chairman of the Hawaiian Democratic Movement Ad Hoc Committee on Open Government and from Councilmember Neil Abercrombie. The former opposed the bill and the latter supported it.

Your Committee is of the opinion that the operations of the legislative bodies of the several counties should be governed by rules adopted by those legislative bodies. To that end, the bill has been amended by deleting the amendments to sections 92-3 and 92-5, HRS, and substituting an amendment to section 92-10, HRS. As amended this bill allows county legislative bodies to adopt rules for internal operations by a two-thirds vote of their respective memberships.

Your Committee realizes that county legislative bodies may adopt rules that are less stringent than the requirements of Chapter 92, HRS. Some deviations may be appropriate to the nature of a legislative body. In any event, the county legislative bodies must adopt any overriding rules by a two-thirds vote of a membership that is directly accountable to their constituencies.

Your Committee has also amended this 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. 722, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 722, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 554 Government Operations on S.B. No. 1799

The purpose of this bill is to modify the Uniform Information Practices Act (Modified) (UIPA) to ensure its smooth implementation when it takes effect on July 1, 1989.

The bill was drafted by the Office of Information Practices (OIP), which was created under the UIPA to help implement the public's rights of access to information, help protect the individual's privacy rights, and assist government agencies in achieving compliance with the new law.

Your Committee amended the bill to limit its scope to the following amendments to the UIPA:

- (1) An amendment to Section 92F-18 to extend the deadline by which agencies are required to compile a public report describing the records it routinely uses or maintains. The extension is granted until July 1, 1991.
- (2) A new requirement that each agency supplement or amend its public report biennially, in even numbered years, to ensure that the information is accurate and complete.

- (3) An amendment to authorize the OIP to propose model rules which each agency shall adopt, insofar as practicable, to ensure uniformity among agencies.
- (4) A clarification that the OIP is within the Department of the Attorney General only for administrative purposes.
- (5) A clarification that the review by OIP is an informal dispute resolution procedure and is exempt from the contested case requirements of Chapter 91, Hawaii Revised Statutes (HRS).
- (6) Several amendments to expand and clarify the rulemaking powers and responsibilities of the OIP.

Your Committee also amended the effective date of this bill so that it will take effect upon July 1, 1989, the same date that the UIPA takes effect.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1799, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1799, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 555 Government Operations on S.B. No. 690

The purpose of this bill is to amend Section 103-22, Hawaii Revised Statutes (HRS) to allow repairs of public utility lines, where the expenditure is less than \$10,000, to be made without public advertisement for sealed tenders or call for informal bids.

The bill also deletes the repeal date for Act 229, Session Laws of Hawaii (SLH) 1987, to allow Section 103-22, HRS, to remain in effect.

Your Committee heard testimony from the Department of Transportation (DOT) stating that the automatic repeal provision of Act 299, SLH 1987, should be eliminated because speedy repairs are required by the Federal Aviation Administration Regulations (Part 139), which mandate that inoperative Aircraft Rescue and Firefighting vehicles be returned to service within forty-eight hours.

Your Committee finds that this bill would allow government agencies, including the DOT, to react appropriately when emergency repairs are needed to better protect the public health, safety, and welfare. However, the scope of Act 229, SLH 1987 is broader than the justification supplied by the DOT.

Your Committee has amended the bill so that the automatic repeal of Act 229, SLH 1987 is extended one year instead of being repealed. It is hoped that, before the next legislative session, the Department of Accounting and General Services will accomplish a comprehensive review and updating of Chapter 103, HRS. Your Committee is prepared to consider making Act 229, SLH 1987 permanent, but only in the context of a comprehensive review and updating of the law on public contracting.

Your Committee is in accord with the intent and purpose of S.B. No. 690, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 690, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 556 Government Operations on S.B. No. 623

The purpose of this bill is to allow the Department of Accounting and General Services (DAGS) to adopt rules for the operation and maintenance of public buildings.

The bill allows the rules to specify that any person who violates a provision adopted to control activities conducted in or around public buildings shall be guilty of a petty misdemeanor.

Currently, DAGS is not empowered to adopt rules governing the operations, maintenance, and use of public buildings.

The DAGS testified in support of the bill, stating that it has been hampered in its ability to regulate certain activities, including trespass, littering, and unruly conduct in and around public buildings. Furthermore, law enforcement agencies have been reluctant to react to such activities without the authority of rules adopted by the State.

Your Committee finds that this bill will promote the safe and orderly use of state facilities and ensure uninterrupted service to the general public.

Your Committee has amended the bill by deleting the provision that allows the rules adopted by DAGS to specify that any person who violates a provision adopted to control activities conducted in or around public buildings shall be guilty of a petty misdemeanor.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 623, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 623, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 557 Government Operations on S.B. No. 662

The purpose of this bill is to assign responsibility to the Department of Accounting and General Services (DAGS) for the acquisition of privately owned commercial office space for use by state agencies.

Currently, the Department of Land and Natural Resources (DLNR) is responsible for acquiring any interest in real property and for coordinating the leasing of private office space for individual state agencies. The process is inefficient, lengthy, and frustrating for both lessors and tenant agencies. It is, additionally, not conducive to achieving economic lease rents.

This bill centralizes lease negotiation, acquisition, and lease document processing functions for both private and State-owned property under DAGS.

Your Committee heard supporting testimony from both DLNR and DAGS and finds that this bill will expedite the leasing of privately owned office space and reduce the cost of such leases.

Your Committee is in accord with the intent and purpose of S.B. No. 622 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 558 Consumer Protection and Commerce on S.B. No. 1912

The purpose of this bill is to amend Chapter 405D, Hawaii Revised Statutes, relating to foreign banks.

Specifically, this bill amends Section 405D-39, Hawaii Revised Statutes, by deleting securities (as defined in Section 403-128, Hawaii Revised Statutes) from the definition of "eligible assets".

Your Committee heard testimony in support of this measure from the Department of Commerce and Consumer Affairs who testified that the market value of securities are not readily determinable and entail constant scrutiny. Your Committee finds that assets held by a foreign bank are for the protection of creditors and the general public and need to have values that are quickly identifiable. Therefore, it is appropriate to delete them from the definition of "eligible assets".

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1912 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Hagino, A. Kobayashi, Nakasato and Tungpalan.

SCRep. 559 Consumer Protection and Commerce on S.B. No. 56

The purpose of this bill is to amend the laws of the State relating to insurance.

When the insurance laws were recodified during the 1987 legislative session, a few new provisions were added to the then-existing insurance laws under separate acts. Those new provisions were not included in the recodification and were repealed with the new insurance code took effect on July 1, 1988. One of these was the provision for handling claims for waiver of premiums for total disability. This bill will reenact the premium waiver provision which was inadvertently repealed in 1988.

This bill will add a new section to chapter 431, Hawaii Revised Statutes, setting forth restrictions on insurers in accepting and processing claims for waiver of premiums in the event of total disability of the named insured similar to the provisions enacted in the 1987 legislative session.

Your Committee received testimony in support of this measure from the Hawaii Association of Domestic Life Insurers. Concern was expressed that: 1) the physician's role is to certify the medical condition of the named insured and to make an estimate as to the period that such condition will last, rather than an opinion as to the insured's total disability under the terms of the policy or rider, 2) it is very difficult to obtain a physician's certificate that is acceptable to both the insurer and insured, and 3) it is burdensome for a disabled insured to be required to furnish repetitive medical exams for the purpose of verifying the continued existence of total disability. Your Committee, upon further consideration, has amended the bill to address the concerns of the Hawaii Association of Domestic Life Insurers.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 56, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 56, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators A. Kobayashi and Tungpalan.

SCRep. 560 Consumer Protection and Commerce on S.B. No. 57

The purpose of this bill is to repeal the mandatory rate reduction for no fault benefits for motor vehicles equipped with seat belts.

The bill is a housekeeping measure which eliminates the premium reduction requirement that expired on December 31, 1988, at which time it was anticipated that the effects of Hawaii's mandatory seat belt law would be reflected in the loss experience upon which insurers base their no-fault benefit rates.

Your Committee heard testimony in support of this measure from the Department of Commerce and Consumer Affairs and the Hawaii Insurers Council and finds that virtually all motor vehicles are presently equipped with seat belts and that this statutory provision is no longer necessary.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 57 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Chang, McCartney, Nakasato and Tungpalan.

SCRep. 561 Consumer Protection and Commerce on S.B. No. 152

The purpose of this bill is to prohibit discrimination in a real estate transaction against a physically handicapped person who uses a service dog. The bill further specifies that services to be performed by a service dog shall include protection, rescue, pulling a wheelchair, and retrieving fallen items.

Your Committee finds that this bill is necessary to ensure that handicapped persons who require this specialized kind of animal are offered equal protection against discrimination in real estate transactions.

Your Committee has amended the bill by adding the phrase "by a licensed service dog trainer" after "trained" on page 4, line 3, and by replacing "or" on line 6, page 4 with "and."

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 152, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 152, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Chang, McCartney, Nakasato and Tungpalan.

SCRep. 562 Consumer Protection and Commerce on S.B. No. 156

The purpose of this bill is to extend the regulation of real estate brokers and salesmen (Real Estate Commission) to December 31, 1995 under the sunset law and to amend relevant sections of chapter 467, Hawaii Revised Statutes, to make regulations gender neutral.

Under the present law, chapter 467 of the Hawaii Revised Statutes, relating to real estate brokers and salesmen is to be repealed effective December 31, 1989.

Your Committee received testimony in support of this measure from the Real Estate Commission and finds that competency of real estate brokers and salesmen is ensured through licensing and continued regulation of these professionals. Your Committee finds that chapter 467, Hawaii Revised Statutes, should be reenacted in the interest of protecting the health, safety, and welfare of the public.

Your Committee amended the bill to require the Real Estate Commission to study the recommendations set forth in the Legislative Auditor's report, "Sunset Evaluation Update, Real Estate Brokers and Salesmen", December 1988, and report its findings to the 1990 legislature.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 156, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 156, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Chang, McCartney, Nakasato and Tungpalan.

SCRep. 563 Consumer Protection and Commerce on S.B. No. 418

The purpose of the bill was to provide alternatives to the present errors and omissions insurance registration requirements and to delete the net worth requirement.

Your Committee recognizes that some investment advisers who offer only financial planning services have had difficulty in obtaining the required errors and omissions insurance and believes that there should be flexibility in the requirements for insurance depending on the type and scope of investment advisory services offered. Therefore, your Committee has amended this bill to allow the Commissioner of Securities to adopt rules providing for alternatives to the present errors and omissions coverage depending on the type and scope of services rendered.

Your Committee has also made some 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. 418, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 418, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Chang, McCartney, Nakasato and Tungpalan.

SCRep. 564 Consumer Protection and Commerce on S.B. No. 453

The purpose of this bill is to amend the laws of the State relating to the Medical Claims Conciliation Panel.

Specifically, the bill proposes to:

- 1) Require the Medical Claims Conciliation Panel to assess costs and fees against a claimant, and to turn over all records concerning panel proceedings to the health care provider for destruction when the panel finds that the complaint was frivolous and without merit;
- 2) Prohibit an insurer from increasing medical malpractice insurance rates solely on the basis of the filing of a complaint with the panel when the complaint is found to be frivolous and without merit; and
- 3) Increase the compensation of Medical Claims Conciliation Panel members from \$100 to \$300 per claim.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and the Medical Coalition for Tort Reform. Testimony in opposition of this bill was submitted by the Hawaii Academy of Plaintiffs' Attorneys and John W. Cater, who expressed concerns that the added responsibility to be placed on the Medical Claims Conciliation Panel will disrupt the present system.

Your Committee has amended this bill by deleting the provision authorizing the panel to impose costs and fees against a claimant when a claim is found to be frivolous. Your Committee finds that giving the Medical Claims Conciliation Panel, an advisory body, the responsibility of awarding fees and costs may create numerous legal and procedural complexities.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 453, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 453, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators A. Kobayashi, Tungpalan and Koki.

SCRep. 565 Consumer Protection and Commerce on S.B. No. 591

The purpose of this bill is to amend the Hawaii Business Corporation Act to address the problem arising from the unavailability of directors' and officers' liability insurance.

Specifically, the bill empowers a corporation to eliminate or limit the personal liability of an agent to the corporation or its shareholders from monetary damages for breach of duty to the corporation under specified conditions. In addition, the bill discharges a director of liability for any action taken as a director which was made with good faith business judgment of the best interests of the corporation.

Your Committee received testimony in support of this bill from the Department of Commerce and Consumer Affairs. Your Committee finds that without the protection of liability insurance for officers and directors, the quality and stability of the governance of Hawaii's corporations is seriously threatened. This bill attempts to address this concern, and assist businesses in the State recruit and retain top quality individuals to serve as directors and officers.

Your Committee amended this bill by restricting the application of the provisions which limit the liability of officers and directors to publicly held corporations.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 591, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 591, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Matsuura, Nakasato, Tungpalan and Koki.

SCRep. 566 Consumer Protection and Commerce on S.B. No. 592

The purpose of this bill is to amend the laws of the State relating to the specific powers of industrial loan companies.

Specifically, the bill deletes the requirements that certificates issued by industrial loan companies receive prior approval of the commissioner of financial institutions, and bear on its face the words, "This is not a certificate of deposit." The bill also clarifies that the commissioner retains authority to determine which companies are authorized to issue investment or thrift certificates.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and the Hawaii Financial Services Association, a trade organization of financial services companies licensed under chapter 408, Hawaii Revised Statutes.

Your Committee finds that requiring the commissioner of financial institutions to approve every new instrument issued by the thrift companies is impossible and impractical. Further, your Committee finds that the phrase, "This is not a certificate of deposit" is obsolete and contrary to fact since the thrift instruments issued are certificates of deposit.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 592 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 A. Kobayashi and Tungpalan.

SCRep. 567 Consumer Protection and Commerce on S.B. No. 1224

The purpose of this bill is to allow the commissioner of securities to adopt, amend, and repeal rules relating to the Uniform Securities Act (Modified), chapter 485, Hawaii Revised Statutes.

Rulemaking authority had been included in chapter 485 prior to the enactment of Act 373, Session Laws of Hawaii 1987.

Your Committee received testimony in support of this bill from the Department of Commerce and Consumer Affairs and finds that Act 373, Session Laws of Hawaii 1987, created the position of commissioner of securities and inadvertently deleted the language relating to rulemaking. This bill is a housekeeping measure which will reinstate the rulemaking authority of the commissioner of securities.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1224 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 A. Kobayashi and Tungpalan.

SCRep. 568 Consumer Protection and Commerce on S.B. No. 1490

The purpose of this bill is to allow a person who is injured in two separate accidents within a six-month period to combine medical or rehabilitative expenses if there is a question of apportionment.

This bill will provide that the combined sum of medical or rehabilitative expenses shall be used to determine if the injured person has exceeded the medical-rehabilitative limit.

Your Committee heard testimony in support of this bill from the Hawaii Academy of Plaintiffs' Attorneys. Testimony opposing this measure was received from the Department of Commerce and Consumer Affairs, the Hawaii Insurers Council, and the Hawaii Independent Insurance Agents Association. Concern was raised that this bill will make it easier to exceed the medical-rehabilitative threshold and increase the likelihood of tort liability claims.

Upon further consideration, your Committee finds that there are many cases in which persons are injured in separate accidents occurring within six months of one another, but are unable to meet the medical-rehabilitative threshold to file a tort liability claim. Your Committee believes that allowing the combination of expenses will provide more fairness to the consumer in filing a claim.

Your Committee amended this bill by changing "shall" to "may" on page 1, line 8. This amendment will allow discretion in combining medical and rehabilitative expenses.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1490, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1490, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators A. Kobayashi and Tungpalan.

SCRep. 569 Consumer Protection and Commerce on S.B. No. 1491

The purpose of this bill is to raise the amount of required no-fault benefits for lost wages from the present minimum of \$900 per month to \$1,200 per month.

Your Committee finds that the new amount takes into consideration the effect that rising costs and inflation have had on the wages earned by most people. Your Committee further finds that cost of living is reflected in the threshold for tort action against a third party under no-fault. This bill would adjust the wage replacement statute to reflect that same intent.

Your Committee has amended this bill by 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. 1491, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1491, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators A. Kobayashi and Tungpalan.

SCRep. 570 Consumer Protection and Commerce on S.B. No. 1874

The purpose of this bill is to strengthen and clarify several aspects of condominium property regime law.

Specifically the bill would do the following:

- (1) Require condominiums with six or more apartments to secure a fidelity bond of not less than \$20,000 nor more than \$100,000 covering officers, directors, and employees who handle association funds;
- (2) Require associations to annually register their projects with the Real Estate Commission and provide updated information on a continuing basis;
- (3) Provide for initial and continuing condominium registration fees;
- (4) Provide for handling and disbursement of association funds;
- (5) Define false statements and provide the Commission with general rule making power relating to chapter 514A, Hawaii Revised Statutes;

- (6) Allow the Commission to investigate associations and managing agents;
- (7) Grant the Commission increased jurisdiction to obtain cease and desist orders and powers to enjoin;
- (8) Increase the maximum penalty for violating the chapter from \$1,000 to \$2,000;
- (9) Provide for disposal of old condominium records; and
- (10) Specify, strengthen, and clarify the qualifications necessary to be a managing agent.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and the Real Estate Commission and finds that this administration bill is largely the result of 1988 a study entitled "Report to the Legislature - A Fidelity Bond Study on Condominium Managing Agents and Self-Managed Condominium Associations" and from discussions between the State, the Commission, and insurance companies and agents. Your Committee further finds that this bill will strengthen and clarify several vital areas in condominium law and allow more efficient and beneficial regulation of condominium property regimes.

Your Committee has amended this bill by adding language which clarifies several of its provisions but does not substantially change its intent or purpose.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1874, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1874, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Chang, McCartney, Nakasato and Tungpalan.

SCRep. 571 Consumer Protection and Commerce on S.B. No. 2038

The purpose of this bill is to amend the laws of the State relating to the issuance and renewal of motor vehicle industry licenses and the bonding of licensees.

Specifically, the bill proposes to:

- 1) Include motor vehicle auctioneers under the provisions regulating motor vehicle salespersons and dealers;
- 2) Require the licensee to submit audited reports or a financial review by a public or certified public accountant, rather than financial statements, to the Motor Vehicle Industry Licensing Boards;
- 3) Repeal bonding of dealers;
- 4) Require a dealer or auction to establish a line of credit from a financial institution in the amounts of \$500,000 for new motor vehicle dealers and auctions, \$100,000 for used motor vehicle dealers, \$50,000 for new motorcycle and motor scooter dealers, and \$25,000 for used motorcycle and motor scooter dealers as a condition of licensing;
- 5) Require the applicant to provide the Board with a photocopy of the financing statement filed with the Bureau of Conveyances securing the flooring or inventory line of credit;
- 6) Require applicants for an auction license to provide a written proof of its customer trust account for the auction;
- 7) Require a dealer to provide the Motor Vehicle Industry Licensing Board with a copy of the lease or rental agreement for the business site, which lease or rental agreement shall run for a minimum of one year; and
- 8) Repeal the authority of the Motor Vehicle Industry Licensing Board to waive building requirements for used motor vehicle dealers.

Your Committee heard testimony in support of this measure from the Motor Vehicle Industry Licensing Board. The Board testified that pursuant to Act 233, Session Laws of Hawaii 1988, a report was requested to evaluate bonding requirements for motor vehicle dealers. The report recommended that all bond requirements within the Motor Vehicle Industry Licensing Board's jurisdiction be eliminated. The report also makes several recommendations to amend the present licensing requirements, which were incorporated into this bill. Your Committee finds that by enhancing the existing requirements, the financial protection for consumers provided by the bond will be provided by other licensing requirements.

Your Committee made technical, nonsubstantive amendments to the bill to correct typographical errors, to insert inadvertently deleted statutory material, and 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. 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 of the members of the Committee except Senators A. Kobayashi and Tungpalan.

SCRep. 572 Consumer Protection and Commerce on S.B. No. 905

The purpose of this bill is to replace the right of subrogation under the motor vehicle insurance law with the right of reimbursement of duplicate benefits.

Under present law, the no-fault insurer who paid benefits is entitled to be subrogated for fifty percent of such benefits in a tort recovery. This bill provides that whenever a person recovers damages under the tort liability law which duplicates no-fault benefits already paid, the no-fault insurer shall be reimbursed fifty percent of the benefits by the person receiving the duplicate benefits.

Your Committee heard testimony in support of this measure from the Department of Commerce and Consumer Affairs, the Hawaii Insurers Council, and the Hawaii Academy of Plaintiffs' Attorneys. Your Committee finds that this bill will protect the consumer and prevent insurers from receiving double recovery at the expense of injured victims.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 905, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 905, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators A. Kobayashi, Tungpalan and Koki.

SCRep. 573 Consumer Protection and Commerce on S.B. No. 855

The purpose of this bill was to equalize the insurance premium tax assessed domestic and foreign insurers on risks located in Hawaii.

Under this bill, the rates charged domestic insurers would be gradually increased over the next three years while rates imposed on foreign or alien insurers would be gradually reduced. By the fourth year all insurers would be paying the same premium taxes. Life insurance premium taxes would also be adjusted in favor of foreign insurers, but not precisely equalized. In addition, quarterly premium tax payments would be required when the insurer's tax liability for the preceding year exceeded \$1,000, as opposed to the current requirement of monthly payments for insurers whose tax liability for the preceding year exceeded \$5,000.

Your Committee finds that there is a need to amend the insurance premium tax rates but questions the efficacy of doing so at this time. Therefore, your Committee has amended this bill by deleting specific percentages and by providing that there shall be tax credits against such taxes. The purpose of these amendments is to keep this measure alive for discussion and compromise.

Your Committee has also changed the reference to March 1 on page 4, line 10 to February 1 to be consistent with the other quarterly payment dates provided in lines 10 and 11.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 855, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 855, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Hagino, Ikeda, Tungpalan and Koki.

SCRep. 574 Consumer Protection and Commerce on S.B. No. 1374

The purpose of this bill was to propose various substantive amendments to Chapter 514A, Hawaii Revised Statutes, relating to condominium property regimes.

Your Committee has amended this bill by adding new sections to Chapter 514A, amending existing statutes, and repealing one statute. The amendments were culled from Senate Bill Nos. 129, S.D. 1, 131, S.D. 1, 132, S.D. 1, 134, S.D. 1, 154, S.D. 1, and 173, S.D. 1, and cover the general subject areas of boards of directors and associations of apartment owners, common elements, expenses, proxies, pets, and bylaws respectively. Your Committee has presented this material beginning with new sections to be added to Chapter 514A followed by amendments to existing sections in numerical order and the repeal. Highlights of sections 1 through 31 of this bill as amended are as follows:

- Section 1: Specifies the fiduciary duty that a condominium's board of directors owes to the association of apartment owners;
- Section 2: Authorizes associations to form nonprofit corporations for the purpose of purchasing the land under their buildings as long as seventy-five percent of the owners agree;
- Section 3: Provides a mechanism for removal of board members for failing to comply with specific provisions of chapter 514A;
- Section 4: Authorizes the association to borrow money for repair, replacement, maintenance, operation, or administration of the common elements or for making additions, alterations, or improvements;
- Section 5: Delineates election procedures for boards of directors;
- Section 6: Authorizes a board to lease equipment provided that sixty-five percent of the owners agree and the equipment costs no more than \$25,000;
- Section 7: Authorizes an association by sixty-five percent vote to purchase and sell not more than two apartments in the project;

- Section 8: Provides that projects with forty or more units shall include a resident manager's dwelling unit with one parking stall and an office as residential special purpose common elements which may be rented if the project has no resident manager;
- Section 9: Allows an association to be incorporated as a nonprofit corporation;
- Section 10: Provides that an association may not use an owner's current payment of common expenses to offset late charges while the owner is contesting the prior charge;
- Section 11: Provides that the declaration shall take priority over all other project instruments followed by the bylaws and house rules;
- Section 12: Allows a board to restate the declaration or bylaws to conform to law without voting as long as the restatement does not change the existing substance of the declaration or bylaw, unless required by law;
- Section 13: Provides for disposition of unclaimed possessions;
- Section 14: Provides time limits for amending the declaration, bylaws, or house rules;
- Section 15: Provides that certain areas shall constitute common elements and shall not be voted at association meetings;
- Section 16: Makes the prohibition against charging a fee for ingress and egress through common elements retroactive to May 18, 1984;
- Section 17: Provides that bylaws affecting property rights may not be applied retroactively so as to affect any owner who had the property previous to the adoption of the bylaw;
- Section 18: Amends Section 514A-82, "Contents of Bylaws," to (A) specify and clarify board membership; (B) allow volunteer apartment owners' committees to propose bylaws; (C) allow new bylaws to be recorded in the Land Court or the Bureau of Conveyances or both; (D) require the prior approval of an apartment owner to enter the owner's apartment in nonemergency situations; (E) prohibit owners from acting as both an officer of the association and an employee of the managing agent; (F) Prohibit association employees from selling or renting non-association owned apartments in their projects without association approval; (G) provide that a board must meet at least once a year; (H) require associations to bear the cost of providing members with necessary documents and publications; (I) prohibit directors from spending association funds for travel, directors' fees, or per diem unless approved by the owners; and (J) provide specific requirements to be a director;
- Section 19: Amends Section 514A-82(b) to (A) provide that voting or written consent forms shall provide for affirmative and negative responses and shall not be so constructed as to require more effort to vote yes or no; (B) require notices of association meetings to be mailed at least sixty days prior to the meeting regardless of whether voting is on the agenda; (C) require that copies of proposed bylaw amendments must be mailed no later than thirty days prior to the meeting and allow owners to submit one-page objections to be mailed to all owners at association expense; (D) require notices to solicit proxies to be posted at least sixty days prior to solicitation and allow fifteen days after the notice for a request to use association funds to solicit proxies; (E) provide for review and disposition of proxies during the solicitation period; (F) allow the resident manager's dwelling unit and parking space to be rented or leased by the association; and (G) require boards to prepare and distribute annual reports;
- Section 20: Allows apartment owners to keep pets depending on the declaration, bylaws, or amendments thereto. Mailings of proposals to change the project instruments regarding pets or board proposals to ban or regulate pets would be accompanied by statements prepared by a humane society, rationales from boards, and counter arguments from humane societies, as appropriate;
- Section 21: Provides for written public notice of all board meetings, specific items to be included on the notice, and other requirements relating to notices;
- Section 22: Provides that proxies for meetings whose dates have been changed shall be valid for eleven months unless rescinded and that each board member shall be allowed to vote the member's pro-rata share of the total percentage of common interest given to the board;
- Section 23: Provides that the most current membership list shall be mailed at cost or picked up by a member upon request within two business days of the request provided the member furnishes a written statement promising to use the list only for legitimate project business;
- Section 24: Clarifies the availability of documents such as the most current financial statement and minutes of the most recent board meeting;
- Section 25: Requires managers or boards to make certain records available for inspection at certain times;
- Section 26: Provides that association liens on owners for unpaid expenses shall take priority over all other liens except taxes and government assessments and the first mortgage, and allows associations to rent vacant apartments to make up for lost expense income if the owner cannot be located after two attempts over two months;

- Section 27: Clarifies that awards of expenses, costs, and attorneys' fees are payable to an owner who prevails in a claim substantiated by any action, board decision, or legal opinion obtained by the board;
- Section 28: Allows projects with less than ten units to waive yearly audits;
- Section 29: Limits the cost of arbitrating a dispute between an owner and the association to \$250 per party excluding attorneys' fees or \$500 if findings and conclusions of law are included;
- Section 30: Provides for the role of the condominium specialist in dispute arbitration or mediation; and
- Section 31: Repeals section 514A-83.4, Hawaii Revised Statutes.

Your Committee wishes to note that the provisions of this bill were largely based on consensus achieved among the Real Estate Commission, the Blue Ribbon Panel on Condominiums, and other interested condominium owners.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1374, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1374, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators A. Kobayashi, Matsuura, Nakasato, Tungpalan and Koki.

SCRep. 575 Education on S.B. No. 1622

The purpose of this bill is to require the Board of Education to adopt a set of standards to be used as guidelines for a school inspection program to ensure that the public schools achieve and maintain high levels of sanitation, safety, maintenance, upkeep, and general appearance consistent with public health and safety standards.

The Board would appoint an advisory committee to assist in developing the standards and the Superintendent of Education would implement the program to the extent feasible under available resources. The bill would take effect on July 1, 1989.

Your Committee finds that a school inspection program is necessary to facilitate the development of an educational system which would be responsive to the needs of students, parents, and the community.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1622, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all the members of the Committee.

SCRep. 576 Education on S.B. No. 910

The purpose of this bill is to require the Department of Education to initiate and the Board of Education to adopt a statewide program for quality voluntary early education to be implemented no later than December 31, 1999.

Early education would include the comprehensive early education of children between age four and age six. The Department of Education would consult with the Department of Human Services, local early education organizations, and the National Association for Education of Young Children in developing standards and criteria for the program. A timetable and implementation plan would be submitted to the Governor and the Legislature for appropriate funding, and parents and guardians would be entitled to opt for home care.

Your Committee received supporting testimony from the Superintendent of Education, the Director of Health, the Director of the Office of Children and Youth, and early education advocates, and finds that early education increases the likelihood that children will succeed in school and subsequent lifetime endeavors by preparing them both psychologically and emotionally for the school experience. This bill would provide a guideline and impetus for comprehensive statewide early education and would therefore benefit the overall cause of improved education in the State.

Your Committee has amended this bill by clarifying that the Department and the Board shall adopt a plan, rather than a program, to implement quality early education throughout the State, and that early education means a developmentally appropriate childhood development and education program. Further, your Committee has provided that the Board, rather than the Department, shall adopt standards and criteria for early education in consultation with the Department of Health, the Office of Children and Youth, and other appropriate organizations as well as the above-mentioned resources.

Your Committee has also clarified that the plan shall encourage as well as enable home care and made technical changes which have no substantive effect.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 910, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 910, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 577 Education on S.B. No. 516

The purpose of this bill is to require the Department of Education to make public school sites available for day care between the end of the school day and 6:00 p.m.

Day care programs would be run by private groups which would also provide liability insurance covering the Department and the State as additional insureds in an amount to be determined by the Department. The Department would charge a reasonable fee for use of the public school facilities to defray costs.

Your Committee finds that many working and single parents need after school care for their children and that this bill would facilitate the overall objectives for improved education and health care opportunities throughout the State.

Your Committee has amended this bill by deleting specific references to parents and single households and providing that regular school activities shall have priority over other uses of the school facilities. Your Committee has also specified that private groups operating day care programs must be licensed by the State and deleted the amendment to section 662-15, Hawaii Revised Statutes, relating to exceptions from the State Tort Liability Act.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 516, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 516, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 578 Legislative Management on S.B. No. 31

The purpose of this bill is to provide the legislature with the necessary resource experts to aid legislators in making judicious decisions on legislation.

Currently, two separate advisory committees advise the legislature--a scientific advisory committee and an economic advisory committee. This bill establishes, within the office of the legislative auditor for administrative purposes, a legislative advisory committee to be composed of eleven members to be jointly appointed by the president of the senate and the speaker of the house of representatives for terms of three years from a list of thirty nominees to be submitted by the ombudsman, the auditor, and the director of the legislative reference bureau. The committee is required to:

- (1) Respond to requests for scientific, technical, financial, economic, and social information from the legislature;
- (2) Convene ad hoc panels of experts to make findings and recommendations; and
- (3) Present clarified policy questions for legislative resolution.

Your Committee finds that a single broad-based legislative advisory committee consisting of experts in different fields can provide advice on legislation more economically and efficiently, and in the end, better serve the legislature. By convening ad hoc groups of experts to respond to specific requests, this single advisory committee can react flexibly to provide technical knowledge in particular areas as necessary.

Your Committee has amended this bill to repeal parts II and III of chapter 23, Hawaii Revised Statutes, rather than parts I and II. Your Committee has also made technical, nonsubstantive amendments.

Your Committee on Legislative Management is in accord with the intent and purpose of S.B. No. 31, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 31, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 579 Legislative Management on S.B. No. 1464

The purpose of this bill is to require departments, offices, and agencies to submit a formal report in response to recommendations made by the legislative auditor concerning their programs or operations.

Your Committee finds that the requirement for a timely and comprehensive followup response should motivate the departments and agencies to address specific recommendations made by the auditor. The bill is intended to strengthen accountability and improve legislative oversight.

Testimony was received from the Legislative Auditor in support of this bill.

Your Committee has made technical, nonsubstantive amendments.

Your Committee on Legislative Management is in accord with the intent and purpose of S.B. No. 1464, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1464, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 580 Legislative Management on S.B. No. 886

The purpose of this bill is to provide explicitly for the temporary succession to the position of the auditor in the event the auditor cannot continue to serve due to death, resignation, or other circumstance.

This bill amends current statutes by adding language to provide for the first assistant or first deputy to the auditor to become the acting auditor in the event that the auditor dies, resigns, becomes ineligible to serve, or is removed or suspended from office.

Testimony was received from the legislative auditor's office in support of this bill.

Your Committee on Legislative Management is in accord with the intent and purpose of S.B. No. 886 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 581 Consumer Protection and Commerce on S.B. No. 1898

The purpose of this bill is to delineate more explicitly the State's priorities for investment in Hawaii.

The bill amends the economic priority guidelines of the Hawaii State Planning Act, chapter 226, Hawaii Revised Statutes, to specifically encourage investments which: 1) reflect long-term commitments to the State, 2) rely on economic linkages within the local economy, 3) diversify the economy, 4) reinvest in the local economy, 5) are sensitive to community needs and priorities, and 6) demonstrate a commitment to provide management opportunities to Hawaii residents.

In addition, this bill proposes to:

- 1) Provide public incentives to develop and attract industries willing to hire and train people at all levels of employment;
- 2) Provide for support for the continuation of land currently in use for diversified agriculture; and
- 3) Amend the affordable housing guidelines to give higher priority to providing affordable housing for Hawaii residents and lower priority to non-residents.

Your Committee received testimony in support of this measure from the Department of Business and Economic Development, the Office of State Planning, the Housing Finance and Development Corporation, and the Hawaii Farm Bureau Federation.

Your Committee finds that the proposed amendments will promote economic development by encouraging desirable investments and business activities, as well as give the State a balanced perspective on economic development planning and an objective approach to evaluating priorities.

Your Committee made certain technical, nonsubstantive amendments to the bill 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. 1898, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1898, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Hagino, A. Kobayashi, Nakasato and Tungpalan.

SCRep. 582 Consumer Protection and Commerce on S.B. No. 1872

The purpose of this bill is to authorize the Commissioner of Financial Institutions to assess a \$100 per day fine on escrow depositories that fail to submit the results of the annual audit required under section 449-5, Hawaii Revised Statutes.

Presently, the law does not specify a monetary penalty, but instead allows the Commissioner to order an independent audit or to begin proceedings to suspend or revoke the escrow depository license.

This bill provides the Commissioner with more flexibility to insure the timely filing of escrow depository audits.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1872 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Hagino, A. Kobayashi, Nakasato and Tungpalan.

SCRep. 583 Consumer Protection and Commerce on S.B. No. 1580

The purpose of this bill was to amend the consumer protection laws to allow a cemetery or pre-need funeral authority to direct the trustee to purchase fully paid life insurance on the trust beneficiary.

Chapter 441, Hawaii Revised Statutes, provides protection to consumers and allows them to purchase funeral or internment services in advance of death for a set fee. The licensee and the trustee may invest part of the amount of the contract price and must place the remainder in trust.

This bill would allow trustees of cemetery or pre-need funds to apply all or part of the payments received for deposit to purchase a fully-paid life insurance policy on the trust beneficiary, the proceeds of which could be used to pay for funeral costs and expenses contracted for and provided to the deceased purchaser or designee. The bill also would allow the trustee to use the principal of the pre-need trust to pay for a fully paid life insurance policy on the purchaser, the proceeds of which could be used to pay for all pre-need internment or pre-need funeral costs and services contracted for and provided to the deceased purchaser or designee. The policy face value would have to exceed the amount of the pre-need

trust and would be subject to an automatic face value escalation clause. After purchase of the insurance policy, the remaining trust principal would have to be delivered to the cemetery or pre-need funeral authority.

Your Committee heard supporting testimony from the Borthwick Group, favoring the bill, and from the Department of Commerce and Consumer Affairs, favoring a version which provides more consumer protection. Your Committee finds that consumers need more protection than this bill provides and that it agrees with the department's version of this bill.

Your Committee has amended this bill to provide:

1. All or part of the payments received for deposit into the pre-need trust may be used to purchase a fully paid group whole life insurance policy on the trust beneficiaries;
2. The policy face value shall exceed the cost to the purchaser of the pre-need services;
3. The policy shall have an automatic face value escalation clause of at least \$50 per \$1000 of the face value per year;
4. The policy shall be purchased from an insurance company authorized to do business in Hawaii and rated at least B+;
5. The pre-need contract holder shall have authorized the purchase of the policy, having understood and agreed that it would not be assignable during the contract holder's lifetime;
6. Evidence of the policy shall be provided to the pre-need contract holder upon the policy's issuance;
7. The trustee shall retain trust principal remaining after purchase of the life insurance policy as principal of the pre-need trust, to be invested; and
8. If requested, the trustee shall provide a full refund to the pre-need contract holder, utilizing the cash value of the insurance policy, principal, and interest of the trust.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1580, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1580, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Hagino, A. Kobayashi, Nakasato and Tungpalan.

SCRep. 584 Consumer Protection and Commerce on S.B. No. 963

The purpose of this bill is to amend the temporary licensing provisions for dentists.

Under the present law, a temporary license shall be in force until: 1) the person leaves employment authorized under the temporary license; 2) 365 calendar days have elapsed; 3) the date the person takes the licensure examination; or 4) the date on which the board revokes the temporary license.

This bill will extend the temporary permit an additional 31 days, from 365 to 396 calendar days, and will allow a permittee to continue working until the examination results are posted, rather than until the permittee takes the exam.

Your Committee received testimony in support of this measure from the Board of Dental Examiners and finds that this bill will allow an outgoing permittee to assist in the training and orientation of new incoming permittees, and will permit the applicant to continue providing a service to those in need, rather than remain idle while awaiting the test results.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 963 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Hagino, A. Kobayashi, Nakasato and Tungpalan.

SCRep. 585 Consumer Protection and Commerce on S.B. No. 297

The purpose of this bill is to amend section 26H-4, Hawaii Revised Statutes, to extend regulation of contractors from December 31, 1989 to December 31, 1995.

Your Committee heard testimony in favor of this measure from the Contractors License Board (Board) and the Hawaii Business League and finds that continued regulation of contractors is necessary and desirable to promote public health, safety, and welfare.

Upon consideration, your Committee has amended this bill by also calling for a comprehensive review of all general and specialty contractor license classifications. The Board shall conduct such a review, establish uniform criteria to govern issuance of those licenses, and report its findings to the legislature prior to the start of the 1991 legislative session.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 297, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 297, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Hagino, A. Kobayashi, Nakasato and Tungpalan.

SCRep. 586 Consumer Protection and Commerce on S.B. No. 255

The purpose of this bill is to provide further regulation of real estate collection service agents.

Specifically, this bill would (1) extend regulation of collection servicing agents to December 31, 1995; (2) delete mortgage servicing agents from regulation under Chapter 454D; (3) require servicing agents to provide each customer with annual and closing statements which show the amounts received and disbursed with any remaining balances; and (4) amend the title of Chapter 454D to "Real Estate Collection Servicing Agents."

This bill implements the recommendations made by the Legislative Auditor in his Sunset Evaluation Report, Report No. 88-20, regulation of Mortgage and Collection Servicing Agents.

Your Committee has amended the bill to correct an oversight that would have reduced the bonding requirements for mortgage servicing agents from \$50,000 to \$15,000. As amended, the bill returns the \$50,000 bond requirement for mortgage service brokers by increasing the bond requirement for mortgage brokers and solicitors to that amount.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 255, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 255, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Hagino, A. Kobayashi, Nakasato and Tungpalan.

SCRep. 587 Consumer Protection and Commerce on S.B. No. 101

The purpose of this bill is to repeal chapter 450, Hawaii Revised Statutes, relating to fumigation.

Your Committee received testimony in support of this measure from the Board of Agriculture, the Pest Control Board, and the Hawaii Pest Control Association. Your Committee finds that the repeal of chapter 450, Hawaii Revised Statutes, is appropriate since fumigators are adequately covered by chapter 460J, Hawaii Revised Statutes, relating to pest control operators.

Your Committee adopted the recommendation of the Board of Agriculture and amended the bill by deleting chapters 144, 145, and 147, Hawaii Revised Statutes from section 92-28, Hawaii Revised Statutes, which authorizes the increase or decrease of State service fees. Your Committee finds that chapters 144, 145, and 147 no longer have statutorily assessed fees, and this amendment will delete obsolete language.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 101, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 101, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Hagino, A. Kobayashi, Nakasato and Tungpalan.

SCRep. 588 Consumer Protection and Commerce on S.B. No. 1948

The purpose of this bill is to extend the sunset provision on the Board of Registration of Professional Engineers, Architects, Surveyors and Landscape Architects to December 31, 1995.

Under the present law, chapter 464, Hawaii Revised Statutes, relating to the registration and regulation of these professionals will be repealed effective December 31, 1989.

Your Committee received testimony in support of this measure from the Board of Registration of Professional Engineers, Architects, Surveyors and Landscape Architects, the City and County of Honolulu Department of General Planning, the County of Maui Planning Department, the Hawaii Business League, the Landscape Industry Council of Hawaii, the Hawaii Association of Nurserymen, and several private landscape architectural companies.

Your Committee finds that the Board of Registration of Professional Engineers, Architects, Surveyors and Landscape Architects ensures competency of these professionals through examination and review of applicants' qualifications and experience. Your Committee believes that chapter 464, Hawaii Revised Statutes, should be reenacted in the interest of protecting the health, safety, and welfare of the public.

Your Committee further finds, however, that amendments should be made to clarify certain provisions of chapter 464, Hawaii Revised Statutes, and has incorporated S.B. No. 371, with amendments, which would provide for the following:

- 1) Repeal the regulation of landscape architects. Your Committee finds that landscaping services can be obtained from exempted professionals such as agriculturalists, horticulturalists, tree experts, arborists, foresters, gardenship operators, nurserymen, landscape gardeners, landscape contractors, and other practitioners who do not refer to themselves specifically as landscape architects as provided in section 464-5, Hawaii Revised Statutes. Therefore, your Committee believes that it is immaterial whether landscape architects are licensed or not, and the public welfare is not endangered with or without professional registration and licensure;
- 2) Change registration to licensing to standardize terminology such as "licensure", "certification", and "registration" among all the occupations and professions being regulated. Licensure normally involves regulating the professional or vocational practice as well as who may rightfully claim to use the title, whereas registration simply allows a practitioner to advertise as being listed with the state and to append a title to his or her name. Your Committee finds that qualified professionals under chapter 464, Hawaii Revised Statutes, receive a certificate of registration for what really amounts to licensure, and that the scope of board action is not limited to registration as the board's name implies;

- 3) Change the number of board members from fourteen to thirteen, and the number of public members on the board from three to four. Your Committee notes that one of the four public board members should possess a strong background in environmental issues and believes that this member will provide for more equity in the sharing of board work among the professions;
- 4) Lower from nine years to five years the number of years of professional experience required for board membership. Your Committee believes that the requirement of five years of experience will be less restrictive and allow for the consideration of many more qualified applicants to the board who can offer new perspectives and ideas;
- 5) Delete the requirement that licensees be of "good character and reputation." Your Committee finds that this language is undefined by board rules or statute, and is vague and ambiguous. The words "if the person does not possess a reputation for fair dealing" were inserted instead;
- 6) Clarify sections dealing with penalties and appeals for violation of chapter provisions. This amendment would allow all penalties imposed to be appealed to the circuit courts, and bring chapter 464, Hawaii Revised Statutes into conformance with chapter 91, Hawaii Revised Statutes, the Hawaii Administrative Procedure Act. Your Committee also provided for greater flexibility to the board in imposing penalties by allowing fines to be an alternative punishment;
- 7) Require the board to undertake a study to determine optimal requirements for professional experience, both in addition to and in lieu of relevant academic education, for qualification to take the required examinations;
- 8) Require the board and the Department of Commerce and Consumer Affairs to study the idea of assigning responsibility for the four professions to two boards, one governing engineers and land surveyors, and the other governing architects and landscape architects; and
- 9) Make several technical, nonsubstantive changes to certain sections of chapter 464, Hawaii Revised Statutes, for 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. 1948, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1948, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair and Nakasato.

SCRep. 589 Agriculture on S.B. No. 1573

The purpose of this bill is to specify criminal and administrative penalties enforceable by the Board of Agriculture.

Specifically, any person found to be in violation of Chapter 157 shall be guilty of a misdemeanor, subject to a fine of not less than \$250 or more than \$1,000, or imprisonment for not more than one year, or both. The Board of Agriculture, after proper notice and opportunity for hearing, may impose administrative penalties on any person who violates this chapter or any rule adopted under this chapter, of not less than \$250 or more than \$1,000 for each separate offense.

Your Committee finds that stiff penalties are justified if milk processors fail to comply with monthly audit recommendations.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1573, 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 Reed.

SCRep. 590 Agriculture on S.B. No. 148

The purpose of this bill is to prohibit use of nondegradable plastic connecting devices in the State.

Presently, the wide use of nondegradable plastics threaten the environment by causing rapid filling of landfill space or, if incinerated, by the possible introduction of toxic byproducts into the atmosphere. On the other hand, degradable products offer a readily available and environmentally sound alternative.

Your Committee heard supporting testimony from the Hawaii Medical Association, the Sierra Club, Hawaii's Thousand Friends and the Legislative Center. Your Committee finds that nondegradable plastic connecting devices pose a hazard to the environment.

Your Committee has amended the bill for clarification purposes in the following manner:

1. By changing all references to "plastic devices or plastic rings" to "plastic connecting devices."
2. By inserting the words, "Nondegradable" in front of "plastic beverage connecting devices" on page 2, line 6. Also in that same sentence, "eleven" has been changed to "seventeen."
3. By including the words, "as specified in the Resource Conservation and Recovery Act," following the word "waste" on page 3, line 6.
4. By inserting on page 3, line 10, after the word "containers", ", motor oil or other consumer goods."

5. By deleting the word "beverage" on page 3, line 18.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 148, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 148, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 591 Tourism, Recreation and Planning on S.B. No. 1294

The purpose of this bill is to require the state contract with the Hawaii Visitors Bureau (HVB) to include provision for all HVB employees and officers to be generally subject to standards of conduct required of public employees under the State Ethics Law, chapter 84, Hawaii Revised Statutes.

Your Committee finds that since the HVB represents the State in tourism matters throughout the world, it is reasonable to hold their representatives to the same standard of conduct as state employees, as long as they operate primarily on public funds appropriated by the Legislature and expended by the State.

Upon further consideration, your Committee has amended this bill by clarifying that an appropriation of public funds for the provision of services by an organization on behalf of a state agency to fulfill a statutory duty of the agency is a purchase of service contract. This places the HVB under the purchase of service provisions of chapter 42 because of its funding relationship with the Department of Business and Economic Development.

Your Committee has further amended this bill by placing the HVB directly into the Preamble of chapter 84, the definition of "employee" in section 84-3, section 84-13, section 84-17(c) and (d), and section 201-13.5, Hawaii Revised Statutes. Your Committee finds this to be a more accurate method of achieving the purpose of this bill and ensuring that the HVB is appropriately accountable for the public funding it receives.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of S.B. No. 1294, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1294, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 592 Health on S.B. No. 1788

The purpose of this bill is to increase the fees that marriage license agents may collect from an applicant for a marriage license and the amount the agent may keep.

Section 572-5, Hawaii Revised Statutes, currently provides that a marriage license agent may collect \$8 from an applicant for a marriage license and may keep \$4 for personal benefit. This bill would increase the amounts to \$20 and \$10, respectively.

Your Committee heard supporting testimony from several marriage license agents and finds that there is a need to increase the fee charged for issuance of a marriage license. However, your Committee further finds that the approach suggested by the Department of Health in its testimony on a related bill, SB 1881, is preferable, i.e., the fees should be set by rules adopted by the Department of Health.

Your Committee has amended this bill by deleting the specified amounts from section 572-5, Hawaii Revised Statutes, and providing rulemaking power for the Department of Health to set the amount of the fee and the amount to be retained by the agent. Finally, your Committee has amended this bill by putting the proposed fee of \$20, \$10 of which is to be retained by the agent, into effect temporarily.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1788, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1788, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Menor and Yamasaki.

SCRep. 593 Health on S.B. No. 985

The purpose of this bill is to include emergency medical care providers in the provisions of Chapter 323D, Health Planning and Resources Development and Health Care Cost Control; to protect emergency medical care providers by requiring human immunodeficiency virus (HIV) tests to be performed on patients in certain circumstances; and to notify emergency medical care providers of patients who are later diagnosed to have an infectious or communicable disease.

Chapter 323D, Hawaii Revised Statutes, concerns health planning and resources development and health care cost control. Currently, emergency medical care providers are not included in the provisions of this chapter. This bill would include them.

Section 325-16, Hawaii Revised Statutes, currently requires informed consent for tests for HIV infection, but lists several exceptions. This bill would modify an existing exception under which a physician may order an HIV test without the patient's informed consent if the patient is incapable of giving such consent and there is reason to believe that the safety of health care providers may be affected by exposure to the blood or bodily fluids of a patient suspected of possible HIV

infection. This bill would require an HIV test in these circumstances and would broaden the protected persons class to include emergency medical care providers.

Section 325-101, Hawaii Revised Statutes, currently prohibits the disclosure of the records of any person which indicate that the person has an HIV infection, AIDS related complex (ARC), or AIDS, except under certain circumstances. Currently, there are two exceptions directly concerning medical personnel. One allows release of medical or epidemiological information to medical personnel in a medical emergency to protect the health, life, or well-being of the named party. The second is an exception allowing release to medical personnel to enforce the provisions of Chapter 325, Part VI, Hawaii Revised Statutes (HIV Infection, ARC, and AIDS), and related administrative rules. This bill would amend this section to include emergency medical care providers in the definition of "medical personnel" and would require notification of emergency medical care providers "within three working days of patients subsequently diagnosed to have an infectious or communicable disease by the treating physician or hospital facility."

Your Committee heard no testimony supporting the amendment of Chapter 323D, Hawaii Revised Statutes, which apparently was a drafting error. With respect to the rest of the bill, your Committee heard supporting testimony from the Fire Chief of the Honolulu Fire Department on behalf of the State Fire Council. Your Committee also heard testimony from the Director of Health indicating support for the intent of the bill except for the requirement that physicians order HIV testing without the patient's consent. Opposing testimony was heard from the Governor's Committee on AIDS and from the American Civil Liberties Union. Your Committee finds that it is unable to support this bill as introduced.

The mandatory testing without consent provision is particularly troublesome because the exception it carves out of the rule is so large. Your Committee finds that there must be a reason to inform emergency medical care providers that is sufficiently compelling to justify mandatory testing without consent. Because the Committee is concerned about the health of the emergency medical care providers, it finds that the equities of the situation do require some expansion of the exceptions under which testing is required and necessary related disclosure allowed. Your Committee finds that revelation of the name of the afflicted patient, other than is necessary to test that person, is unnecessary. However, your Committee finds that it is important that health care workers be informed of the fact that a former patient has been diagnosed HIV positive.

Your Committee has amended this bill by (1) deleting all of section 1, (2) amending section 2 to leave testing without informed consent an option for the treating physician if certain conditions are met, including a determination that a person has been exposed to the blood or bodily fluids of an identifiable patient to a degree which could result in HIV infection and a certification by the Director of Health that (i) there exists and is available a prophylactic treatment which is likely to be beneficial to the person exposed and (ii) the effectiveness of the treatment depends on the treatment being started within six months of the exposure to the blood or bodily fluids; (3) deleting section 3 in its entirety; and (4) by making technical changes which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 985, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 985, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi, Menor and Yamasaki.

SCRep. 594 Health on S.B. No. 1880

The purpose of this bill is to authorize the Department of Health to enforce the recodified federal rules pertaining to tolerances for pesticide residues in food.

Section 328-8, Hawaii Revised Statutes, currently provides authority for the Department of Health to establish tolerance levels and regulatory or action levels by reference to the federal regulations or guidelines established in 21 CFR Part 193 and 40 CFR Part 180. Recently the federal government recodified 21 CFR Part 193 to 40 CFR Part 185. This bill would allow reference to regulations or guidelines now recodified to 40 CFR Part 185.

Your Committee heard supporting testimony from the Director of Health and finds that this bill is a housekeeping measure that would enable the department to continue to enforce the federal tolerances and that the bill is necessary for the protection of the public from improper use of pesticides.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1880 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Menor and Yamasaki.

SCRep. 595 Health on S.B. No. 1947

The purpose of this bill is to require the State Health Planning and Development Agency to conduct an information public hearing on every certificate of need application submitted for administrative review.

Section 323D-44.5, Hawaii Revised Statutes, provides for administrative review of certain applications for certificates of need. This bill would amend that section by adding a required informational hearing to the process.

Your Committee heard supporting testimony from the State Health Planning and Development Agency, which suggested amendments to this bill and the Director of Health, who concurred in the proposed amendments. Your Committee heard opposing testimony from Hawaii Planned Parenthood, which stated that the amendment would eliminate the administrative review process and inhibit health care cost containment.

Your Committee has amended this bill by deleting the phrase "subarea council" from page 2, line 5 and by rewriting the proposed language for purposes of clarity.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1947, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1947, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Menor and Yamasaki.

SCRep. 596 Transportation on S.B. No. 16

The purpose of this bill is to add a new section to Chapter 249, Hawaii Revised Statutes, to provide special number license plates for survivors of the attack on Pearl Harbor, former prisoners of war (POW's), veterans who are one hundred per cent disabled, and recipients of the Medal of Honor, Air Force Cross, Navy Cross, Distinguished Service Cross, and the Silver Star.

Your Committee finds that individuals who have served the country in special ways deserve recognition and that providing special number license plates to commemorate their service is appropriate.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 16, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Menor.

SCRep. 597 Transportation on S.B. No. 48

The purpose of this bill is to require licensing of moped drivers under the existing licensing categories of motor scooters and motorcycles in section 286-102(b)(1) and (2), Hawaii Revised Statutes.

In testimony before your Committee, various moped rental businesses expressed concern on the effect this bill would have on their businesses. The majority of such businesses rent to tourists who are not familiar with driving on Hawaii's roadways. Furthermore, because of their unfamiliarity, they have posed major risks to other drivers on the road. In this respect, your Committee feels that certain necessary precautions should be imposed upon moped renters to ensure that they are familiar with current laws and rules; skilled in driving a moped; and will take full responsibility for any violations incurred while driving a moped.

Your Committee, therefore, has amended the bill by deleting the requirement that moped drivers be licensed in the same manner as motor scooter and motorcycle drivers and requiring instead that all persons in the business of renting mopeds ascertain from their renters that the renters are knowledgeable of the current laws and rules governing the operation of mopeds; skilled in driving a moped; and will promise to take full responsibility for any violations incurred while operating or in possession of a moped. The bill was further amended by placing the responsibility of payment for violations upon the moped rental business.

Your Committee has also amended the bill by:

- (1) Adding a requirement that all mopeds, not only those rented, be insured under a liability insurance policy in the same manner required for motorcycles;
- (2) Prohibiting the operation of a moped on any freeway or on any roadway that contains the term "highway" in its name; and
- (3) Adding a penalty provision like the one imposed on uninsured motorcycles.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 48, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 48, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Menor.

SCRep. 598 Transportation on S.B. No. 162

The purpose of this bill is to amend Section 286-41, Hawaii Revised Statutes, which relates to the registration of motor vehicles in the respective counties.

This bill would impose a \$10 transfer fee on motor vehicles transferred from one county to another payable within twenty days after the date of transfer and would require that upon expiration of the certificate of registration, the vehicle shall be registered in the county in which the vehicle is located.

Your Committee received testimony in support of this bill from the County of Maui and the City and County of Honolulu. The counties were appreciative of the possibility of acquiring a new source of revenue to help offset the high cost of highway maintenance.

Your Committee has amended this bill by making the \$10 transfer fee payable at the time of registration in the new county rather than within twenty days after the transfer date. Your Committee further amended this bill by requiring that the counties design a registration emblem that would readily indicate the county in which the motor vehicle is registered.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 162, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 162, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Menor.

SCRep. 599 (Majority) Transportation on S.B. No. 379

The purpose of this bill is to add a new section to Chapter 291, Hawaii Revised Statutes, which would mandate the use of seat belts in the backs of trucks purchased after January 1, 1990.

This bill would require that any driver operating a truck on a public highway must provide seat belts for truck bed passengers and any person seated in a truck bed would be required to use a seat belt. This bill would also require that the Department of Transportation set requirements for the construction and installation of the safety belts.

The Department of Transportation and the Department of Health supported the intent of this bill but expressed serious reservations regarding implementation of the proposal as truck beds are not designed to carry passengers.

Upon further consideration your Committee has amended this bill by deleting the entire substance of the bill as introduced and substituting therefor a proposed new section in Chapter 291, Hawaii Revised Statutes, which would allow each county to enact ordinances or adopt rules regulating the transportation of persons in truck beds.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 379, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 379, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Menor.
Senator Nakasato did not concur.

SCRep. 600 Transportation on S.B. No. 1851

The purpose of this bill is to clarify Section 286-106, Hawaii Revised Statutes (HRS), to ensure that the period of validity of a Hawaii driver's license is at least two or four years.

The Department of Transportation's testimony in favor of the bill described an instance where a person with an out-of-state driver's license applied for a Hawaii driver's license six days before the expiration date (which was identical to her birthdate) of her out-of-state license. Being over sixty-five, she was issued a driver's license which should have been valid for two years but under the present language of the statute was only valid for one year and six days.

This bill would eliminate such results and ensure that a driver's license remains valid for the period intended in the statute.

Your Committee on Transportation is in accord with the intent and purpose with S.B. No. 1851 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 Menor.

SCRep. 601 Transportation on S.B. No. 1893

The purpose of this bill is to amend Section 261-22, Hawaii Revised Statutes, by changing the name of the Hilo airport from "General Lyman Field" to "Hilo International Airport" and to name the main terminal "General Lyman Terminal" in compliance with Senate Concurrent Resolution No. 29, Fourteenth Legislature of the State of Hawaii, Regular Session, 1988.

Your Committee finds that by naming airports after their geographic location, the airport would be more readily identifiable. Your Committee further finds that by naming the main terminal at the Hilo airport "General Lyman Terminal", it would remain as a testament to the man in the same way that the main terminal of the Lihue airport is named "Richard Kawakami Terminal".

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1893 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 Menor.

SCRep. 602 Transportation on S.B. No. 1917

The purpose of this bill is to repeal Part X of Chapter 286, Hawaii Revised Statutes, and replace it with a new part relating to hazardous materials transportation for the purpose of establishing safeguards in the transportation of hazardous materials, hazardous waste, and etiologic agents by motor carrier in commerce.

This bill would make state law consistent with federal hazardous materials transportation regulations and would establish penalties for noncompliance with these rules which are designed to protect employees and the public from improper, inadequate and unsafe hazardous materials shipments.

Your Committee heard testimony in support of this bill from the Department of Transportation, the Department of Health, and the Hawaii Transportation Association.

Your Committee amended this bill by adding to page 6, line 7, the words, "or offer," after the word "use" to strengthen the intent of the bill. Your Committee also amended this bill on page 8, line 2, by reducing the time limit to submit a report of a potential or actual spill, leakage, or loss of control of a hazardous substance to the Director of Transportation from thirty to fifteen days after the reported incident.

Your Committee on Transportation is in accord with the intent and purpose of S.B. no. 1917, as amended wherein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1917, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Menor.

SCRep. 603 Transportation on S.B. No. 1995

The purpose of this bill is to allow tinted windshields on motor vehicles that measure no more than the first twenty per cent of the windshield from the top center bottom edge of the windshield molding. The bill also provides for a light transmittance variance of plus or minus six per cent for sun screening devices for front side wing vents and windows that have a light transmittance of no less than thirty-five per cent.

Testimony presented by the Honolulu Police Department indicated that the wording in this bill would only confuse the application of the window tint law and that existing meters for measuring light transmittance can only measure variances up to plus and minus five per cent. Accordingly, your Committee has amended the bill, as recommended by the Department of Transportation, to allow for window tints that: (1) are no lower than four inches below the top center of the windshield only if no AS-1 markings can be found in the left or right upper margin of the windshield; and (2) have a light transmittance of no less than thirty-five per cent plus or minus five per cent when used for front side wing vents and windows.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1995, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1995, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Menor.

SCRep. 604 (Majority) Consumer Protection and Commerce on S.B. No. 1230

The purpose of this bill is to provide further regulation of the motor vehicle repair industry.

This bill will insure public confidence in the industry by: 1) requiring mechanic apprentices, trainees, and helpers to register with the Motor Vehicle Repair Industry Board; 2) providing greater flexibility in the fee structure administered by the Board; 3) requiring a written and performance certificate exam, provided that the written test may be administered orally; and 4) generally stipulating the conditions under which mechanic apprentices, trainees, and helpers may work under a registered and certified mechanic.

Your Committee has amended the bill by:

- 1) Extending the administration of the certification exam to all neighbor islands;
- 2) Doubling the certification exam fee to \$30 per category tested;
- 3) Placing ultimate responsibility of mechanic apprentices, trainees, and helpers with a supervising mechanic;
- 4) Extending the number of days to ten, in which a supervising mechanic must be replaced before mandatory redesignation of mechanic apprentices, trainees, and helpers;
- 5) Allowing certified mechanics who are not registered to supervise only two mechanic apprentices, trainees, and helpers; and
- 6) Changing the effective date to July 1, 1989, provided that rules adopted pursuant to this bill shall take effect after December 31, 1989.

Your Committee recommends that the Board seriously consider adopting the use of the National Institute for Automotive Service Excellence examination for certification purposes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1230, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1230, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators A. Kobayashi, Matsuura, Tungpalan and Koki.
Senator Nakasato did not concur.

SCRep. 605 Health on S.B. No. 509

The purpose of this bill is to provide an exemption from the nursing home administrator licensing requirements for applicants with a certain amount of experience and peer support.

Section 457B-3.1, Hawaii Revised Statutes, currently provides that (in addition to passing an examination) a nursing home administrator shall have a baccalaureate degree approved by the Board of Examiners of Nursing Home

Administrators, with an exemption for equivalent education. This bill would provide an additional exemption from the degree requirement if the board determines that (1) the applicant has served for at least ten years at the level of assistant administrator, or its functional equivalent, and (2) at least five administrators currently licensed under chapter 457B recommend in writing that the applicant be allowed to sit for the licensing examination.

Your Committee heard supporting testimony from the Director of Health, the Board of Examiners of Nursing Home Administrators, a former member of that board, the Department of Human Services, the Hawaii Long Term Care Association, and others and finds that there is a legitimate need to add some flexibility to the requirements imposed on those who would sit for examination as nursing home administrators. Your Committee has considered carefully the suggestions of the organizations and individuals and finds that this bill should be passed as amended.

Your Committee has amended this bill by (1) adding the requirement that the ten years of service must have been within the twelve years immediately preceding the application, (2) deleting the requirement that the service must have been in Hawaii, and (3) inserting a new section 2 providing for limited and temporary licenses pending licensure examination.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 509, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 509, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Blair, McMurdo and Menor.

SCRep. 606 Health on S.B. No. 332

The purpose of this bill is to prohibit cosmetic or household products testing on any live animal.

The Hawaii Revised Statutes currently do not regulate laboratory testing of animals per se. This bill would add a new chapter to the statutes that would (1) prohibit certain cosmetics and household products testing, (2) require reporting of the death of tested animals under certain circumstances, (3) provide an exemption to reporting requirements, (4) give the Department of Health rulemaking authority, and (5) establish sanctions for noncompliance.

Your Committee heard testimony from the Hawaiian Humane Society supporting the intent of this bill and urging the legislature to encourage the federal government to expedite the development of non-live animal tests. Your Committee also heard testimony from the Director of Health that the department has no resources or ability to administer the program envisioned by this bill, and from the Hawaii Biotechnology Group, Inc., which testified that the bill is unnecessary and would set an unattractive precedent for state involvement in scientific research.

Your Committee finds that it cannot support this bill as introduced and therefore has amended this bill by (1) redefining "animal," (2) deleting the reporting requirements, the exemption to the reporting requirements, the rulemaking authority, and the sanctions sections, and (3) adding provisions establishing standards of care for testing, providing for civil penalties, and providing injunctive relief.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 332, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 332, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, McMurdo and Menor.

SCRep. 607 Health on S.B. No. 1246

The purpose of this bill is to require that the drawing of blood for the purpose of HIV testing be accompanied by pretest and posttest HIV counseling.

Section 325-16(a), Hawaii Revised Statutes, currently provides a prohibition against testing a person's body fluids or tissue for the presence of human immunodeficiency virus (HIV) without prior informed written consent. This bill would require that the drawing of blood for HIV testing be accompanied by pretest and posttest counseling according to rules adopted by the Department of Health. Blood banks, providers of blood products, sperm banks, and organ donation agencies would be exempted from the pretest counseling requirement and also from the posttest counseling requirement, except when the test is HIV positive.

Your Committee heard supporting testimony from the Director of Health, the Governor's Committee on AIDS, the Life Foundation, and the American Civil Liberties Union. The Hawaii Medical Association favored the concept of the bill but questioned the need for government intervention. Your Committee finds that the basic concept of this bill is good but that the bill as introduced needs some amendment.

Your Committee has amended this bill by substituting different language for the new language in the bill as introduced. The substitute language requires that any person whose body fluids or tissue are subject to a test for the presence of HIV infection shall be offered counseling consistent with guidelines, rather than rules, of the department of health. Counseling would have to be available before and after testing, regardless of the test results. Such a person also would have to be given the opportunity to obtain the test results. Exceptions to the counseling requirements would be for anatomical gifts and research purposes.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1246, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1246, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Blair, McMurdo and Menor.

SCRep. 608 Consumer Protection and Commerce on S.B. No. 1819

The purpose of this bill is to update and clarify the statutory language which prohibits hearing aid dealers or fitters from selling hearing aids through door to door sales.

Specifically, this bill will amend section 451A-14, Hawaii Revised Statutes (HRS), relating to hearing aid dealers and fitters to make it consistent with chapter 481C, HRS, which governs door to door sales in Hawaii. Section 451A-14 refers to "house to house" sales, the terminology used prior to the enactment of chapter 481C. Section 451A-14 incorrectly references section 476-1, HRS, regarding the definition of "house to house" sales and this bill will amend the terminology in section 451A-14 to correctly reference chapter 481C.

Your Committee received testimony in support of this measure from the Board of Hearing Aid Dealers and Fitters.

Your Committee on Consumer Protection is in accord with the intent and purpose of S.B. No. 1819 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 Koki.

SCRep. 609 Consumer Protection and Commerce on S.B. No. 966

The purpose of this bill is to clarify the Board of Physical Therapy's function of waiving Board examinations.

Currently, Section 461J-7, Hawaii Revised Statutes, refers to "reciprocity" for applicants. This bill proposes to replace the term "reciprocity" with "examination waiver", which more accurately describes the Board's practice. "Reciprocity" in this instance, is a recognition by one state of the validity of a license granted by another state. "Examination waiver" allows an applicant to obtain a license without sitting for the written examination, provided that the applicant has scored equal to or higher than the Board's established passing score when the applicant took the examination in another state. This bill clarifies the Board's practice.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 966 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 Koki.

SCRep. 610 Consumer Protection and Commerce on S.B. No. 964

The purpose of this bill is to amend the examination qualifications for dental hygienists.

This bill would require applicants to be officially certified in the administration of intra-oral infiltration local anesthesia by an accredited dental hygiene school or by an approved certification program before being eligible for examination and licensure as a dental hygienist.

Your Committee received testimony in support of this measure from the Board of Dental Examiners and finds that most dental schools, including the University of Hawaii, offer a "local anesthesia" course in their regular curriculum and believes that all dental hygienists should be able to perform this expanded function as a condition of licensure.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 964 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Koki.

SCRep. 611 Consumer Protection and Commerce on S.B. No. 819

The purpose of this bill was to prohibit the use of the labels "made in Hawaii" or "island fresh" on any item, product, souvenir, or other merchandise, including milk and food products, which are not totally manufactured, assembled, fabricated, or produced in the State. Such terms, when appearing on labels, would have to be in bold print of the same size as the print used to name the product.

Current law provides that a product must have at least twenty-five percent of its wholesale value added by manufacture, assembly, or fabrication in Hawaii to bear the label "made in Hawaii."

Your Committee finds that the labels "made in Hawaii" or "island fresh" greatly enhance the value of a product both locally and abroad and that it is appropriate to statutorily provide that such labels be accurate. However, your Committee is concerned about the implications of this bill as introduced and has therefore amended the bill by (1) deleting the reference to milk; (2) providing that the product must be at least fifty-one percent made in the State; and (3) deleting the material relating to size and kind of print used on the label.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 819, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 819, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators A. Kobayashi, Matsuura, Tungpalan and Koki.

SCRep. 612 Consumer Protection and Commerce on S.B. No. 507

The purpose of this bill is to allow boards of directors of associations of apartment owners to change the use of common elements which are no longer in frequent or regular use. It would also permit boards to grant easements which may be required from time to time.

Your Committee finds that this bill would enhance efficiency of condominium apartment regime operations.

Your Committee has amended this bill by providing that any change in the use of common elements or granting of easements contemplated by a board of directors must be approved by a majority of the apartment owners in the association.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 507, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 507, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators A. Kobayashi, Matsuura, Tungpalan and Koki.

SCRep. 613 Consumer Protection and Commerce on S.B. No. 366

The purpose of this bill is to require examinees of the naturopathy licensing examination to pass each part of the examination with a minimum score of 75.

Presently, examinees may pass the examination with an overall score of 75. Conceivably, an examinee may fail one or more parts and still pass the examination by scoring high on other parts.

Your Committee concurs with the testimony presented by the Board of Examiners in Naturopathy that each part of the examination is important and should stand alone. Thus, examinees should be required to pass each part of the examination.

The bill further provides that any person not a licensed naturopathic physician who "advertises" as being such, shall be liable for penalties under section 455-9, Hawaii Revised Statutes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 366 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 Koki.

SCRep. 614 Consumer Protection and Commerce on S.B. No. 299

The purpose of this bill is to extend regulation of electricians and plumbers from December 31, 1989 to December 31, 1995, prohibit owners or lessees of property from performing any electrical and plumbing work on their property, and require disclosure of certain information regarding electrical or plumbing work for building permit purposes.

Your Committee received testimony that concurred with the Legislative Auditor's report that electrical and plumbing work must be performed competently to insure the public's safety.

Your Committee has amended the bill to allow an owner or lessee of property to perform electrical or plumbing work on their own property if that person is licensed under the appropriate licensing law.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 299, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 299, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Nakasato and Koki.

SCRep. 615 (Majority) Consumer Protection and Commerce on S.B. No. 126

The purpose of this bill was to amend Chapter 481B, Hawaii Revised Statutes, by adding a new section that would set disclosure requirements and define unfair and deceptive acts in regards to contests of chance.

This bill would define as an unfair and deceptive act or practice for users, promoters, or manufacturers of contests of chance to engage in advertising or other promotions that by any means, misrepresents the participants' chance of winning any prize, or engage in any form of advertising that does not disclose clearly and conspicuously in twelve point type: the geographic area that the contest encompasses, and the exact number of prizes and the odds of winning. The latter disclosure, for prizes which are valued at \$25 or more would be revised each week beyond thirty days to reflect the number of unredeemed prizes, the odds of winning each unredeemed prize, and the scheduled termination date of the contest.

This bill also provides for an exemption from this bill for the food retailing and gasoline industries.

Your Committee has amended this bill by changing the size of type used in the disclosure from twelve point to eight point type and requiring as an additional disclosure the odds of the last game of chance offered by the person or entity. Your Committee further amended this bill by adding a requirement that the fact that no consideration is required to participate in the game of chance be disclosed.

Your Committee finds that these amendments would further clarify the intent of this section.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 126, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 126, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators A. Kobayashi, Matsuura, Tungpalan and Koki.
Senator Chang did not concur.

SCRep. 616 Agriculture on S.B. No. 1914

The purpose of this bill is to repeal Chapter 342, Hawaii Revised Statutes, relating to environmental quality, and enact seven new chapters on air pollution; water pollution (including coastal waters, sewage, wastewater treatment); noise pollution; solid waste pollution (including disposal sites, landfills); hazardous waste (including generators, transporters, storage and disposal); underground storage tanks; and used oil transport, recycling and disposal.

Generally, the bill establishes permit procedures, provides for monitoring and enforcement of regulations, allows for inspection of sites and investigation of complaints, provides for research, educational and training programs to prevent, control and abate pollution, and establishes penalties and public participation requirements.

Under this bill, each part of Chapter 342 now stands as an independent chapter focused on a specific program area. The new chapters are generally arranged into two parts: (1) definitions and general provisions; and (2) pollution control. The amendments this bill makes to existing law are relatively minor. For example, definitions, penalties, and other general provisions have been duplicated and amended to conform to the intent and purpose of each individual chapter. The hazardous waste chapter has been established to provide statutory authority in order that the Environmental Protection Agency (EPA) may eventually delegate this program to the state.

Your Committee heard supporting testimony from the Department of Health and has made the following amendments to the bill:

1. On page 73, line 21, a definition of off-hour road work has been added.
2. On page 74, line 18, the definition of vehicle has been amended to include boats and ships.
3. On page 120, lines 10 and 13, replaced the words "air pollution control" with "solid waste management".
4. On page 124, line 15, reference to solid waste has been included.
5. On page 127, line 16, reference to irrigation return flows and industrial discharges has been included.
6. On page 147, line 10, reference to hazardous waste or hazardous waste constituent has been included.
7. On page 147, line 20, paragraph (d) has been reworded for purposes of clarity.
8. On page 177, line 15 and page 183, line 6, requirements relating to public participation have been included.
9. On page 179, line 5, paragraph (g) regarding notification requirements for depositors of regulated substances into underground storage tanks has been added.
10. The definition of financial responsibility has been amended to include the terms, "insurance, corporate guarantee" wherever it appears.
11. The proposed water pollution chapter has been amended to include a section establishing a State Revolving Fund Program, pursuant to Act 365 (adopted by 1985 Legislature), inadvertently left out of the bill.
12. The entire section in the hazardous waste chapter relating to variances has been deleted in order to conform with EPA requirements. Under the Resource Conservation and Recovery Act of 1976 (RCRA), variances are not permitted and EPA has established strict guidelines that state programs may not be less stringent than the federal hazardous waste program. Accordingly, the definition of variance has also been deleted from the bill.

Your Committee has also made non-substantive revisions for purposes of clarity, consistency and style.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1914, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1914, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki and Reed.

SCRep. 617 (Joint) Consumer Protection and Commerce and Judiciary on S.B. No. 422

The purpose of this bill is to regulate precious metals.

Your Committees have found that unscrupulous persons or firms have been manufacturing in Hawaii or importing into Hawaii gold and silver items that are improperly marked to overstate the precious metal content. Sales of such items are deceptive and mislead consumers into purchasing items believed to be of higher value than they actually are. The publicity and sales of such items have eroded the public's confidence in jewelry items sold in Hawaii. The public has no

practical way of knowing if an item is mismarked or underkarated and no way of checking the manufacturer's reputation if the item does not have a trademark.

Moreover, the selling of underkarated items creates an unfair competitive advantage as against legitimate dealers selling legitimate items.

The purpose of this bill is to create: definitions and standards for precious metal content, a trademarking requirement when items are stamped with "14K," "sterling," or any other marking or label which makes a representation as to the precious metal content, and criminal and civil remedies to enforce these standards and requirements.

Your Committees heard supporting testimony from the Hawaii Jewelers Association and the Department of Commerce and Consumer Affairs.

Your Committees have amended this bill as follows:

1. By amending the definition of "stamped" to include signs which are used to display otherwise marked gold or silver items.
2. By adding the date "October 1, 1981" to Section -2, to conform to federal law.
3. By amending Section -6 to limit the trademarking requirement to those items which bear a quality of fineness mark and to make clear that the trademarks are registered pursuant to the laws of the United States rather than the State of Hawaii.
4. By amending Section -7 to direct the penalties toward manufacturers and dealers, thus protecting victims and other purchasers of noncomplying items.
5. By amending Section -9. This section has been divided into two sections, the first dealing with the seizure and forfeiture of noncomplying items, making them contraband, and the second dealing with monitoring by trade associations and the department.
6. By amending the original Section -10 to make clear that injured competitors may sue and, if successful, recover treble actual damages and punitive damages, in the court's discretion.
7. By amending the effective date to allow for a transition period.

Your Committees have also made technical changes to conform to recommended drafting style.

While your Committees believe that the conduct which is the subject of this bill may already be covered by another criminal statute, namely Section 708-870 relating to deceptive business practices, your Committees also believe that the specific problem of mismarked gold and silver items is serious and warrants special attention and treatment. Although Section 708-870 sets forth a misdemeanor offense, that section is designed to address business practices which are not covered specifically by other statutes. The commentary to that Section 708-870 recognizes that many of our statutes which regulate various professions and occupations contain criminal provisions, and concludes that:

"...the anomalies and inconsistencies are the inevitable result of our determination, in subsection (5), not to use the Penal Code as a vehicle for the wholesale reform of regulatory legislation relating to deceptive business practices."

Your Committees believe that stating criminal penalties, especially penalties which are not in strict conformity with the Penal Code, are appropriately set forth in this new chapter. Thus, while the terms "misdemeanor" and "class C felony" are used, thereby referencing the Penal Code, other penalties are set forth more particularly. No amendment to Section 708-870 is necessary to accomplish the purposes of this bill.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of S.B. No. 422, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 422, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Senators Levin and Reed.

SCRep. 618 Energy and Natural Resources on S.B. No. 1860

The purpose of this bill is to amend Section 269-3, Hawaii Revised Statutes, to authorize the Chairman of the Public Utilities Commission to employ research assistants exempted from Chapters 76 and 77.

Testimony in support of this bill was received from the Public Utilities Commission. The responsibilities of the research assistants would include analyzing emerging issues in telecommunications, energy, and other areas subject to the Commission's jurisdiction; identifying the objectives and policies of the State that the Commission should pursue; identifying the available options; analyzing potential impact of such options on the utilities and consumer; and analyzing the impact of the Commission's decision within the context of stated policies. The responsibilities and tasks to be performed require personnel who can provide special and unique services, and by exempting the positions from Chapters 76 and 77, the Chairman will be provided with the flexibility to hire and replace research assistants as program issues and focus change over time.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1860 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 619 Energy and Natural Resources on S.B. No. 1253

The purpose of this bill is to amend Act 362, Session Laws of Hawaii 1987, to reenact the provisions of Act 62, Session Laws of Hawaii 1982, as amended by Act 83, Session Laws of Hawaii 1984 and Act 362, Session Laws of Hawaii 1987; and to reauthorize the Department of Land and Natural Resources to negotiate long term residential leases with the former residents and their descendants of Milolii-Hoopuloa, who were displaced by the 1926 Hoopuloa lava flow.

Testimony in support of this bill was received from the Department of Land and Natural Resources and from a resident of Milolii.

Subsequent to the Hoopuloa lava flow of 1926, Governor's Executive Order 473, relocated the displaced residents onto adjacent government lands. Act 62, Session Laws of Hawaii 1982, authorized the issuance of long-term leases of these state lands to the displaced residents and their descendants. The provisions of Act 62, Session Laws of Hawaii were to have expired January 1, 1985. The implementation of the provisions of this Act have taken much longer than originally anticipated. Act 83, Session Laws of Hawaii 1984 and Act 362, Session Laws of Hawaii 1987 have extended the expiration date of the provisions until January 1, 1989. The Department has a number of pending applications for leases on file and has set their final deadline for accepting applications for leases as March 19, 1989.

To accommodate these applications your Committee finds that there is a need to reenact the provisions of Act 62, Session Laws of Hawaii 1982 and Act 362, Session Laws of Hawaii 1987, thereby extending the issuance of residential leases to qualified residents to January 1, 1991.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1253 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 620 Energy and Natural Resources on S.B. No. 1245

The purpose of this bill is to amend Act 237, Session Laws of Hawaii 1988 (conversion of revocable permits to land-term leases) to allow for thirty-five year leases only and to allow lessees to reside on their leased agricultural lands.

Testimony submitted by the Department of Land and Natural Resources opposed the deletion of the fifteen to thirty-five year lease provision presently in Act 237 on the basis that it is contrary to general law providing for lease terms for intensive agriculture and pasture uses.

The many testimonies received from Waimanalo agriculturists were all in support of the measure, particularly as a means to protect against vandalism, theft, and trespassers.

Your Committee has amended the bill by restoring the fifteen to thirty-five year lease provision in Section 2 of Act 237 and deleting the new paragraph (5) proposed to be inserted in Section 4 of Act 237 which would have allowed lessees to reside on the leased agricultural lands. Instead, your Committee has added new paragraphs (5) and (6) which would allow a lessee, with the consent of the Board of Land and Natural Resources, to construct or place an employee dwelling on the leased premises and prohibit the lessee from using the leased premises as a principal domicile.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1245, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1245, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 621 Energy and Natural Resources on S.B. No. 1054

The purpose of this bill is to amend Section 171-52, Hawaii Revised Statutes, which relates to the disposition of remnants of public lands.

This bill proposes to amend Section 171-52, Hawaii Revised Statutes, by:

- (1) Broadening, rather than narrowing, the definition of a remnant.
- (2) Restricting vacated, closed, abandoned, or discontinued road, street or alley or walk, railroad, ditch, or other right-of-way, to make these parcels almost impossible to be classified as remnants.
- (3) Imposing a disposition restriction which would prohibit the sale of a parcel as a remnant even though it is a remnant by definition.
- (4) Require the Board of Land and Natural Resources to consider public testimony prior to finding a parcel to be a remnant.

Your Committee has accepted the recommendation of the Department of Transportation that the current statutory language is adequate in subsection (a) and added only the phrase "or its exact size or location is uncertain." in subsection (b).

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1054, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1054, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 622 Housing and Hawaiian Programs on S.B. No. 1128

The purpose of this bill is to permit second dwelling units in rural districts pursuant to county ohana zoning ordinances.

This bill proposes to correct what appears to be an unintended consequence of the latest 1988 amendment (Act 252) to Section 46-4(c) Hawaii Revised Statutes (HRS), the ohana zoning statute. When Section 46-4(c), HRS was originally adopted in 1981, it contained a superiority clause which overrode all other laws, ordinances, or rules. When the 1988 amendment was made, this superiority clause was deleted. The effect of this change is that Section 46-4(c), HRS no longer supersedes Section 205-2, HRS which establishes density in "Rural Districts" at one dwelling per one half acre. Therefore, an additional ohana dwelling unit can no longer be built on a "Rural District" lot of less than one acre because of the density provision in Section 205-2, HRS.

This bill remedies this problem by amending the Rural District description in Chapter 205 to permit second dwelling units under county ohana zoning ordinances.

Your Committee heard testimony in support of this measure from Kauai County Council Chair Ronald Kouchi, Councilman James Teheda, Planning Committee Chair, and from the Hawaii Association of Realtors.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1128 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 623 Housing and Hawaiian Programs on S.B. No. 1833

The purpose of this bill is to amend Sections 214(b) and 215 of the Hawaiian Homes Commission Act of 1920, as amended, by removing the current ceiling of \$50,000 on loans or guarantees for the repayment of loans made to lessees for the repair, maintenance, purchase and erection of a dwelling and related improvements.

This bill would replace the fixed dollar amount with a formula for calculating a ceiling for residential loans and loan guarantees. The ceiling would be fifty percent (50%) of the maximum single residence loan amount allowed in Hawaii by the United States Department of Housing and Urban Development, Federal Housing Administration (FHA). The proposed formula using the FHA maximum loan amount, would align the department's loan and loan guarantee maximums with current home costs. This would eliminate the need for DHHL to periodically request statutory amendments to keep up with rising costs.

Your Committee finds from testimony presented by the Department of Hawaiian Home Lands (DHHL), that this bill is necessary to provide additional home construction funds for homestead lessees. Due to inflation, the cost of constructing a new home has been steadily rising every year.

Your Committee heard testimony requesting that similar action be extended to loans made to lessees for farm and ranch operations. Your Committee concurs with DHHL that the immediate priority is to resolve the ceiling on residential loans. However, your Committee feels that the concern regarding the ceiling on loans for farm and ranch operations should also be addressed and will introduce a resolution requesting DHHL to study the matter.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1833 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 624 Housing and Hawaiian Programs on S.B. No. 1808

The purpose of this bill is to provide that the Housing Finance and Development Corporation's (HFDC) shared appreciation in the project shall be limited to the pro rata share of units receiving rental assistance.

Section 201E-134, Hawaii Revised Statutes, currently provides the HFDC with a shared appreciation on 100% of any project that benefits from the State's rental assistance program, regardless of whether or not 100% of the project is provided a rent subsidy. Testimony from HFDC stated the current law may be a deterrent to developers who may want to utilize the rental assistance program for less than 100% of the units in a qualified rental project, but who are reluctant to share the appreciation on the entire project with the HFDC.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1808 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 625 Transportation on S.B. No. 1894

The purpose of this bill is to provide that vehicles containing sand, gravel, dirt, and loose paper, rubbish, and other material, be covered by a cargo net, tarpaulin, canopy, or other material to prevent spillage onto highways.

Your Committee received testimony from several agencies including the departments of transportation and health, and the police department of the city and county of Honolulu. Your Committee has amended this bill by changing the words: "sand, gravel, and dirt" to "rocks, boulders". The purpose of this amendment is to prevent the larger, more hazardous types of debris from spilling onto highways.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1894, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1894, S.D.1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Menor.

SCRep. 626 Ways and Means on S.B. No. 1792

The purpose of this bill is to make technical changes to Act 200, Session Laws of Hawaii 1987, relating to the authorization of special purpose revenue bonds.

This bill (1) changes the name of the not-for-profit corporation referred to in the Act from "Kapiolani Health Care System" to "Kapiolani Medical Center for Women and Children," and (2) provides that a certificate of need is a prerequisite only to the extent that it is required by applicable law.

Your Committee finds that both of these changes are in accord with, and in furtherance of, the original intent of Act 200. In particular, Kapiolani Medical Center for Women and Children is the correct reference to the intended beneficiary, and in enacting Act 200, the legislature did not intend to impose the requirement that the hospital obtain a certificate of need as a prerequisite to the issuance of special purpose revenue bonds, unless a certificate of need was otherwise required by law.

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. 1792, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1792, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 627 Ways and Means on S.B. No. 70

The purpose of this bill is to raise the compensation of attorneys and physicians who serve on the medical claim conciliation panels from \$100 to \$300 per claim handled.

Your Committee finds that the compensation for panel members has not been raised since the panels were first established in 1976. Raising the remuneration at this time is therefore appropriate and would help to ensure a steady pool of qualified physicians and attorneys willing to serve.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 70, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 628 Ways and Means on S.B. No. 370

The purpose of this bill is to establish condominium management recovery and education funds.

Your Committee finds that the condominium management recovery fund will allow an association of apartment owners to recover project funds, up to \$25,000 per transaction and up to \$50,000 per association, that are lost due to fraudulent or dishonest acts and are not recoverable through fidelity bonds. The condominium management education fund will be used to promote education and research in the areas of condominium management, condominium registration, and real estate for the benefit of the public and licensed agents.

To establish the funds, each association of a project with six or more apartments shall pay \$1 per year for each apartment in the project and each managing agent shall pay \$1 per year for each apartment the agent manages to the department of commerce and consumer affairs; provided that the fee for the 1989 calendar year shall be \$2 per apartment. The department shall deposit fifty per cent of the amount received in the condominium management recovery fund and fifty per cent in the condominium management education fund.

Your Committee has made a number of technical, nonsubstantive amendments to reflect existing statutory language and for purposes of style, clarity, and consistency, including:

- (1) Inserting a period after the end of the word "occurred" on line 16 of page one and deleting the remainder of that sentence because substantially the same language appears elsewhere in the bill;
- (2) Deleting subsection (d) on page 2 and the last sentence on page 15 because the language is inconsistent with amendments concerning fees that were made in S.D. 1;
- (3) Redesignating subsection (e) on page 3 as subsection (d) consistent with the previous amendment; and

- (4) Deleting the first full sentence on page 12 because it is unnecessary in view of the sentence that follows it, which was added in S.D. 1.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 370, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 370, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 629 Ways and Means on S.B. No. 567

The purpose of this bill is to exempt charitable gift annuities provided by a nonprofit educational foundation of a public educational institution from the insurance laws of the State.

The bill defines charitable gift annuity as a contract under which an individual transfers property to a charity, such as the University of Hawaii Foundation, conditioned upon the right to receive a specific sum of money for life.

Your Committee finds that charitable gift annuities should be exempt from the definition of insurance for the following reasons:

- (1) Donors purchasing charitable gift annuities will increase their gifts;
- (2) Other states have passed legislation similar to this, and in order to compete on an equal footing with other state universities foundations, the University of Hawaii Foundation needs the same insurance exclusion;
- (3) The typical charitable gift annuity is smaller than other deferred gifts, but this bill would make the benefits of deferred giving available to more people. Deferred giving would no longer be an option just for the wealthy;
- (4) In recent years, gift revenues to charities have leveled. The availability of the charitable gift annuity option will allow the University of Hawaii Foundation to meet the needs of a group of its donors and attract their support;
- (5) Although this measure removes the initial sale of charitable gift annuities from regulation by the insurance commissioner, charitable gift annuities will still be under the commissioner's authority; and
- (6) This measure should be revenue neutral for the State since the average gift is very small, only a portion of the contract will qualify as a deductible amount, and the donor may not elect to itemize deductions for income tax purposes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 567 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 630 Ways and Means on S.B. No. 1190

The purpose of this bill is to provide a mechanism for review and evaluation by the department of commerce and consumer affairs, with the assistance of industry representatives, to determine the best method by which to regulate real estate appraisers. The bill requires the department to report its findings and recommendations to the legislature prior to the convening of the regular session of 1990.

Your Committee heard testimony in support of this bill by representatives of: the department of commerce and consumer affairs, the Honolulu chapter of the Society of Real Estate Appraisers, the American Institute of Real Estate Appraisers, and the Hawaii Association of Realtors. Your Committee finds that this bill will allow sufficient time for thoughtful planning to develop an administrative structure for regulation of real estate appraisers to meet federal requirements that will go into effect July 1, 1991.

Your Committee has amended this bill to provide that Section 3, in addition to Section 2, shall take effect upon approval instead of on July 1, 1990. Your Committee also has 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. 1190, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1190, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 631 Ways and Means on S.B. No. 2020

The purpose of this bill is to authorize the commissioner of financial institutions to subpoena documents from financial institutions and establish an alternative schedule of examination and supervisions fees.

Your Committee finds that the State's current banking law does not address these issues and that this bill is necessary to fill that gap. However, your Committee finds that a change in the current examination and supervision fees is not warranted at this time.

Accordingly, your Committee has amended this bill by deleting the section relating to the alternative schedule of examination and supervision fees and has made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2020, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2020, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 632 Ways and Means on S.B. No. 895

The purpose of this bill is to require all state community correctional facilities to provide sex abuse education and treatment programs for incarcerated persons needing such programs.

Your Committee agrees with the Committee on Corrections that sex abuse education and treatment programs are an important component in the rehabilitation of sex offenders and that such programs should be offered in all state correctional facilities. Your Committee has amended the bill to include an appropriation of \$400,000 for each of the two fiscal years in the 1989-1991 fiscal biennium.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 895, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 895, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 633 Ways and Means on S.B. No. 950

The purpose of this bill is to clarify the compensation of part-time employees of the Hawaii paroling authority by amending section 353-63, Hawaii Revised Statutes, to limit the compensation of members of the Hawaii paroling authority who are employed on a part-time basis and to specify that part-time members are not entitled to benefits such as sick leave and vacation, but can be reimbursed for expenses incurred for travel and incidentals.

The bill also appropriates \$16,000 for fiscal year 1989-1990 and \$16,500 for fiscal year 1990-1991 to cover increased operating costs.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 950, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 634 Ways and Means on S.B. No. 1308

The purpose of this bill is to create and fund a management team of twelve positions in the office of the governor to plan the transfer of various law enforcement functions and personnel to a proposed department of public safety.

The bill requires the management team to review all law enforcement functions of state agencies and make recommendations for the inclusion of all or some of those functions in the proposed department of public safety by July 1, 1990. The bill also provides an appropriation of \$500,000 to the office of the governor to fund the management team.

Your Committee has amended the bill by leaving the number of positions and the appropriation amount blank and by 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. 1308, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1308, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 635 Ways and Means on S.B. No. 655

The purpose of this bill is to provide two additional civil-service exempt deputies to the department of health. Currently, only one exempt deputy position exists.

Your Committee finds that these additional positions are necessary. An increase in the number of exempt deputies will permit the department of health to ensure openness to the public, provide better management within the department, concentrate more on specific issue areas, and provide a better basis for future planning. Your Committee specifically finds that there is a need for more attention in the area of behavioral health, and intends that one of the exempt deputy positions be assigned to that area.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 655, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 636 Ways and Means on S.B. No. 765

The purpose of this bill is to appropriate \$50,000 for fiscal year 1989-1990 and \$75,000 for fiscal year 1990-1991 to the department of health to establish a bone marrow donor registry at the St. Francis Medical Center.

Your Committee finds that bone marrow transplants are essential for persons with leukemia and other diseases and that the establishment of a bone marrow donor registry in the State will likely save the lives of those who require bone marrow transplants.

Your Committee finds that this appropriation is further justified in light of the St. Francis Medical Center's willingness to:

- (1) Match funding from the State for the establishment and the first two years of operation of the registry; and
- (2) Turn the registry into a self-supporting and self-sustaining registry in the future.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 765 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 637 Ways and Means on S.B. No. 828

The purpose of this bill is to establish and maintain a statewide birth defects monitoring program to track incidents of birth defects, stillbirths, miscarriages, and other adverse reproductive outcomes in this State. At present, no such program exists.

Your Committee finds that monitoring is a critical component in the State's overall effort to reduce the impact of birth defects. Monitoring is designed to show changes in the incidence of these defects that are suggestive of environmental causes, as well as to provide data for planning and provision of services. Furthermore, your Committee notes that almost three-fourths of all other states have or are establishing birth defect monitoring programs.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 828, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 638 Ways and Means on S.B. No. 849

The purpose of this bill is to authorize the department of health to appoint persons other than qualified Kalaupapa resident patients to serve as sheriff of Kalaupapa on a salaried basis.

Your Committee finds that the availability of qualified patients who are interested in serving as the sheriff of Kalaupapa is diminishing steadily. It is likely that there soon will be no one available other than a nonresident to serve in this capacity. This bill provides the department of health with the discretion to appoint persons other than qualified Kalaupapa residents to serve as sheriff.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 849 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 639 Ways and Means on S.B. No. 1248

The purpose of this bill is to convert ten temporary positions within the public health nursing branch of the department of health to permanent civil service positions and to grant the incumbents of those positions permanent civil service status.

Your Committee finds that the public health nursing branch of the department of health is deserving of strong support and that it cannot continue to operate with temporary public health nursing positions and deliver the best quality services.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1248, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 640 Ways and Means on S.B. No. 1250

The purpose of this bill is to appropriate moneys to fund Hawaiian health initiatives defined by the Native Hawaiian Health Care Act of 1988.

Your Committee has amended the bill to appropriate \$50,000 for fiscal year 1989-1990 and to establish the expending agency as the department of health, office of Hawaiian health, without reference to the "native Hawaiian health coalition, Papa Ola Lokahi."

Your Committee finds that it is of utmost importance that matching funds from the State be made available to take advantage of the benchmark federal legislation providing for the health needs of native Hawaiians. This appropriation supports the development of comprehensive community-oriented health initiatives aimed at improving the health of our native population.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1250, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1250, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 641 Ways and Means on S.B. No. 1628

The purposes of this bill, as received, are to: (1) reinstitute the State's regulatory requirements over pigeon and aviary game bird raising; (2) establish registration requirements for the construction and maintenance of lofts to house these birds; and (3) enable appropriate state agencies to monitor and prevent the outbreak and spread of diseases affecting these birds more effectively through the list of registered loft owners in the State.

Your Committee has amended this bill by deleting its entire contents and substituting therefor provisions to establish a statewide program for the prevention of child abuse for at-risk infants.

Your Committee finds that child abuse neglect reports in Hawaii have been increasing at the rate of over twenty per cent annually, with nearly 5,000 reports in 1987. At least eighty per cent of all serious cases and nearly one hundred per cent of all deaths occur among children under age five, and half of the deaths occur among children under two years of age. Most abusing parents were themselves abused or neglected children and the cycle of abuse is likely to grow wider with each passing generation.

Your Committee is cognizant that early childhood, particularly the first two years of life, is the most critical period of human development wherein the foundations for emotional health, social relationships, and cognitive development are established. Accordingly, to effectively combat child abuse and neglect, there must be a comprehensive effort to provide assistance to young children in high-risk environments.

Your Committee received highly favorable testimony on this proposed program because it will be a cooperative effort involving the department of health, department of human services, and seven private social service agencies. Presently, Hawaii's child abuse prevention program constitutes the most extensive prevention effort in any state. Your Committee finds that with the funding provided in this bill, the State of Hawaii has a unique opportunity to establish a truly comprehensive prevention program which would be a model for other states to follow.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1628, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1628, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 642 Ways and Means on S.B. No. 1902

The purpose of this bill is to provide an additional deputy within the department of taxation who shall be exempt from the civil service. Your Committee finds that the addition of a civil service exempt deputy director position will benefit the department and enable it to better perform its functions. The department of taxation is charged with administering and enforcing the tax revenue laws of the State and collecting nearly all taxes and related payments due the State. The administrative responsibilities are significant, and the need for an additional deputy director position is more than justified.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1902 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 Koki.

SCRep. 643 Ways and Means on S.B. No. 1899

The purpose of this bill is to conform the Hawaii income tax law to all of the provisions of the Internal Revenue Code, as amended, operative for state tax purposes and to amend chapter 235, Hawaii Revised Statutes, to reflect the changes necessary to effect that purpose.

S.B. No. 1899 was introduced as a short form bill; as such, it did not include specific details regarding those sections of the Hawaii Revised Statutes which would be amended to conform to changes made during 1988 to the Internal Revenue Code. Your Committee has amended the bill to provide the substantive contents of the bill.

As amended, S.B. No. 1899 contains provisions which:

- (1) Exclude applicability of provisions relating to United States savings bonds used to pay higher education tuition and fees;
- (2) Clarify the term "standard deduction" with respect to limitation of standard deduction for certain dependents and clarify the law with regard to certain built-in gains of subchapter S corporations;
- (3) Allow parents to include on their returns, the unearned income of their minor children, subject to certain conditions;
- (4) Provide for increases in the taxable income of parents if Internal Revenue Code provisions establishing special rules for gain on property transferred to trusts at less than fair market value are triggered;
- (5) Reduce the age of qualifying dependents for dependent care tax credit from fifteen to thirteen, provide that the amount of dependent care expenses must be reduced by the amount excluded from gross income received from a dependent care assistance program, and require taxpayers to report on their returns the identifying information of the service providers; and

- (6) Specify that the state low-income housing tax credit ceiling will be zero for calendar years after the federal tax credit expires, with the exception of credit ceiling amount which are eligible to be carried forward, thereby adopting relatively complicated amendments relating to:
- (A) Election to determining credit percentage early;
 - (B) Providing a de minimus exception for the use requirement;
 - (C) Clarifying qualification requirements with respect to credit period, qualifying projects and units, placed in service requirement, and increase or decrease in basis;
 - (D) Redefining basis for depreciation;
 - (E) Modifying definition of "gross rents";
 - (F) Federally subsidized projects;
 - (G) Deadline for qualifying credit; and
 - (H) Limitation, allocation, calculation, report, and recapture of credit.

Your Committee has also made technical, nonsubstantive amendments to update obsolete references to the state insurance code.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1899, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1899, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 644 Ways and Means on S.B. No. 1844

The purpose of this bill is to amend Hawaii's income tax law relating to the allocation of income, for tax purposes, of trade or business income of taxpayers operating both within and outside of Hawaii to eliminate redundancies between two separate laws, (1) section 235-5 (relating to the allocation of income of persons not taxable upon entire income) and (2) part II of chapter 235 (uniform law on division of income for tax purposes). This bill clarifies that income from a trade or business will be subject to the rules under part II, while section 235-5 will apply to nonbusiness income, income from activity as a public utility, and income from purely personal services by an individual, to which part II does not apply.

Your Committee has amended this bill by substituting the term "allocations" for "the methods of allocation and apportionment" in subsection (d) and eliminating a reference to every trade or business not subject to part II.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1844, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1844, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 645 Ways and Means on S.B. No. 1187

The purpose of this bill is to amend the liquor tax law as follows:

- (1) Increase the tax rates for distilled spirits and beer other than draft beer;
- (2) Repeal section 244D-4.5, Hawaii Revised Statutes, commonly referred to as the "escalator" provision, which provides for the automatic adjustment of the liquor tax rates;
- (3) Repeal section 17 of Act 344, Session Laws of Hawaii 1986, which requires the department of taxation to study and analyze the effects on state revenues of taxing liquor on a gallonage basis; and
- (4) Repeal the "sunset" provision of section 20 of Act 344, Session Laws of Hawaii 1986, in order to retain the current method of taxing liquor on a gallonage basis.

Your Committee has heard testimony from the department of taxation, the Tax Foundation of Hawaii, and numerous representatives of liquor wholesalers on various liquor tax measures. Your Committee finds that S.B. No. 1187 is the best vehicle to meet the needs of the State. Your Committee finds that the State has been losing revenues and that an escalator provision in the liquor tax law is necessary to keep the current statutory tax rate schedule revenue neutral.

Your Committee has made the following amendments to this bill:

- (1) Deleted section 1, which increased the liquor tax on distilled spirits and beer other than draft beer;
- (2) Retained section 244D-4.5, which provides for an automatic adjustment of the liquor tax rates;
- (3) Amended section 244D-4.5 by:

- (A) Deleting language which applied only to the period from July 1, 1987 to December 31, 1988;
 - (B) Changing the adjustment period from six months to one year, beginning on January 1; and
 - (C) Requiring that the department of taxation make its determination on the necessity of an adjustment based on estimated sales volume, circulate the tax rate change to all permittees, and publish a notice of the change not later than one hundred-eighty days following the close of the twelve-month reporting period;
- (4) Deleted section 3, which repealed the requirement that the department of taxation study and analyze the effects of taxing liquor on a gallonage basis; and
 - (5) Changed the effective date of the bill to July 1, 1989.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1187, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1187, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 646 Ways and Means on S.B. No. 870

The purpose of this bill is to appropriate \$808,473 to restore funds to the water development and irrigation services program of the department of land and natural resources that were diverted to prepay a federal loan for the State's Molokai irrigation project.

The project, which was constructed in the early 1960's, was partially funded by a \$4.51 million federal loan which by June 30, 1988, had been reduced to \$2.93 million.

In early 1988, under the federal Budget and Reconciliation Act of 1987, the Bureau of Reclamation extended a prepayment offer to loan borrowers. For the Molokai irrigation project, this offer would allow the repurchase of the outstanding balance of the federal loan to be reduced to less than \$1.2 million. Under the advice of the department of budget and finance and with the consent of the governor, the department of land and natural resources accepted the federal prepayment offer and remitted the entire repurchase price. The remittance included the amount of \$390,721 which was budgeted and appropriated for fiscal year 1988-1989 to repay the outstanding federal loan; the balance of \$808,473 consisted of departmental extractions which if not restored will severely constrain the implementation of several scheduled fiscal year 1989 program activities.

In Governor's Message No. 111, the governor requested immediate passage of this bill in accordance with Article VII, section 9, of the Constitution of the State of Hawaii to restore the diverted funds to 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. 870 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 Koki.

SCRep. 647 (Majority) Ways and Means on S.B. No. 833

This bill amends the provisions of the Hawaii workers' compensation state fund law as follows:

- (1) Changes the name of the fund to the Hawaii state compensation mutual insurance fund;
- (2) Requires that the fund not be a state agency and instead be a nonprofit independent mutual insurance corporation;
- (3) Further defines the assets of the fund to exclude legislative appropriations;
- (4) Provides that the money and property of the fund are the sole property of the fund;
- (5) Provides that the fund commence operation on appointment and qualification of the board, and requires the board to provide insurance coverage within one year of appointment and qualification;
- (6) Provides that upon payment in full of the loan from the State, the unexpired terms of the appointed directors of the board of directors expire, and the fund's policyholders shall elect the new directors;
- (7) Provides for filling board vacancies;
- (8) Provides for annual audits by an independent CPA;
- (9) Prohibits the fund from receiving any further appropriation from the State after the initial appropriation;
- (10) Requires the fund to be subject to insurance laws to the same extent as any provider of workers' compensation insurance within the State; and

- (11) Appropriates \$10,000,000 to fund the Hawaii state compensation mutual insurance fund in the form of a loan to be repaid with interest within ten years.

Your Committee finds that the state fund was intended to help reduce the high cost of workers' compensation benefit programs and that this bill is necessary to counter the rising insurance rates and allow the fund to operate efficiently and effectively.

Your Committee has amended this bill by deleting all appropriation provisions and by making technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 833, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 833, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Koki.
Senator Ikeda did not concur.

SCRep. 648 Ways and Means on S.B. No. 832

The purpose of this bill is to allow the legislature to make appropriations over the general fund expenditure ceiling provided:

- (1) Two-thirds of the members of each house approve; and
- (2) A statement is read on the floor of each house prior to passage of the bill on final reading setting forth:
 - (A) The dollar amount and rate by which the appropriations allowed by the change in the state growth will be exceeded; and
 - (B) The reasons for exceeding the appropriations allowed.

Your Committee finds that this bill will allow the legislature to make appropriations over the general fund expenditure ceiling with the usual safeguard of a two-thirds approval in each house, but simplify the procedure on the floor of each house without requiring the dollar amount, rate, and reasons for exceeding the ceiling to be added to each bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 832 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 649 (Majority) Ways and Means on S.B. No. 816

The purpose of this bill is to afford relief to anyone in the State who has made use import tax payments to the State where such use import tax payments were also being made by another taxpayer. The bill removes the three-year limit for a refund or credit in cases where the claim is based on a duplicate payment made by an individual or entity other than the claimant.

Your Committee finds that when General Motors' Overseas Division ceased its operations in Hawaii and the general motor dealers in Hawaii were transferred to the jurisdiction of the general motors mainland operations, it was discovered that both parties had paid the one-half of one per cent excise tax. Although the Hawaii dealers filed for a refund for their overpayment of taxes, they were limited to only a three-year refund under the provisions of section 237-42, Hawaii Revised Statutes. The total amount of duplicate payments claimed by the dealers amounts to \$2.1 million. Your Committee finds that fairness and equity entitles the Hawaii dealers to a refund for duplicate tax payments made by these local dealers between 1969 and 1978.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 816 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 Koki.
Senator Ikeda did not concur.

SCRep. 650 Ways and Means on S.B. No. 682

The purpose of this bill is to eliminate an apparent tax avoidance opportunity existing in the Multistate Tax Compact and in Hawaii's income tax law. This measure will remove any abuse of shifting certain partnership income away from the state where the partnership operated.

Your Committee finds that this bill requires the gains or losses resulting from sales of partnership interests to be allocated to the taxpayer's Hawaii income based upon the percentage of the partnership's total tangible property which is in-state, versus out-of-state, as determined at the time of sale. Also, if more than fifty per cent of a partnership's assets consist of intangibles, any gain or loss resulting from the sale of the partnership interest is allocated to the taxpayer's Hawaii income based on the percentage of total partnership sales which are in-state sales, for the year prior to the sale. The measure applies to taxable years beginning after December 31, 1988.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 682 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 Koki.

SCRep. 651 Ways and Means on S.B. No. 42

The purpose of this bill is to amend several provisions of the dependent care tax credit as follows:

- (1) Increases the maximum amount of the credit that may be claimed by a resident taxpayer to thirty per cent of employment related expenses, with the minimum credit to be phased out at twenty per cent;
- (2) Increases the amount by which the tax credit is reduced per percentage point to \$4,000 and sets the base income for the maximum credit at \$20,000; and
- (3) Doubles the maximum amount of qualified expenses a taxpayer may claim to calculate the credit to \$4,800 for one qualifying person and \$9,600 for more than one qualifying person.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 42 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 Koki.

SCRep. 652 Ways and Means on S.B. No. 1836

The purpose of this bill is to appropriate \$500,000 for the planning and design of a state universal health insurance program during the first year of the 1989-1991 fiscal biennium and to fund the implementation of the plan during the second year of the biennium.

Although Hawaii has the only statutorily mandated prepaid health care program in the nation, as well as a broad-based medicaid program, there remains a significant group of uninsured individuals. This bill would establish a means through which all Hawaii residents would have access to health insurance coverage regardless of age, income, employment status, or any other factor.

Your Committee supports the administration's initiative to provide medical insurance coverage to individuals in Hawaii who are in the "gap group" and does not believe that more study and planning are required. Accordingly, your Committee has amended the bill by:

- (1) Deleting the entire contents of the bill and adding new language which establishes the state health insurance program as proposed in the original version of this bill; and
- (2) Including an appropriation of \$4 million for fiscal year 1989-1990, and a blank appropriation for fiscal year 1990-1991, to implement the state health insurance program.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1836, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1836, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 653 Ways and Means on S.B. No. 1846

The purpose of this bill is to provide certain types of tax relief to state resident taxpayers. The bill as received did the following:

- (1) Provided for an unlimited medical services excise tax credit;
- (2) Increased the standard deductions for individual taxpayers;
- (3) Revised downward the income tax rate schedule for all classes of individual taxpayers;
- (4) Raised the income eligibility ceiling for the renters' credit by increasing the adjusted gross income limit from less than \$20,000 to less than \$30,000; and
- (5) Amended the dependent care credit to allow the credit to be refunded or paid to the taxpayer if the tax credit exceeded the amount of tax due or if the taxpayer had no income tax liability, and increased the amount of adjusted gross income at which the credit is decreased from \$10,000 to \$22,000.

Your Committee received testimony from the department of taxation, the Hawaii Dental Service, Intercontinental Medical Services, Inc., and on behalf of the Founders Group, Kokua Council for Senior Citizens, the National Association of Retired Federal Employees, and the Senior Citizens Club of Waimanalo.

Your Committee finds that tax relief of the type proposed by this bill is desirable at this time, given the current state surplus. Your Committee has amended this bill by reinstating the cap on the medical services credit. Your Committee finds that this cap is appropriate as the impact of the credit on revenues is extremely difficult to assess, and a cap provides an assurance of the maximum revenue loss possible. Your Committee also amended the bill by deleting the portion dealing with the dependent care credit, as this Committee has already passed S.B. No. 42, which increases this credit.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1846, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1846, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 654 Ways and Means on S.B. No. 1877

The purpose of this bill is to establish the division of community hospitals. This bill would allow the department of health to plan, construct, improve, manage, control, and operate public health facilities throughout the State under one central administration.

Among other things, the bill empowers the department of health to:

- (1) Adopt, amend, and repeal bylaws and rules governing the conduct of its public health facilities;
- (2) With the approval of the governor and approval of two-thirds of the legislature, to enter into contracts or other transactions necessary to carry out its business, establish new public health facilities, and enter into business relationships;
- (3) Participate in prepaid health care service and insurance programs;
- (4) Set rates and charges for services provided in each public health facility; and
- (5) Develop division-wide capital and strategic plans.

The bill authorizes the director of health to provide perquisites for personnel shortage categories, including monetary incentives and travel and moving expenses, for recruiting personnel for the division of community hospitals.

Hospital administrators and assistant administrators would be exempt from civil service provisions and there would be a public health facility management advisory committee in each county to advise the director of health on matters concerning planning, construction, improvement, maintenance, and operations of public health facilities within that county.

The governor would be authorized to enter into contracts with territories, possessions, and other areas in the Pacific region to use state public health facilities on a space available basis; provided the State is reimbursed for costs of such use.

The bill allows Leahi hospital to admit indigent and medically indigent persons who are suffering from chronic diseases and pay for their care and treatment out of the hospital's regular appropriations for tuberculosis patients.

The department of health would be authorized to accept money or other property for the purposes of the division. Each public health facility would place its revenues into its own special fund to be used for payment of lawful operating expenses. Each quarter the director would assess each hospital special fund an amount equal to two per cent of its assets for deposit into the hospital administration fund, which in turn would be used to defray general administrative costs of the division and provide supplemental funds to division hospitals whose special funds may not be adequate to meet their expenses. The director would submit an annual report twenty days prior to the convening of each regular session of the legislature identifying all fund balances and ceiling increases in the various hospital funds, including transfers and expenditures made from the funds.

To statutorily set in place the provisions of this new chapter, the Hawaii Revised Statutes would be amended by substituting the words "division of community hospitals" for the words "county/state hospitals division" wherever they appear.

Your Committee amended this bill by:

- (1) Deleting all provisions requiring legislative approval by two-thirds of the legislature;
- (2) Specifying the statutory sections which must be amended to substitute "division of community hospitals" for "county/state hospitals"; and
- (3) Making other technical, nonsubstantive changes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1877, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1877, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 655 (Majority) Ways and Means on S.B. No. 1896

The purpose of this bill is to give the department of transportation increased flexibility in the disposition of moneys in its special funds which are determined to be in excess of requirements for any ensuing twelve-month period in such funds.

The bill allows any department, with the approval of the governor, to transfer moneys from special departmental funds to the general revenue fund or any other special fund if the moneys are determined to be in excess of requirements for the ensuing twelve months for those special funds.

The bill creates a transportation special use fund in the treasury of the State. All moneys received by the department of transportation from the sale and delivery of in-bond merchandise displayed or sold other than on airport properties are to be deposited into this fund.

The bill allows the director of transportation to transfer moneys from the fund to the airport revenue fund and to the state highway fund.

The bill further exempts the fund from reimbursement for departmental administrative expenses pursuant to section 36-30, Hawaii Revised Statutes. In addition, the bill requires the director of transportation to report to the legislature:

- (1) All moneys received and deposited into the fund and all moneys transferred from the fund to the state highway fund;
- (2) All moneys expected to be received by the fund and to be transferred to the state highway fund for the current fiscal year; and
- (3) All interest or expenses.

The bill also allows portions of moneys received from rents, fees, other charges, and aviation fuel taxes collected for deposit into the airport revenue fund, and portions of moneys received from rates and fees for deposit in the harbor special fund, respectively, to be deposited into the transportation special use fund. The harbor reserve fund is abolished. The bill allows the director of transportation to transfer moneys from the harbor special fund for an amount determined to be in excess of one hundred fifty per cent of the requirements of the ensuing twelve months.

Your Committee finds that Federal Aviation Administration regulations governing the use of airport revenues should be respected while providing the department of transportation flexibility in the use of moneys in the transportation special use fund.

Your Committee has amended the bill to exempt moneys from the department of transportation's special funds relating to highway, airport, and harbor activities from being transferred to the general fund in excess of requirements of these funds for the ensuing twelve months and to allow the director of transportation to transfer moneys from the transportation special use fund to general revenues or to any other departmental special fund to the extent permitted by Federal Aviation Administration regulations or rules.

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. 1896, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1896, S.D. 2.

Signed by all members of the Committee except Senator Koki.
Senator George did not concur.

SCRep. 656 Ways and Means on S.B. No. 723

The purpose of this bill is to provide that fines paid by any person for a violation of any law or ordinance prohibiting or restricting the stopping, standing, or parking of vehicles shall be collected by the district courts and one-half of the amount transferred to the county in which the violation occurred. This bill is intended to reimburse counties for costs incurred in the enforcement of parking regulations.

Your Committee has amended this bill by changing the respective portions to be transferred to the county and deposited into the state general fund to blank percentages. 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. 723, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 723, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 657 Ways and Means on S.B. No. 544

The purpose of this bill is to allow the governor to suspend the five per cent central administrative service charge transfer from the state highway fund to the general fund, pursuant to section 36-28(a), Hawaii Revised Statutes, if the director of transportation determines that the transfer would:

- (1) Render the fund incapable of covering its authorized expenditures; or
- (2) Result in a loss of any federal funds.

The bill also provides for the governor to suspend any transfer by issuing an executive order suspending the application of section 36-28(a), Hawaii Revised Statutes, in whole or in part, as necessary.

Your Committee finds that this amendment is particularly necessary in cases where transfers from the state highway fund to the general fund would result in the loss of federal funds.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 544 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 658 Ways and Means on S.B. No. 161

The purpose of this bill is to allow counties the right to open, construct, maintain, close, or charge toll for the use of county highways, provided that revenues received from a toll charge be used for construction or maintenance of county highways.

Your Committee finds that allowing counties to extract a toll for the use of county highways will alleviate part of the financial burden assumed by the State for the cost of highway maintenance and construction.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 161, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 659 Ways and Means on S.B. No. 1882

The purposes of this bill are to appropriate \$100,000,000 to the water pollution control revolving fund and to authorize the director of health to make grants, loans, or a combination of grants and loans to the counties for the construction of treatment works and other wastewater reclamation or waste management projects to prevent or control the discharge of untreated or inadequately treated sewage or other waste into state waters.

Your Committee finds that the 1987 changes to the federal Water Quality Act provides for the shifting of full responsibility from the federal government to the state and local governments by 1990 in the funding of wastewater treatment works construction projects. While the federal government will offer capitalization grants to the states, surveys indicate that the State will require approximately \$1.4 billion of wastewater treatment facilities over the next twenty years to protect its valuable underground waters and the federal capitalization grants, amounting to about \$63 million through 1994, will be far from adequate to finance needed wastewater treatment facilities.

Your Committee received supporting testimonies from all of the counties and from the department of health on this bill. Your Committee agrees that the State must assist the counties by providing grants and loans for wastewater treatment facilities in order to properly protect the public health and welfare.

Your Committee has amended the bill by changing the appropriation amount to \$1 and by making technical 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. 1882, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1882, S.D. 1.

Signed by all members of the Committee except Senator koki.

SCRep. 660 Ways and Means on S.B. No. 1797

The purpose of this bill is to authorize the department of agriculture to sell real property acquired through its agricultural loan program in order to recover loan proceeds for the agricultural loan revolving fund.

Your Committee finds that the department of agriculture acquires secured property through its agricultural loan division when borrowers are unable to meet the terms of the loan. Currently, these acquired properties fall under the definition of "public lands" and thus, are under the jurisdiction of the department of land and natural resources, complicating the recovery for the agricultural loan program.

Your Committee further finds that the department of agriculture is not a land holding agency and that it should have the necessary authority to sell these acquired properties to recover funds for the agricultural loan revolving fund.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1797 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 661 Ways and Means on S.B. No. 1779

The purpose of this bill is to establish a Hawaii agricultural development corporation, which would be attached to the department of agriculture for administrative purposes. This bill also establishes a Hawaii agricultural development revolving fund and appropriates unspecified sums for fiscal year 1989-1990 to provide funds for personnel and other expenses of the corporation and the Hawaii agricultural development revolving fund.

Your Committee finds that the "Alternative Crops Industry Analysis", submitted to the governor's agriculture coordinating committee in March 1988, recommended the establishment of a quasi-public corporation which would facilitate joint public/private ventures relating to the development, commercialization, and marketing of new crops.

The general purpose of the corporation will be to stimulate, formulate, and finance new agricultural development enterprises in cooperation with existing farm credit programs and the Hawaii agricultural products program within the department of agriculture. This bill provides the mechanism to establish the corporation and the revolving fund which will support its functions.

Your Committee has amended this bill in accordance with testimony submitted by the department of agriculture which suggests that the corporation should be authorized to invest more than the proposed limit of \$500,000 in the securities of any single enterprise if the board of directors of the corporation finds that additional investments in the enterprise are required to protect its initial investment. Your Committee finds that this amendment will provide the board with the discretion, as originally intended, to authorize investments beyond the proposed limit in cases where such investments are justified.

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

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1779, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1779, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 662 Ways and Means on S.B. No. 882

The purpose of this bill is to appropriate \$8,500,000 to the agriculture emergency loan revolving fund and to authorize the department of agriculture to issue a loan of that amount to the Hilo Coast Processing Company (HCPC). The loan authorized under this bill would provide HCPC with emergency funding to purchase a power plant and related assets in order to fulfill its contractual obligations to the Hawaii Electric Light Company. The intent of the bill is to maintain and improve the company's ability to produce and manufacture sugar, sugar cane by-products, and generate power.

Hilo Coast Processing Company is owned by Mauna Kea Agribusiness, a C. Brewer subsidiary, and the United Cane Planters Cooperative. The loan is necessary because Mauna Kea Agribusinesses lost \$5 million in 1988 and expects to lose another \$5 million in 1989. Despite several actions designed to reduce cost, such as salary freezes since 1987 and renegotiation of the power agreement with Hawaiian Electric Light Company in 1988, growers continue to find it difficult to remain in business.

The loan is needed to purchase power generating equipment that is owned by a group of banks. The lease payments amount to \$1,900,000 per year. By purchasing the power plant and related assets with the proceeds from the loan, HCPC will be able to reduce its annual cash burden by \$1 million per year. The loan would be fully covered by the equipment and land which will be used as collateral.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 882, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 663 Ways and Means on S.B. No. 686

The purpose of this bill is to ensure that certain exemptions from the general excise tax are not construed to favor products made or produced in Hawaii. This type of preference has been determined by the United States Supreme Court to be unconstitutionally discriminatory. This bill will act as a housekeeping measure to eliminate possible accusations of discrimination by taxpayers.

The bill amends section 237-24(17), Hawaii Revised Statutes, relating to the exclusion of amounts received from the loading, transportation, and unloading of agricultural commodities between the islands in this State, by specifying that the agricultural commodities need not have been produced in this State. Section 237-25(d), dealing with exemptions for millers, processors, and canners of sugar and pineapple juice selling their products for use and consumption in the State, is similarly amended to clarify the point that the processing need not occur in the State.

The amendments proposed in this bill will preclude tax appeals claiming that the tax as it stands is invalid or unconstitutional under the United States Constitution.

Testimony in favor of this bill was received from the department of taxation and the Tax Foundation of Hawaii.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 686 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 664 Ways and Means on S.B. No. 684

The purpose of this bill is to amend section 237-4, Hawaii Revised Statutes, by inserting a phrase that was inadvertently dropped in Act 204, Session Laws of Hawaii 1971. Currently, the pertinent phrase, which concerns the categorization of wholesale sales, refers to "the segregated cost of the feed furnished by the feed lot operator as part to be butchered...." This makes no sense as a cost cannot be butchered. The clause, "of the feedlot operator's service to a licensed producer of poultry or animals", should be restored so the the clause should properly read, "the segregated cost of the feed furnished by the feed lot operator as part of the feedlot operator's service to a licensed producer of poultry or animals to be butchered...."

Your Committee finds that this bill is an administrative housekeeping measure that would restore sense and purpose to this section of the law.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 684 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 665 Ways and Means on S.B. No. 666

The purpose of this bill is to amend the tree farm law to provide that any property of not less than ten acres included within an agricultural district, or within a conservation district zoned for commercial forest use, is eligible for classification as tree farm property if it is suitable for raising commercial tree species and other forest products. Current law requires that the farms be not less than thirty acres in size and not suited for a higher and better use. The bill also provides that property on which the owner is already growing commercial tree species and other forest products is eligible to be classified as tree farm property. Any owner seeking classification of property as a tree farm must submit an application that includes a management plan.

This bill also requires that (1) the management plan provide specific information concerning maintenance, harvesting, reforestation, and erosion prevention techniques, and be signed by all persons having an interest in the property; (2) a public hearing be held on each management plan; and (3) each management plan be reviewed at least every five years. If the management plan is not complied with, the property is required to be declassified.

Agreements between the owner and the board shall be for periods of not less than twenty years, instead of the previous requirement of thirty years. The bill also removes (1) the requirement that the department of taxation determine the highest and best use of the land, (2) the exemption from the real property tax, and (3) the requirement that on declassification the department of taxation levy a yield tax against the owner.

Additionally, this bill decreases the size requirement for the eligibility of additional noncontiguous property from fifteen acres to five acres. Finally, while current law prohibits classification of leased land as tree farm property if the unexpired term is less than thirty years, this bill would only preclude such classification if the unexpired term was less than twenty years.

Your Committee finds that these provisions are prudent, that they will increase and improve commercial tree farm property in the State and, in addition, serve to conform state law to the constitutionally mandated transfer of all real property tax powers and functions to the counties.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 666 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 666 Ways and Means on S.B. No. 624

The purpose of this bill is to allow the department of agriculture to transfer funds among the agricultural products revolving fund, the agriculture loan revolving fund, and the aquaculture loan revolving fund by amending, respectively, sections 153-3, 155-14, and 219-4, Hawaii Revised Statutes.

The bill also sets a ceiling of \$1,000,000 for each revolving fund that can be transferred during a calendar year.

Your Committee finds that recent provision for the transfer of moneys between the agriculture and the aquaculture loan revolving funds has resulted in a more efficient use of resources and that this efficiency can be further improved by including the agricultural products revolving fund for mutual transfer of moneys.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 624, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 667 Ways and Means on S.B. No. 538

The purpose of this bill is to set the State's interest rate for "class F" agricultural loans for the new farmers program at eight per cent per year. This bill also eliminates the requirement that initial loans made under the new farmers program be limited to the purposes and terms specified in the farm ownership and improvement ("class A"), and the farm operating loan ("class C") loans.

Your Committee finds that this bill will encourage more people to consider farming as a career, thereby expanding the economic base of the State.

Your Committee has made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 538, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 538, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 668 Ways and Means on S.B. No. 1850

The purpose of this bill is to establish alcohol and boating safety provisions to address the problem of persons operating boating vessels while under the influence of intoxicating liquor.

Your Committee is concerned about boating safety and considers it a matter of compelling public interest to keep intoxicated boaters out of state waters. This measure provides deterrence and enforcement and is, therefore, an appropriate means to statutorily address the subject.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1850 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 669 Ways and Means on S.B. No. 1150

The purpose of this bill is to decriminalize certain traffic violations and streamline the handling of these traffic cases to achieve an expeditious system for judicial processing of traffic infractions. This bill does not intend an expansion of the current traffic division of the district courts, but seeks greater efficiency through more effective use of existing resources of the traffic division of the district courts.

Your Committee finds that the system of processing traffic infractions created by this bill will permit resolution of many traffic cases through the payment of a monetary assessment, will speed the disposition of disputed cases; and will allow court and law enforcement resources to be used more efficiently and effectively.

Your Committee has amended this bill by:

- (1) Streamlining the purpose section to state concisely the intent of the legislature and by deleting rambling and redundant language;
- (2) Providing for the right to appeal upon a determination, after a contested hearing, that a traffic infraction was committed;
- (3) Deleting the sentence beginning on line 6 and ending on line 8 of page 3;
- (4) Deleting the sentence beginning on line 8 and ending on line 10 of page 14;
- (5) Deleting the appropriation section because the sum is included in the judiciary's budget;
- (6) Adding a severability clause; and
- (7) Making numerous technical, nonsubstantive changes to correct errors in drafting style, which in a number of instances would have deleted major provisions of law, and for purposes of clarity and consistency.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1150, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1150, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 670 Ways and Means on S.B. No. 1148

The purpose of this bill is to provide for an administrative revocation of a person's license if there is probable cause to believe the person was driving under the influence of intoxicating liquor (DUI).

In the past there has been concern expressed over similar bills that insufficient due process protections were provided for drivers facing revocation proceedings. Your Committee finds that this bill provides a number of protections to the driver including:

- (1) The availability of three stages of review (an administrative review, an administrative hearing, and a judicial review) to determine if the revocation should be upheld;
- (2) The statutorily imposed right to counsel and availability of state-provided counsel at the civil administrative hearing for those drivers unable to afford counsel;
- (3) The issuance of a temporary driver's license at the time the person's license is taken by an arresting officer that will allow the person to drive for fifteen days, until the revocation becomes effective;
- (4) A stay of the revocation and reissuance of a temporary driver's license that will be valid until an administrative review determination is made, if an administrative review is not held either (A) prior to the effective date of the revocation if the request for review is received within eight calendar days after service of the notice of revocation or (B) within seven calendar days if the request is received after the eighth day following service of notice of revocation;
- (5) An expedited administrative hearing schedule for persons who have no prior convictions or revocations for driving under the influence of intoxicating liquor within eight calendar days of receipt of the petition for hearing, provided the person petitions for the hearing within seven calendar days of service of the notice of revocation, and a provision that if the hearing is not held within these time limits, the revocation will be stayed and a temporary driver's permit will be reissued that will be valid until the administrative hearing determination is made; and

(6) The application of rules and requirements for contested case hearings to all aspects of the revocation proceedings.

In addition to these safeguards, the bill provides that:

- (1) If a person's license is revoked under the new part to chapter 286 created by this bill and the person also is convicted of a DUI offense under section 291-4 on the basis of actions arising out of the same occurrence, the period of revocation or suspension under the DUI conviction shall be reduced to reflect the shorter period of revocation under the new part, where applicable; and
- (2) Notwithstanding any other law to the contrary (including sections 291-4 and 291-4.5) and specifically section 286-104(1) (which prohibits the examiner of drivers from issuing a license to: any person whose license has been suspended by a court during the suspension period; any person whose license has been revoked until the expiration of one year after the date of the revocation or until the expiration of the period of revocation specified by law, whichever is greater; or any person who, while unlicensed, has within two years been convicted of driving while drunk), a person whose license is revoked administratively under this new part may reapply to the examiner of drivers for a license upon the expiration of the revocation period and upon compliance with the requirement that a person whose license is revoked obtain and remain in treatment for substance abuse until the treating counselor submits a written report to the administrative director of the courts stating that the person's alcohol problem is under control and that it will be reasonably safe to permit the person to drive a motor vehicle upon the highways.

Your Committee finds that these provisions not only provide sufficient safeguards for an administrative license revocation procedure, but also provide additional safeguards and less stringent revocation periods for persons charged with an offense of driving under the influence of intoxicating liquor than are provided under existing law.

Your Committee has made a number of technical, nonsubstantive changes for purposes of style, clarity, and consistency, including:

- (1) Renumbering SECTION 7 to SECTION 5;
- (2) Creating a new SECTION 8 to effect the repeal of section 286-161, Hawaii Revised Statutes;
- (3) Reordering and renumbering remaining sections of the bill consistent with the amendments above;
- (4) Deleting the words "administrative director of the courts of the" on line 11, page 28; and
- (5) Modifying the effective date provision to allow the appropriation section of this Act to take effect on July 1, 1989.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1148, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1148, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 671 Housing and Hawaiian Programs on S.B. No. 1857

The purpose of this bill is to clarify the repurchase restrictions on affordable housing units developed under Chapter 201E, Hawaii Revised Statutes.

Specifically, this bill would exempt market-priced units in an economically integrated housing project from the Housing Finance and Development Corporation's (HFDC) repurchase requirements. It also clarifies that the HFDC may waive the repurchase requirements for certain dwelling units financed under a federally-subsidized mortgage program.

In 1985, the repurchase restrictions were amended to exempt units which are financed under a federally-subsidized mortgage program. This exemption was intended to provide the U.S. Department of Agriculture's Farmers Home Administration (FmHA) with a more reliable method of recapturing interest credit subsidies by allowing the owner to sell his or her unit on the open market without any restrictions.

However, this exemption has and will continue to create much price speculation in units developed by the HFDC and financed with a FmHA subsidized mortgage. For example, in March of 1987 a Hawaii Housing Authority (HHA) developed 3-bedroom, 1-1/2 bath home was sold to an eligible buyer for \$68,600. This FmHA financed home was listed in the Multiple Listing Service in October 1988 for \$110,000. Speculation of this nature is directly contrary to HFDC's purpose of providing affordable homes.

This bill amends Section 201E-221 to reinstate the repurchase restrictions for FmHA-financed homes. It would provide the HFDC with the option to repurchase the unit under the standard buy-back price and pay the FmHA any interest credit due them. However, it would also provide the necessary flexibility that in the event the HFDC's repurchase and resale price are insufficient to repay the interest credit due the FmHA, the buy-back provisions could be entirely waived.

Because the purpose of the repurchase provision is to prevent speculation on homes that are offered to buyers at below-market prices, your Committee concurs with the HFDC that it is inappropriate to impose the same restrictions on market priced homes which receive no government subsidies.

Your Committee finds that this bill would result in reduced speculation, a return on the purchasers' investments, and a means of repaying subsidies to the FmHA, while affording other eligible buyers an opportunity to purchase reasonably priced homes.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1857 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 672 Housing and Hawaiian Programs on S.B. No. 1360

The purpose of this bill is to amend the Housing Finance and Development Corporation's (HFDC) "buy-back" provisions set forth in section 201E-221, Hawaii Revised Statutes, with regard to repayment of any subsidies.

Specifically, this bill would provide for full disclosure of any subsidy provided by the state or county at the beginning of the sales contract, including the amount of subsidy, what the subsidy entails, and the conditions of the subsidy. The bill also provides that the interest charged on the subsidy shall be limited to thirty years from the sale of the unit. Although the law currently provides that the subsidy is not required to be repaid until the unit is sold or transferred, current owners of subsidized housing units are uncomfortable with an ever increasing interest debt accumulating on the subsidy.

Your Committee received strong support on this bill from residents of the Koolauloa Subdivision in Kahuku, Oahu, and the Paalaa Kai Subdivision in Waialua, Oahu. Testimony from the residents indicated that a majority of the homeowners were very frustrated to find that the documentation they had signed at the time of purchase did not clearly specify what subsidies were being provided, and that they would be obligated to repay those subsidies, plus interest. Although the residents do not object to paying back the subsidy and any interest owing, they were concerned that the interest would keep accumulating if the homes were never transferred. The HFDC and the City and County of Honolulu's Department of Housing and Community Development also testified in favor of this bill.

Your Committee believes that full disclosure of any subsidies should be provided to homeowners, and that it is reasonable to cut off the accumulation of interest at 30 years after purchase.

Your Committee has amended this bill as follows:

- 1) By deleting section two of this bill which would have allowed the transfer of a dwelling unit to a family member who is not qualified under the HFDC's rules;
- 2) By making the provisions retroactive so that they would be applicable to all purchasers of subsidized dwelling units sold pursuant to Act 105, Session Laws of Hawaii 1970, as amended; and
- 3) By adding a provision allowing the prepayment of the subsidy plus applicable interest, before the sale or transfer of the unit.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 1360, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1360, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 673 Ways and Means on S.B. No. 149

The purpose of this bill is to provide an income tax incentive to fee remainder owners of leasehold condominiums upon the sale of their fee interest in the land to the lessees. This bill would exclude from gross income for income tax purposes, income resulting from any gain on any sale or exchange of land if the:

- (1) Land was subject to a ground lease on the effective date of this bill at all times thereafter before the date of that sale or exchange;
- (2) Sale or exchange is to the lessee under that ground lease;
- (3) Only buildings on the land are residential (or appurtenant structures); and
- (4) Sale or exchange occurs before January 1, 1996.

The bill defines "residential buildings" as any single family house and any building containing two or more dwelling units if at least eighty per cent or more of the building consists of dwelling units.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 149, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 149, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 674 Ways and Means on S.B. No. 750

The purpose of this bill is to provide the members of the board of trustees of the office of Hawaiian affairs with an annual salary and a benefit program commensurate with other public officers.

Section 10-9, Hawaii Revised Statutes, currently provides that trustees receive \$50 a day as compensation for every meeting they attend, for transportation fares between islands and abroad, and for personal expenses incurred on official

business. This bill will set an annual salary for trustees and would include the trustees in any benefit program generally applicable to officers and employees of the State, including the pension and retirement system.

Your Committee amended the provision permitting former and current trustees who currently participate in the State's pension and retirement system, at their option, to apply for credit for their service as a trustee by adding the phrase: "provided that the person claims those years as prior service credit and pays for such prior service credit in accordance with the procedures under section 88-59." This amendment is necessary to prevent former trustees from receiving prior service credit at no cost.

Your Committee has also amended the annual salary amount to a blank amount, changed the appropriations to blank amounts in section 2, and made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 750, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 750, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 675 Ways and Means on S.B. No. 1221

The purpose of this bill is to provide an appropriation of \$60,000 to the housing finance and development corporation to continue the forum that presently is considering various proposals and related issues with respect to leasehold condominiums.

Your Committee finds there is support for continuation of the forum from: the housing finance and development corporation; Bernice Pauahi Bishop Estate; Castle Estate; Hawaii Independent Condominium and Cooperative Owners; Hawaii Council of Associations of Apartment Owners; Hawaii Leaseholders Equity Coalition; representatives of the Small Landowners Association; and co-op lessees.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1221, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 676 Ways and Means on S.B. No. 1241

The purpose of this bill is to provide a general excise tax exemption for moderately or substantially rehabilitated housing projects developed under a government assistance program or under the sponsorship of a private nonprofit corporation providing homes for qualified families seeking decent low cost housing. At present, the exemption is limited to newly constructed or rehabilitated projects developed under chapters 201E or 356, Hawaii Revised Statutes.

Your Committee finds that affordable housing in Hawaii is in short supply, and that this exemption will facilitate more construction and renovation of affordable housing property.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. 1241, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 677 Ways and Means on S.B. No. 1805

The purpose of this bill is to appropriate funds for the rental assistance revolving fund for fiscal years 1989-1990 and 1990-1991.

Your Committee finds that this administration measure is supported by the executive office on aging, the housing finance and development corporation, the Hawaii community development authority, and the Kokua Council for Senior Citizens, and that there exists a tremendous need for more affordable rental housing in our communities.

The rent subsidies provided through the rental assistance revolving fund serve as an incentive to the development of affordable rental projects by providing subsidies to rental project owners. These subsidies, in turn, serve to lower the out-of-pocket rent paid by qualified lower income tenants.

Existing funds in the rental assistance revolving fund are insufficient to meet the projected statewide production of public and private rental housing projects over the next few years. For example, the housing finance and development corporation is planning to commit rental assistance to eight projects containing over 1,400 rental units during fiscal year 1990-1991. Because rental assistance funds must be on hand prior to project approval, the appropriation would allow sorely needed rental projects to proceed. Your Committee is in agreement with this proposal that funds should be appropriated for the rental assistance revolving fund.

Your Committee has amended the bill by changing the amounts to be appropriated to unspecified amounts.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1805, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1805, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 678 Ways and Means on S.B. No. 1806

The purpose of this bill is to authorize the housing finance and development corporation (HFDC) to carry out federal programs which are designated for implementation by housing development or housing finance entities. This bill would include an authorization to charge necessary administrative fees and to deposit those fees into an appropriate special fund administered by the HFDC.

Your Committee finds that the federal government often authorizes housing development or housing finance agencies to implement federal programs such as the federal low-income tax credit and mortgage credit certificate programs. However, specific legislative authorization is usually required in order for the HFDC to implement an available federal program. As a result of this requirement, Hawaii usually lags behind other states in implementing federal programs which are often effective only for a limited time period. This bill will enable Hawaii to take full advantage of any new federal housing program in a timely manner.

Your Committee has made technical, nonsubstantive amendment.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1806, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1806, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 679 Ways and Means on S.B. No. 1906

The purpose of this bill is to transfer the housing finance and development corporation (HFDC) to the department of budget and finance for administrative purposes. This bill also proposes to include the director of finance as an additional member of the HFDC's board of directors.

The issuance of housing revenue bonds, the administration of state loans from the treasury to fund housing programs, and the timely and prudent investment of state housing funds are a few of the many fiscal activities of the HFDC which require the attention of the director of finance. These activities would be better organized if the HFDC were placed within the department of budget and finance and if the director of finance was included on the HFDC's board of directors.

Your Committee finds that this administration proposal will help to expedite the processing of administrative approvals, particularly as they relate to the financing of the HFDC's projects and programs.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1906 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 680 (Majority) Ways and Means on S.B. No. 597

The purpose of this bill is to establish a Kapiolani park advisory commission within the department of land and natural resources to be composed of six members appointed by the governor for staggered terms of four years. Four members are to be nominated by the governor, one member to be nominated by the mayor of the city and county of Honolulu, and one member by the Honolulu city council. The commission's duties shall be to:

- (1) Advise and make recommendations to the department of land and natural resources, the governor, the legislature, and the mayor of the city and county of Honolulu on all matters relating to the protection and preservation of Kapiolani park; and
- (2) Review policies relating to the management and operation of the park.

The bill also appropriates \$50,000 for fiscal year 1989-1990 to be expended by the department of land and natural resources.

Your Committee finds that the creation of this commission will make it possible for decisions and recommendations to be made for the protection and preservation of the park and to better manage and operate Kapiolani park, a significant recreational and historic asset of statewide significance, for the enjoyment of residents from all across the State, and visitors alike.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 597, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.
Senator George did not concur.

SCRep. 681 Ways and Means on S.B. No. 1321

The purpose of this bill is to provide a central source of planning, developing, and coordinating programs for the provision of services to control violent behavior by placing these functions within the office of state planning. Areas of concern include victims of sexual and child abuse and family violence; battering spouses, sex-offenders, and child abusers; and the elderly. The office would have the responsibility of reviewing criminal statutes and drafting proposed legislation, to develop programs and research, and to develop, evaluate, and provide technical assistance for a coordinated statewide plan to control violent behavior. The bill creates two new staff positions and appropriates \$100,000 for fiscal year 1989-1990 to carry out the purposes of the bill.

Your Committee finds personal violence is a serious societal problem, and that coordinating these programs through a central office would help to assure that unnecessary duplication of services does not exist and, conversely, that no area is neglected on the erroneous assumption that another organization is handling it.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1321 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 682 Ways and Means on S.B. No. 1297

The purpose of this bill is to establish the Hawaii tourism commission in the office of the governor.

The bill requires the governor to appoint the commission's three commissioners, one of whom shall be appointed as chairperson, for staggered terms of six years. A commissioner is not allowed to hold any public office or other employment during the commissioner's term of office.

The commission has the power to:

- (1) Promote, market, and develop the tourism industry in Hawaii;
- (2) Develop a system of visitor feedback to improve visitor satisfaction;
- (3) Develop research capabilities for analyzing the impact of competition from other visitor markets;
- (4) Coordinate visitor industry activities and promotions;
- (5) Establish a statewide tourism data base program;
- (6) Identify and promote visitor industry job training and education opportunities;
- (7) Address county needs and concerns regarding tourism;
- (8) Monitor the social, economic, and environmental effects of tourism on residents; and
- (9) Develop and implement a tourism impact plan.

The bill also requires the commission to report each year on its major activities and expenditures to the legislature twenty days prior to the convening of the regular session.

Your Committee finds that most of these duties and functions are now carried out by the state tourism office within the department of business and economic development pursuant to sections 201-13.5 and 201-13.6, Hawaii Revised Statutes.

This bill elevates the status of tourism promotion and development by transferring the duties, functions, and personnel of the state office of tourism to the tourism commission in the governor's office.

This bill also makes an appropriation for fiscal year 1989-1990.

Your Committee finds that the tourism industry will continue to be the State's primary employer for some time to come and therefore it is vital that the planning, promotion, and development of the State's tourism industry be done with efficiency and flexibility. Establishing a tourism commission within the governor's office would elevate the State's tourism functions so that sufficient resources can be made available and the commission can operate more flexibly and have greater latitude to cooperate with the private sector and other government agencies.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1297 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 683 Ways and Means on S.B. No. 940

The purpose of this bill is to appropriate \$350,000 for fiscal year 1989-1990 to implement projects at Kahana state park that are of unique cultural and historical significance, as identified by the Kahana advisory council. The sum appropriated would be expended by the department of land and natural resources.

Your Committee finds that the unique cultural and historical resources located at Kahana state park are an important part of our State's heritage and deserve to be restored and reutilized. Among the many cultural and historical resources identified in the Kahana valley development plan are Kahana valley chapel and cemetery, Huila fishpond, and a taro lo'i (an irrigated, terraced taro field). In addition, the Kahana valley development plan contains plans for the construction of campsite picnic areas. All these sites need to be restored or reutilized and the campsite picnic areas constructed so that not only Hawaii's people but visitors alike may be able to appreciate and learn more about Hawaii's culture and heritage.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 940 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 684 Ways and Means on S.B. No. 277

The purpose of this bill is to authorize the counties to provide lifeguard services at state beaches where public safety may be threatened, provided that the county and the department of land and natural resources mutually agree that the service is needed at any particular beach. This bill also appropriates \$481,980, to reimburse the counties for lifeguard services.

Your Committee finds that lifeguard services at most state beaches are supplied by the counties at the expense of the counties. Due to county fiscal constraints, some beaches are left unattended. Your Committee finds that this bill will promote water safety by enabling the counties to provide lifeguard services they otherwise would not be able to afford.

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

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 277, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 277, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCrep. 685 Ways and Means on S.B. No. 430

The purpose of this bill is to designate the Department of Business and Economic Development as the lead agency in planning, designing, and establishing geothermal energy transmission corridors for the construction of electrical transmission lines, pipelines, or any other form of infrastructure necessary for the transmission of thermal energy, electrical energy, water power, or telecommunications. This bill also provides that the department shall assume or otherwise transfer the responsibility of operating and maintaining geothermal energy transmission corridors and infrastructure related thereto. This bill further provides that the use of these corridors by any developer shall be permissive and not mandatory, and that transmission costs incurred by any developer for intracounty projects not recovered through avoided cost payments from the contracting utility shall be reimbursed by the department through a waiver of the mineral rights royalty payments normally made by the developer to the State.

This bill further provides that the Department of Transportation shall be limited to the designation and establishment of energy transmission corridors transporting energy generated through energy sources other than geothermal or hydroelectric resources.

Your Committee finds that the development of alternate sources energy in Hawaii is a major priority of the State. Geothermal energy, in particular, exhibits strong potential to become a viable source of alternate energy in Hawaii. The development of the infrastructure necessary to transmit geothermal-based energy to intercounty destinations is an important phase in the overall development of the industry. Your Committee finds that this bill will establish the process whereby the geothermal energy transmission corridors may be designated.

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. 430, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 430, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 686 Ways and Means on S.B. No. 449

The purpose of this bill is to increase from \$15,000,000 to \$20,000,000 the amount of special purpose revenue bonds authorized to be issued to assist the Mauna Kea Power Company, a Hawaii corporation, in the construction and operation of a hydroelectric power plant on the Honolii stream in Hawaii county.

Act 263, Session Laws of Hawaii 1987, authorized the issuance of \$15,000,000 in special purpose revenue bonds to assist the Mauna Kea Power Company. This bill increases the amount authorized to \$20,000,000 and clarifies that the proceeds from the sale of the bonds may be used to pay off any interim financing obtained to initiate project construction in accordance with applicable federal tax laws.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 449, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 687 Ways and Means on S.B. No. 476

The purpose of this bill is to reduce the general excise and use taxes on sales of fuel to producers of energy from fuel, gas, or steam to one-half per cent. Currently, these sales are taxed at the four per cent rate.

Your Committee finds that sale of fuel to these producers is more similar to a wholesale sale than a retail sale, and concludes that taxation at the lower rate is appropriate.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 476 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 688 Ways and Means on S.B. No. 554

The purpose of this bill is to add a new chapter to the Hawaii Revised Statutes to establish the ocean thermal energy conversion development fund to encourage the development of ocean thermal energy conversion projects that have commercial applications.

The bill also requires that projects funded through the development fund receive matching amounts from nonstate sources, and that all equipment and facilities revert to the State following the termination of each project. As stated in Senate Standing Committee Report No. 331, the \$5 million appropriation is intended for the planning, design, and construction of a warm and cold water pipeline of approximately forty inches in diameter for the closed cycle ocean thermal energy conversion to encourage aggressive research and to advance the commercialization phase of the cold cycle ocean thermal energy conversion development.

Upon further consideration, your Committee has amended the bill to delete the provision permitting the natural energy laboratory of Hawaii to waive the matching fund requirement.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 554, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 554, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 689 Ways and Means on S.B. No. 1053

The purpose of this bill is to allow the State to provide assistance, in the form of special purpose revenue bonds, to both Chronar Corporation (Chronar) and Energy Conversion Devices (ECD) for the establishment of photovoltaic-panel manufacturing facilities in Hawaii, rather than limiting assistance to only one of these companies.

Both of the candidate companies have the capability to construct and operate satisfactorily a PV-panel manufacturing facility. Your Committee finds that assisting both companies in establishing PV-panel manufacturing facilities will provide a number of benefits to Hawaii, including:

- (1) The generation of assembly, construction, management, and technical jobs and job training programs in Hawaii;
- (2) The provision of an environmentally clean, modular, virtually maintenance-free source of electricity whose peak production closely matches Hawaii's peak demand; and
- (3) The opportunity for Hawaii to support, participate in, and take a leadership role in a high-tech industry.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1053 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 Koki.

SCRep. 690 Ways and Means on S.B. No. 1810

The purpose of this bill is to create an agency, the Hawaii island natural resource and energy authority (authority) to consolidate management of the natural energy laboratory of Hawaii (NELH) and the Hawaii ocean science and technology (HOST) park.

This bill would:

- (1) Place the authority in the department of business and economic development for administrative purposes;
- (2) Create a nine-member board appointed by the governor;
- (3) Establish powers and duties of the authority;
- (4) Allow for the appointment of a research advisory committee by the authority;
- (5) Create a special fund for all monies and fees received by the authority;
- (6) Allow an exemption for the authority from all state taxes and the state competitive bidding law;
- (7) Protect accrued benefits of former NELH employees hired as state employees;
- (8) Transfer NELH and HOST records, equipment, etc., to the authority; and
- (9) Make an appropriation of \$1 for each year of the 1989-1991 fiscal biennium.

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. 1810, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1810, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 691 Ways and Means on S.B. No. 1884

The purpose of this bill is to increase the annual expenditure limit placed on the use of funds from the "special land and development fund" for the maintenance of lands under the control and management of the board of land and natural resources from \$200,000 to \$500,000; provided that expenditures in excess of this limit shall require the prior approval of the governor.

Your Committee finds that current law authorizes the board of land and natural resources to expend the sum of \$200,000 per year out of the special land and development fund for the incidental maintenance of lands under the jurisdiction of the board. The funds are used for the repair of sidewalks, the removal of fallen trees or trees posing a danger to structures, the clearing of streams, the eradication of marijuana, and other uses associated with the maintenance of state lands.

Your Committee further finds that past experience has demonstrated that the \$200,000 yearly spending allowance is often inadequate, thereby placing limits on the department's ability to keep up with its maintenance duties. An increase in the allowable spending limit from the special land and development fund will greatly assist the department in its effort to maintain and improve state lands.

Your Committee has amended this bill by inserting a new subsection directing the department to submit a yearly report to the legislature on its expenditures out of the special land and development fund. Your Committee finds that this requirement will provide the legislature with a written record of the department's expenditures out of the fund.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1884, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1884, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 692 Ways and Means on S.B. No. 1910

The purpose of this bill is to provide the means for preserving resource value lands--those of unique and irreplaceable value--in the State through land banking.

Your Committee finds that Hawaii's rapidly growing population and the demands which this growth places on the State's natural resources require the acquisition, preservation, and management of valuable lands for present and future generations.

Your Committee has made the following amendments to the bill:

- (1) Retained language regarding the accessibility of these lands to the people of the State;
- (2) Deleted section 6 which repealed the law allowing the department of land and natural resources to prepare a resource land acquisition plan;
- (3) Deleted section 7 which repealed the section requiring the board of land and natural resources to prepare an annual program for the purchase or acquisition by eminent domain of land having value as a resource to the State;
- (4) Changed the amount of the appropriation to \$1 for each fiscal year; and
- (5) Added a new section which requires the board of land and natural resources to submit an annual report to the legislature on planned acquisitions, acquisitions which occurred during that year, and remaining fund balances.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1910, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1910, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 693 Ways and Means on S.B. No. 211

The purpose of this bill is to establish a Hawaii community action volunteers agency in the office of the governor to coordinate the use of volunteers for service within needy and deprived communities to assist the disadvantaged and the unfortunate to reach self-sufficiency. The bill would establish a program utilizing volunteers who would be enrolled for one-year periods of service, and provides for general functions, duties, powers of the agency, and requirements and allowances for volunteers.

Your Committee finds that this state program would be based on the Peace Corps and Vista programs of the federal government and would provide Hawaii residents with the opportunity to serve their needy neighbors for periods of one year at a time.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 211 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 694 Ways and Means on S.B. No. 968

The purpose of this bill is to require the department of human services to make protective day care payments as a special needs item to persons and families eligible for financial assistance in cases of child neglect or abuse requiring placement of a child in day care. This bill also provides that referrals for protective child care payment shall be from the department of human services' child welfare program and that the rate of payment shall be set by the department.

Presently, protective day care is provided with state funds under the child protective services program as part of a family treatment plan in cases of child abuse and neglect or high risk of abuse and neglect.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 968 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 695 Ways and Means on S.B. No. 1363

The purpose of this bill is to strengthen the laws relating to criminal injuries compensation.

Specifically, the bill does the following:

- (1) Provides for a five, rather than three, member criminal injuries compensation commission which shall be nominated by a panel composed of a crime victim, the director of corrections, the president of the Hawaii State Bar Association, and one person from each of the following groups: victim-witness assistance programs, Sexual Assault Coalition, Mothers Against Drunk Driving (MADD), Hawaii State Committee on Family Violence, and the Child Abuse Coalition;
- (2) Increases the compensation of commission members from \$50 to \$125 per day for each day spent performing commission member duties and the chair from \$55 to \$150 per day for each day spent performing duties on behalf of the commission, and repeals the maximum compensation amounts that may be earned by a commission member or the chair;
- (3) Provides that a commission administrator shall examine and determine the validity of applications for compensation and propose an award amount subject to the approval of a quorum of the commission;
- (4) Provides that compensation awards may be appealed by the aggrieved person to the circuit court of the circuit in which the person resides;
- (5) Includes as compensable crimes: second degree murder; first, second, and third degree negligent homicide; first and second degree negligent injury; and abuse of family or household members; and
- (6) Repeals the prohibition barring recovery to persons who are related to or living with the offender.

Your Committee finds that reformation of the criminal injuries compensation laws is necessary to strengthen and provide appropriate relief to victims of violent crimes.

Your Committee has amended the bill as follows:

- (1) Amended the daily compensation of commission members and the chair to unspecified amounts; and
- (2) Made technical, nonsubstantive changes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1363, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1363, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 696 Ways and Means on S.B. No. 1367

The purpose of this bill is to establish a definition of "disabled" for the State's general assistance (GA) program to include a definition of "sedentary work" and to allow GA recipients to receive the same incentives to work that families in the federal Aid to Families with Dependent Children (AFDC) program receive.

Your Committee finds that GA is provided to disabled individuals, elderly persons, and intact families with dependent children. To qualify as a disabled person, an individual must be unable to engage in substantial gainful employment which includes doing sedentary work.

Your Committee finds that equal treatment should be afforded to clients of the department of human services and that it is important to offer the same incentives to work to recipients of GA that recipients of AFDC receive.

Your Committee finds, however, that the definition of "sedentary work" should be amended to conform with that of the United States Social Security Administration in deference to its greater experience and expertise in this area. The bill should also be changed to provide for equal treatment for all of the department of human services' clients by providing equal earned income exemptions.

Your Committee has amended this bill to reinstate the Social Security Administration's definition of "sedentary work" by:

- (1) Reinstating the reference to the United States Social Security Administration;
- (2) Reducing the weight of a load to be lifted at one time from twenty to ten pounds;
- (3) Reducing the length of time on the job for carrying articles from one-half to one-third; and
- (4) Reducing the length of time on the job standing or walking from one-half to one-third.

Your Committee has also made the following amendments:

- (1) Deleted the phrase "or greater than" to provide GA recipients the same amount of earned income exemptions as recipients of other monetary assistance from the department of human services;
- (2) Appropriated \$1,300,000 for fiscal year 1989-1990 and \$1,700,000 for fiscal year 1990-1991 to be expended by the department of human services; and
- (3) Other technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1367, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1367, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 697 Ways and Means on S.B. No. 1415

The purpose of this bill is to require the department of human services to immediately expand optional health care, without asset restrictions, to:

- (1) Pregnant women and infants under one year of age with family incomes up to one hundred eighty-five per cent of the federal poverty level; and
- (2) Children in families with incomes up to one hundred per cent of the federal poverty level.

Your Committee finds that the department of human services is currently phasing in health care coverage for children of various ages over a four-year period. This bill requires immediate coverage for all children.

Your Committee has amended the bill to appropriate \$1,301,066 for fiscal year 1989-1990 and \$2,372,605 for fiscal year 1990-1991, which your Committee believes are in line with the public welfare goals and objectives of the State.

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. 1415, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1415, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 698 Ways and Means on S.B. No. 1416

The purpose of this bill is to establish a supplemental public assistance program to assist persons receiving public assistance whose incomes drop significantly due to a change in work conditions. Currently, public assistance funds are predicated on a system called retrospective budgeting, in which the department of human services determines the public assistance grants based on income earned by the family two months before. When a sudden drop in income occurs, the public assistance program will not grant additional funds to make up the shortfall until the two months have passed.

Your Committee received testimony from the department of human services and the Legal Aid Society of Hawaii.

Your Committee finds that this bill will provide a margin of economic safety for those teetering on the bottom rung of society's ladder. Your Committee has amended this bill by providing a section for an appropriation, the exact amount of which can be determined at a later date. Your Committee has also amended the bill to change the effective date from on approval to January 1, 1990, to give the department of human services adequate time to develop the necessary rules and forms to implement the program.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1416, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1416, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 699 Ways and Means on S.B. No. 1827

The purpose of this bill is to provide state-funded medical assistance for inmates of the State's correctional institutions who do not have medical insurance coverage.

Your Committee finds that the cost of medical care for inmates has risen dramatically and that many inmates do not have medical insurance coverage. It is the Committee's intent that the State provide medical coverage to all inmates of

state correctional facilities who do not have medical insurance so as to ensure that all inmates receive needed medical care.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1827 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 700 Ways and Means on S.B. No. 1829

The purpose of this bill is to make housekeeping changes in the criminal injuries compensation law and to add a new definition of "designated person."

Chapter 351, Hawaii Revised Statutes, provides for compensation for victims of certain designated offenses. The bill as received updates the obsolete terminology used for certain sexual offenses, the victims of which are entitled to compensation.

Your Committee has amended the bill to reflect recent amendments to the Hawaii Penal Code that separated the offense of murder into two separate offenses: murder in the first degree and murder in the second degree. Your Committee also has made a number of 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. 1829, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1829, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 701 Ways and Means on S.B. No. 1830

The purpose of this bill is to extend the filing deadline for criminal injuries compensation claims under special circumstances.

Section 351-62, Hawaii Revised Statutes, currently provides that criminal injuries compensation payments shall not be made unless an application for compensation has been made within eighteen months after the date of injury, death, or property damage. This bill would allow, for good cause, compensation for claims filed beyond the eighteen-month period when the victim is a minor or is mentally incapacitated.

Your Committee finds that this bill is supported by the department of corrections, criminal injuries compensation commission, and the department of the prosecuting attorney, city and county of Honolulu, and that the purposes of this bill are worthy of its support.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1830 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 702 Ways and Means on S.B. No. 1835

The purpose of this bill is to repeal section 346-4, Hawaii Revised Statutes, which requires the director of human services to appoint one administrator for each of the several counties.

This bill is a housekeeping measure which will eliminate the requirement to appoint county administrators. The department of human services is presently organized by divisions with branch offices, making the positions referred to in section 346-4 obsolete.

Your Committee on Ways and Means is in accord with the intent and purpose of S. B. No. 1835 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 703 Ways and Means on S.B. No. 1908

The purpose of this bill is to appropriate funds to compensate victims of crime who suffer injuries.

Chapter 351, Hawaii Revised Statutes, provides for compensation of certain victims of crime. Compensable expenses include out-of-pocket medical expenses, loss of earning power, funeral and burial expenses, as well as pain and suffering. This bill would not affect the substantive law, but would provide only funds for compensation.

Your Committee finds that the funding of the criminal injuries compensation fund as provided for by this bill is desirable.

Your Committee has provided for the lapsing of unexpended and unencumbered appropriations.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1908, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1908, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 704 Ways and Means on S.B. No. 1980

The purpose of this bill is to establish a children's foundation within the governor's office of children and youth.

The primary mission of the foundation will be to enrich and improve the quality of life of Hawaii's children through innovative programs, research, and opportunities for service to the community. The bill provides for the appointment of a thirteen member board of trustees, twelve to be selected by the governor, and the director of the office of children and youth to serve as an ex officio member. In addition, the foundation will be empowered to accept gifts and endowments, and raise funds to develop enrichment opportunities for children, subject to an annual audit by an independent certified public accountant.

Your Committee agrees with the Committee on Human Services that the children's foundation will provide the means of achieving widespread financial support from the community for critical need areas such as child care, foster care, child abuse and neglect, juvenile justice, as well as programs to enrich the lives of children through culture and the arts.

Your Committee has amended the bill by adding an appropriation section which appropriates \$1 to the office of children and youth for fiscal year 1989-1990 and by making nonsubstantive changes to conform with recommended drafting style.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1980, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1980, S.D. 2.

Signed by all the members of the Committee except Senator Koki.

SCRep. 705 Ways and Means on S.B. No. 340

The purpose of this bill is to provide \$4,000,000 for design and construction of a center for applied aquaculture.

During the regular session of 1988, the legislature appropriated \$1,000,000 out of the general fund to the department of land and natural resources for planning, design, and construction of the center. These moneys, along with the \$4,000,000 proposed by this bill, provide the \$5,000,000 matching state funds needed to secure \$6,375,000 in federal funds from the United States Department of Agriculture.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 340, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 706 Ways and Means on S.B. No. 1404

The purpose of this bill is to appropriate funds for the 1989-1991 fiscal biennium for the design and construction of a new building for the school of architecture at the University of Hawaii at Manoa.

Your Committee has amended this bill by changing the appropriated amounts to \$1 in each fiscal year to permit changes to this figure as more information about costs becomes available.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1404, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1404, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 707 Ways and Means on S.B. No. 1784

The purpose of this bill is to establish a revolving fund for the College of Tropical Agriculture and Human Resources of the University of Hawaii into which receipts from the sale of products including agricultural data bases and videotape publications, resulting from crop research and extension experiments and demonstrations can be deposited.

Presently, the College of Tropical Agriculture and Human Resources has revolving funds for animal products and seeds. The funds generate approximate annual revenues of \$300,000 and \$50,000, respectively.

The establishment of a revolving fund for crops would accelerate research programs and the delivery of results by removing some of the constraints of limited resources. Approximate annual revenues from this revolving fund would be \$50,000.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1784, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 708 Ways and Means on S.B. No. 1852

The purpose of this bill is to establish a special fund for the libraries of the University of Hawaii system for the deposit of fines, fees, and other revenues derived from the operations of the libraries. At present, these proceeds are credited to the general fund.

Your Committee finds that a sound rationale exists for allowing the libraries to keep these proceeds. Books that are overdue or lost create additional work for the library staff in terms of checking the shelves, preparing and mailing notices, and handling collection. This bill would allow these procedures to become self-supporting by paying the student staff to perform them. Any moneys not needed by this process could be used to support or enhance other library services, such as the on-line public access catalog, document delivery services, and data base searches.

Your Committee notes that a very similar measure, H.B. No. 2391, S.D.1, passed the legislature last year. That bill provided for the creation of a University of Hawaii libraries revolving fund to allow for the retention of fees and fines. The bill was vetoed by the Governor due to concern about the type of fund. This bill, S.B. No. 1852, which was part of the administration's package, changes the type of fund from a revolving fund to a special fund in recognition of that concern.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1852 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 Koki.

SCRep. 709 Ways and Means on S.B. No. 2022

The purpose of this bill is to allow the child care centers established at the University of Hawaii to receive state funding. At present, the statutory authorization for the centers requires them to be self-supporting.

Your Committee finds that legislative appropriations for the child care centers are appropriate. These centers provide a wholesome environment for children while they allow their parents to pursue their education. State funding would aid parents as it would, in all probability, decrease the cost of child care and enhance accessibility to post-secondary education for a significant segment of the population. Additionally, the funding would help the centers with their staffing and their unique expenses. Administrative expenses are high because the student population, and thus the enrollment in the centers, is transient. The utilization rate varies from seventy-five to ninety per cent, when school is in session, to twenty to thirty per cent, when it is not, and the center has fixed costs that must be paid even when utilization is temporarily low.

Your Committee also finds that the need for child care in this State is critical, and that these centers provide much needed, quality care in proximity to parents, which enables them to pursue their education with the confidence that their children are properly cared for.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2022, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 710 Ways and Means on S.B. No. 14

The purpose of this bill is to establish a commission to initiate and coordinate state-sponsored events commemorating the memory and principles of Martin Luther King, Jr.

The bill provides for the establishment of a seventeen-member commission to be appointed by the governor, which represents Hawaii's ethnically diverse population, business and labor communities, community organizations, educational organizations, all levels of government, and organizations devoted to peace and social justice. The membership must include at least one member from each county.

Your Committee finds that there is much public and private support in the State for a Martin Luther King, Jr. celebration commission.

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. 14, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 14, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 711 Ways and Means on S.B. No. 168

The purpose of this bill is to exempt the sales and gross proceeds of sales to the counties from the general excise tax.

Your Committee finds that if the savings realized from this exemption are passed on to the counties, the counties will save millions of dollars and reduce their need for direct subsidies from the State.

Your Committee has made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 168, as amended herein, and recommends that it pass Third Reading, in the form attached hereto as S.B. No. 168, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 712 Ways and Means on S.B. No. 195

The purpose of this bill is to provide a greater degree of accessibility for the physically handicapped to public buildings.

The bill amends section 103-50, Hawaii Revised Statutes, to replace the American Standards Specifications for Making Buildings and Facilities Accessible to and Usable by the Physically Handicapped (ANSI Standards) with the more stringent Uniform Federal Accessibility Standards (UFAS).

The bill also creates a three-person architectural access committee having the authority to vary specific requirements of section 103-50, Hawaii Revised Statutes. The commission on the handicapped must be consulted prior to construction.

The bill appropriates \$30,562 for fiscal year 1989-1990 and \$30,562 for fiscal year 1990-1991.

Your Committee finds that these measures will not only improve access to public buildings by handicapped persons, but will also prevent buildings from being built incorrectly and from incurring future costs to fix a deficiency.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 195, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 713 Ways and Means on S.B. No. 477

The purpose of this bill is to provide for the purchase of Palmyra with the proceeds of a general obligation bond issue. The amount of the bond issue is not specified.

Your Committee finds that this acquisition, like the Louisiana Purchase and the purchase of Alaska (which, at the time, was popularly referred to as "Seward's Folly"), would be made without precise knowledge of all the future benefits. However, history has proven repeatedly that territorial expansion is beneficial to the acquiring government.

Your Committee is aware that until the United States Congress acts, the acquisition of Palmyra will not extend the boundaries of Hawaii or the United States.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 477 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 714 Ways and Means on S.B. No. 610

The purpose of this bill is to appropriate funds to assist the counties in upgrading their fire protection facilities. No funds will be made available unless they are matched by the counties.

Your Committee finds that all the counties need assistance in upgrading their fire protection facilities to meet current standards. Your Committee has amended this bill by changing the amount of the appropriations to \$1 for each county.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 610, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 610, S.D. 1.

Signed by all members of the Committee.

SCRep. 715 Ways and Means on S.B. No. 1001

The purpose of this bill is to provide the counties with greater flexibility in the structuring of bond financing programs. This bill repeals chapters 47 and 49, Hawaii Revised Statutes, relating to issuance and sale of general obligation and revenue bonds, and establishes two new chapters relating to county bonds and revenue bonds. Some of the significant changes to current law include: (1) the power to issue variable rate or floating bonds; (2) county authority to shorten the time to fix the date of sale for county bonds sold at public sale; and (3) the power to negotiate the sale of bonds.

Your Committee finds that it is becoming increasingly difficult and expensive for the counties to raise capital for infrastructure needs. Contributing to the problem is the datedness of Hawaii's law relating to county bonds. The general law governing the issuance and sale of general obligation and revenue bonds by the counties was originally enacted prior to statehood and has been amended from time to time to facilitate particular objectives. Since these laws were enacted, there have been many innovations in financing techniques that provide opportunities for the counties to realize substantial savings in debt service costs. These innovations have been the direct result of the uncertainty and instability of the municipal bond market which has forced municipal borrowers to develop novel financing strategies designed to attract investors and to raise sufficient capital at reasonable interest rates. This bill will provide the counties with the necessary flexibility to structure their bond financing programs and to minimize the cost of municipal borrowing.

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

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1001, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1001, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 716 Ways and Means on S.B. No. 1204

The purpose of this bill is to create a special fund and make appropriations from it to, among other things, provide an alternate target for the Navy's bombing exercises to be used in place of the island of Kaho'olawe. At present, the Navy bombs part of Kaho'olawe in its exercises, amid growing protests from state residents who value the rich archaeological sites on the island. This bill would establish a special fund to be used to provide grant-in-aid funds to the Navy to design, construct, and establish one or more floating structures to be used instead of Kaho'olawe, on the condition that the Navy cease bombing the island and support the return of Kaho'olawe to the State. The fund shall also be used to clean up, reforest, and conserve Kaho'olawe, and for legal and other expenses incurred in securing its return. The fund shall be expended by the governor.

Your Committee finds that the proposed fund would aid in solving this issue by preserving the island and aiding the Navy in its training exercises. Your Committee has amended this bill by deleting the specific amount of the fund and the percentage of the general fund balance used to finance the fund. 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. 1204, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1204, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 717 Ways and Means on S.B. No. 1825

The purpose of this bill is to: (1) increase the amount the governor may expend for immediate relief of any single major disaster from \$750,000 to \$1 million; (2) provide for an additional \$1 million to be used for the purpose of matching federal disaster relief funds following a presidential declaration of disaster; and (3) appropriate \$1.5 million for fiscal year 1989-1990 and an equal amount for fiscal year 1990-1991.

Your Committee finds that the current limitation placed on the funds the governor is authorized to expend during major disasters places an undue burden on state departments and the counties. During past years, counties suffering from major disasters have been forced to reallocate substantial sums to meet the costs of repair, restoration, reconstruction, or replacement of public facilities. In some instances, repair of public facilities has been delayed due to county budget constraints. Your Committee finds that the additional funds made available through the State will assist the counties in making timely repairs and performing the necessary hazard mitigation actions. Your Committee further finds that the additional \$1 million will ensure the availability of state funds necessary to match the federal disaster relief funds that may become available upon the declaration of a disaster by the president.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1825 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 718 Ways and Means on S.B. No. 1856

The purpose of this bill is to delay the repeal of Act 321, Session Laws of Hawaii 1986, from June 30, 1989 to June 30, 1994, as it pertains to the University of Hawaii (UH). In addition, the bill authorizes the governor to suspend the provisions of Act 321, as it pertains to the UH, upon a determination that such suspension is required to ensure the economic and efficient management of the State's financial resources.

Act 321, Session Laws of Hawaii 1986, granted administrative flexibility to both UH and the Department of Education (DOE), for certain fiscal operations. The Act provided for periodic review and an automatic repeal on June 30, 1989. (Not to be confused with Act 320, Session Laws of Hawaii 1986, which granted flexibility relating to budget execution.)

Your Committee has amended this bill by adding the provisions from S.B. No. 1855 which provided similar administrative flexibility to the DOE. Your Committee also notes that the recommendations of the legislative auditor regarding administrative flexibility have been incorporated into this bill.

The purposes of these amendments are to:

- (1) Extend for another five years the administrative flexibility granted to the department of education under Act 321, Session Laws of Hawaii 1986;
- (2) Request the legislative auditor to make another evaluation of the administrative flexibility legislation, including an evaluation of the progress of educational assessment activities at the UH and the DOE for consideration by the legislature in 1994; and
- (3) Keep the payroll function with the department of accounting and general services instead of allowing it to be transferred to the UH and the DOE.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1856, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1856, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 719 Transportation on S.B. No. 164

The purpose of this bill is to amend Section 264-33, Hawaii Revised Statutes, to include county highways in this section.

This bill would require that at any time where there is any major constructive work to be done on any state highway, county highway, or state and county federal-aid highway and there arises a need to remove, relocate, replace, or reconstruct any utility facility, and whose expense of such action exceeds \$10,000, the excess expense shall be charged against the respective state or county funds available for the construction or maintenance of state or county highways.

Your Committee received testimony in opposition to this bill from the City and County of Honolulu. The City and County's major concern stemmed from the undue financial hardship that would be placed upon the City and County if this bill was enacted.

Your Committee has amended the bill by deleting the amendatory language on lines 4 and 5 and inserting at the end of line 14 "When utility poles located on county highways are to be relocated, the county in question may agree to allow this subsection to apply."

These amendments would allow the counties the flexibility to apply this subsection if they so choose.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 164, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 164, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Levin.

SCRep. 720 Transportation S.B. No. 1983

The purpose of this bill is to conduct a one year experiment with off-hour road work on the most congested portion of H-1 freeway.

This bill would ban all repairs and maintenance on the H-1 freeway between the Kapiolani and Puuloa interchanges from the hours of 6:00 a.m. and 6:00 p.m. Mondays through Saturdays until June 30, 1991, provided that repairs and maintenance be allowed on those days if the Director of Transportation finds that an emergency condition exists.

The bill also requires the Director of Transportation to report the results of the experiment to the Legislature twenty days prior to the convening of the 1991 Regular Session.

The Off-Hour Road Work Task Force has found that off-hour work is feasible and has obtained agreements from the affected agencies to implement the recommendations. However, there is no assurance that such off-hour road work will in fact occur on a regular basis on the most heavily used portion of H-1 freeway.

The Department of Transportation supported the intent of the bill but preferred another measure on noise variances for road work activities.

Your Committee believes that the suggested measure would not assure that daytime work will not occur on the most congested freeway sections. The present bill provides only for a two year experiment with the Department reporting on the success or failure of the concept near the end of that period.

Your Committee has amended the bill by reducing the time period of the experiment to one year and requiring the Director of Transportation submit his report to the Legislature twenty days prior to the convening of the 1991 Regular Session. Your Committee further amended the bill by applying the ban on repairs and maintenance through Fridays instead of Saturdays and by making technical changes that have no substantive effect.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1983, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1983, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Levin.

SCRep. 721 Energy and Natural Resources on S.B. No. 1832

The purpose of this bill is to clarify the law regarding coastal zone management programs.

In general, the bill proposes to amend Section 171-58.5(3) to provide that sand removed in the clearing of existing drainage pipes and canals and mouths of streams be placed on adjacent areas; to amend the meaning of "coastal zone management area" to exclude those areas designated as State forest reserve; to extend the cause of action provision to cover the entire coastal zone management area, and to delete the cost criteria for distinguishing between special management area minor permits and special management area use permits.

Your Committee has amended this bill by deleting Section 6 of the bill as received as the proposed changes were not necessary. Accordingly, the remaining sections were renumbered. Your Committee also made a technical, nonsubstantive change to conform the bill to existing statutory language.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1832, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1832, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 722 Agriculture on S.B. No. 1344

The purpose of this bill is to take prompt, strong, local action to decrease the amount of chlorofluorocarbons (CFCs) from escaping into the atmosphere by prohibiting over-the-counter sales of refrigerants, raising the standards of repair facilities, and promoting recovery and recycling of CFCs in Hawaii.

The Hawaii Revised Statutes currently provide no prohibitions of sales of small containers of CFCs or of the deliberate release of CFCs into the air for any reason. This bill would provide such prohibitions, penalties, and power to make rules governing repairs of devices utilizing CFCs and the recycling of CFCs.

Your Committee heard supporting testimony from the Director of Health, Hawaii's Thousand Friends, Natural Resources Defense Council, the Hawaii Medical Association, the Sierra Club, and several members of the community and finds that it is vital to adopt legislation to protect the ozone layer of the atmosphere from further degradation from CFCs and other chemicals. These chemicals are known to contribute to the Greenhouse Effect, which causes global climatic changes.

Your Committee further finds that while substitutes for CFCs are being developed within the industry, they are not widely-tested or available. Meanwhile the ozone layer is being depleted steadily while atmospheric concentrations of CFCs continue to increase. In the United States, air conditioners and refrigerators collectively account for forty percent of all CFC emissions and American car air conditioners account for seventy-five percent of all CFC emissions contributed by automobile air conditioners. Your Committee further finds that the prohibitions of this bill against sales of small cans of CFCs and of the deliberate release of CFCs into the atmosphere for any reason, coupled with the provisions for rules governing repairs of devices utilizing CFCs and the recycling of CFCs are highly desirable. However, your Committee finds that amendment of this bill is necessary for effective implementation of its purpose.

Your Committee has amended this bill by assigning responsibilities for various aspects of the "program" to appropriate agencies. The Department of Health is responsible for prohibiting sales of small containers of CFCs and for prohibiting wilful release of CFCs into the air by anyone. The Motor Vehicle Repair Industry Board is responsible for prohibiting the servicing of mobile air conditioners by those in the automobile repair business without using a vampire to remove the CFCs, and also is responsible for prohibiting wilful release of CFCs into the air by those it licenses. The Contractors License Board is responsible for prohibiting its licensees from servicing or disposing of devices utilizing CFCs without using a vampire, and also for prohibiting the wilful release of CFCs into the air by those it licenses. The Office of Consumer Protection is responsible for prohibiting a person, other than one licensed as a contractor, from servicing devices utilizing CFCs without using a vampire and for prohibiting the wilful release of CFCs into the air by one of those persons.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1344, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1344, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Senate except Senator Aki.

SCRep. 723 Education on S.B. No. 908

The purpose of this bill is to provide for the implementation of school/community-based school management.

Under this bill, in its original form, State policy would be established that the public school system shall be governed, managed, administered, and otherwise operated at the local level as far as reasonably possible. The Board of Education would implement this policy and report progress to the Legislature and the Governor in time for the 1990 regular session. In addition, each school would have flexibility within Department of Education standards for curriculum, teaching methods, classroom organization, textbook selection, and evaluation and would have flexibility in expenditures, including the integration and commingling of private gifts and funds.

Your Committee finds that community-based management is necessary if our present school system is to have the flexibility and responsiveness to meet the ever-changing and dynamic needs of our children and the community.

Your Committee has amended this bill by deleting the material on implementation, instruction, and integration and commingling of private gifts and funds.

In addition, your Committee has added material from S.B. No. 1621, S.D. 1, which would add a new part to chapter 37, Hawaii Revised Statutes, entitled "Public School Funding and Expenditures." This material would provide:

- (1) That in the event of conflicts between this new part and other parts of chapter 37, the new part shall control;
- (2) That school budget allotments shall be exempt from the quarterly allotment requirements of sections 37-32 and 37-33;
- (3) That schools shall have their allotments on an annual basis and may carry over funds to the succeeding fiscal year;
- (4) That unexpended allotments shall lapse;

- (5) That schools shall be exempt from the expenditure requirements of section 37-38 to the extent that they shall be authorized to transfer operating funds between classification classifications of expenditures provided in the Executive Budget; and
- (6) That schools could hire their own personnel as needed as long as positions over and above the allocated position count would be temporary and the schools remained within their allotments.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 908, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 908, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin and Tungpalan.

SCRep. 724 Education on S.B. No. 911

The purpose of this bill is to grant individual public schools flexibility in personnel and staffing decisions.

As introduced, the bill would require the Department of Education to initiate and the Board of Education to establish a policy and methodology to allow school-level teachers and parents to assist in staffing and personnel matters and decisions. Individual staffing and personnel matters to be covered by the policy would include hiring, evaluation and retention, promotions, terminations, discipline, supervision, staffing ratio, training, and development. A plan and timetable for implementing the policy would be determined by the Board, and the involvement of teachers and parents would proceed in stages ranging from an advisory role to full participation.

Your Committee finds that shared decision-making and flexibility in matters relating to personnel and staffing are necessary if our public education system is to be responsive to the needs of children, teachers and other educational personnel, and the community.

Your Committee has amended this bill by specifying that shared decision-making shall be initiated within the limits provided by collective bargaining and would include other interested parties in the school community. Your Committee has also deleted references to specific staffing and personnel matters and renamed the new section to be added to chapter 296, Hawaii Revised Statutes to read "Education Personnel."

Your Committee on Education is in accord with the intent and purpose of S.B. No. 911, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 911, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin and Tungpalan.

SCRep. 725 Education on S.B. No. 1870

The purpose of this bill is to establish a school based management system in Hawaii's public schools.

A school based management system would provide for decisions to be made at the school level utilizing input from persons directly affected by the decision, and would allow if not encourage school initiated methods for achieving statewide educational goals established by the Board of Education.

Specifically, the Department of Education through the Board of Education and the Superintendent of Education would devise the particulars of the system and decide which public schools would participate at first. The Board would set policy and exercise sufficient control to define a common set of educational goals for which the subject schools would be responsible. The Board would also formulate standards for evaluating the progress of each school towards achieving the goals. Participating schools would have flexibility to use any reasonable means to accomplish the purposes of the program within available resources. Individual schools would be able to request waivers of any policy, rule, or procedure if they so chose.

Your Committee finds that Hawaii's centralized school system must eventually be to a great extent reorganized if we are to effect appropriate and substantive improvements in our educational system. School based management is essential to any policy to achieve such substantive improvements.

After careful consideration and consultation with many parties, including the Department of Education, the Superintendent of Education, the teachers' union, and other interested parties, your Committee has agreed upon an amended version of this bill which more clearly describes the concept and need for individual schools to manage their own destinies, and has renamed the system and program "school-community based management" to clearly describe the dynamics of the concept.

Additionally, your Committee has added provision for appealing a waiver, and in particular waivers to collective bargaining agreements, inserted language which calls for all schools to eventually become locally managed, and set forth the authority of the Board of Education to make rules in a separate section of the new chapter.

Your Committee has also made several nonsubstantive language changes for the purpose of clarity.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1870, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1870, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin and Tungpalan.

SCRep. 726 Ways and Means on S.B. No. 35

The purpose of this bill is to amend section 11-76, Hawaii Revised Statutes, to increase the compensation paid to election precinct officials, to make alternates eligible for compensation when they are not placed for work in a single election, and to appropriate \$108,195 for the fiscal year 1990-1991 to implement these changes.

Your Committee finds that precinct officials spend many hours in training, setting up, manning, and dismantling precinct polling places, and have not received any increase in their stipend in the past seven years. Your Committee believes that those persons who sacrifice their time to work in polling places should receive more than a token stipend and that an increase in their compensation is necessary.

Your Committee has changed the effective date of this bill to July 1, 1989 and has made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 35, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 35, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 727 Ways and Means on S.B. No. 79

The purpose of this bill is to increase the penalty from a class C felony to a class B felony for persons convicted of promoting prostitution by advancing or profiting from the prostitution of a person who is between the ages of fourteen and eighteen years of age.

Your Committee finds that this bill may help to curb prostitution activity by persons under the age of eighteen.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 79, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 728 Ways and Means on S.B. No. 470

The purpose of this bill is to establish an adult protective services program within the department of human services to assist adults who are victimized either physically or financially because they are physically or mentally impaired and therefore, dependent on others.

Your Committee received testimony from the department of human services that on the average, the number of adult abuse cases will rise by approximately one hundred per year and that very few will require judicial intervention. Your Committee finds that the bulk of the increased workload will occur not so much at the judicial level but rather in the preliminary (i.e., the investigation) stages of an adult abuse case prior to judicial intervention. Accordingly, your Committee supports this bill despite the concerns expressed by the family court regarding their ability to handle the anticipated increase in workload.

Your Committee also finds that:

- (1) The department of human services, in its executive budget, has requested sufficient funds to provide additional staff positions and to implement this program;
- (2) The department of health will coordinate and cooperate with the department of human services in conducting investigations of abuse, neglect, or exploitation of dependent adults;
- (3) In addition to the department of human services and the department of health, this bill is supported by the commission on the handicapped which believes strongly that the expansion of adult protective services to any adult, regardless of age, would greatly assist in protecting handicapped adults who are at a greater risk of being abused, neglected, or exploited.

Your Committee has amended the bill by making the following technical, nonsubstantive changes:

- (1) All of the sections have been renumbered to reflect the fact that this bill adds a new part to chapter 346, rather than a new chapter altogether;
- (2) To eliminate possible ambiguities in the cross references, capital letters have been included in the section numbers rather than the usual blanks;
- (3) The revisor of statutes has been directed to substitute appropriate numbers for those letters when codifying the new law; and
- (4) Numerous other changes were made to conform this bill to appropriate bill drafting style.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 470, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 470, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 729 Ways and Means on S.B. No. 628

The purpose of this bill is to provide general fund appropriation to satisfy claims against the State of Hawaii for refunds, reimbursements, payments of judgments, or settlements, and other payments.

Your Committee finds that four additional claims against the State have been settled since the Committee on Judiciary received testimony on this bill. The Attorney General asked that the following items be added to the bill:

JUDGMENTS AGAINST THE STATE AND SETTLEMENT OF CLAIMS:

Collier v. State of Hawaii, et al. Civil No. 88-2681-08, First Circuit Amount of Settlement: No Interest	\$ 34,000.00
Ino v. Maui Community College Civil No. 85-1525, U.S.D.C. Amount of Settlement: No Interest	\$ 16,000.00
Lefley v. State Civil No. 86-4239, First Circuit Amount of Settlement: No Interest	\$ 12,500.00
Strecker v. State, et al. Civil No. 86-3231, First Circuit Amount of Settlement: No Interest	\$190,000.00

Your Committee has amended the bill to add these amounts.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 628, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 628, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 730 Ways and Means on S.B. No. 629

The purpose of this bill is to establish a permanent, non-civil service position of special assistant to the attorney general. The special assistant shall assist in the initiation, direction, or monitoring of administrative or managerial special projects, and may act as the attorney general's representative to organizations in which the attorney general has an interest. The special assistant need not be an attorney. A secretary to the special assistant is also authorized.

Your Committee finds that the attorney general has a *de facto* assistant in place using a position borrowed from the executive branch. Your Committee finds that the attorney general has a need for a permanent special assistant as established in this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 629 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 731 Ways and Means on S.B. No. 717

The purpose of this bill is to eliminate the current requirement that registrants be examined under oath about their qualifications to vote; to specify that the county clerk shall enter "unable to sign" on the signature line of an application form for which the registrant is unable to write due to illiteracy, blindness, or other physical disability; to permit mail-in voter applications upon self-subscribing oaths; to verify the mail-in voter applications; and to appropriate \$250,000 for the 1989-1991 biennium to implement these changes.

Your Committee finds that positive steps must be taken in order to increase citizen participation in the electoral process. By making voter registration easier, it is believed that more people will be encouraged to register to vote. "Mail in" vote applications will clearly make the registration process more convenient for many people, particularly those without ready access to transportation.

Your Committee has changed the effective date of this bill to July 1, 1989, and has made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 717, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 717, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 732 Ways and Means on S.B. No. 721

The purpose of this bill is to effect a number of changes to Hawaii's election law as follows:

- (1) Grant the chief election officer the power to hold special elections to fill vacancies which occur in circumstances not otherwise covered in the election law;
- (2) Increase the penalties for voter registration fraud;
- (3) Redefine and clarify the responsibilities, powers, and jurisdiction of the chief election officer, county clerks, and other election officials;
- (4) Allow voters with questionable addresses to verify their voter registration;
- (5) Provide election officials more flexibility to effect the transfer of registered voters who move;
- (6) Allows voter to register and vote on election day;
- (7) Clarify the rights of aggrieved persons to appeal decisions by the county clerks and boards of registration;
- (8) Prohibit members of the board of registration from running for office;
- (9) Exempt board of registration hearings from the contested case requirements of the Hawaii Administrative Procedure Act;
- (10) Repeal the "sunset" of the authorization to use sixteen- and seventeen-year-olds as precinct workers and redefine the date on which they become eligible for employment;
- (11) Require that employers give notice to employees of their right to take time off to vote;
- (12) Modify the procedures for filling vacancies caused by candidate or officeholder withdrawal, death, or disqualification;
- (13) Establish a mandatory tie-breaking system;
- (14) Allow nomination papers to be made available earlier;
- (15) Extend the period during which the chief election officer or county clerk may object to the validity of candidates' nomination papers;
- (16) Reduce the number of votes a nonpartisan candidate must receive in the primary to be placed on the general election ballot;
- (17) Redefine the statutory definition of the board of education districts to conform with the latest redesignation of representative districts;
- (18) Adjust the procedural timetable for filling vacancies in the state senate, board of education, and office of Hawaiian affairs; and
- (19) Repeal section 17-5, Hawaii Revised Statutes, relating to procedures in the event of a failure to elect.

The bill also appropriates \$35,000 for fiscal year 1990-1991 to implement these changes.

Your Committee finds that this bill is necessary to streamline and update present statutory provisions relating to the State's election laws.

Your Committee has reorganized the bill to list the sections in the order of new, amended, and repealed sections. In addition, your Committee has made a number of technical nonsubstantive amendments to conform to appropriate drafting style.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 721, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 721, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 733 Ways and Means on S.B. No. 729

The purpose of this bill is to increase the number of judges on the Hawaii state intermediate court of appeals, to handle the increased caseload of the court.

The intermediate court of appeals presently consists of three members: a chief judge and two associate judges. This bill increases the number of associate judges by one.

Your Committee has amended the bill to appropriate \$73,500 for each year of the fiscal biennium 1989-1991. Your Committee has also amended this bill to provide an effective date of July 1, 1989.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 729, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 729, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 734 Ways and Means on S.B. No. 733

The purpose of this bill is to amend section 76-16, Hawaii Revised Statutes, by adding non-civil service private secretaries and law clerks to assist the administrative director of the courts, the deputy administrative director, the administrative judge of the district court of the first circuit, and specified judges of the first circuit court.

Your Committee finds that all except one of the positions listed in the bill are presently in existence and are being filled by temporary hires. The judiciary seeks to have these positions made permanent and to create one new law clerk position for the administrative judge of the district court of the first circuit. According to the judiciary, funds for all positions have been included in the 1989-1991 biennium budget it submitted.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 733, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator koki.

SCRep. 735 Ways and Means on S.B. No. 735

The purpose of this bill is to make permanent the alternative dispute resolution program. The Hawaii state circuit court's annexed arbitration program is to be made a part of the alternative dispute resolution program. The intent of this bill is not to expand the current scope and purpose of the alternative dispute resolution program.

Your Committee finds there is considerable support for this bill. Your Committee further finds that this bill will broaden the use of alternative dispute resolution methods and make them more readily available.

Your Committee has amended the bill by:

- (1) Appropriating the sum of \$1 for each of the next two fiscal years; and
- (2) By changing the effective date to July 1, 1989.

Your Committee also 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 S.B. No. 735, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 735, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 736 (Majority) Ways and Means on S.B. No. 756

The purpose of this bill is to allow the ethics commission to determine the salary of its executive director. At present, the salary of the director is set by statute.

Your Committee finds that the lengthy process of amending a statute to increase the executive director's salary is cumbersome and time-consuming. Such delays do not reward dedicated public officials or encourage their retention. The faster, more responsive procedure is to enable the commission to set the salary. The legislature will retain some control over the salary as it must be set within the amounts made available by legislative appropriation.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 756 and recommends that it pass Third Reading.

Signed by all members of the Committee.
Senators Fernandes Salling, Ikeda and George did not concur.

SCRep. 737 Ways and Means on S.B. No. 783

The purpose of this bill is to establish within the department of human services an autonomous office of youth services to house youth social services programs.

The bill appropriates \$660,904 to the office of youth services and requires the office to develop operational and organizational plans that will serve as blueprints for the transfer of specific programs from the department of corrections, department of human services, department of health, and the family court. The bill requires that the plans be submitted to the legislature for consideration during the 1990 regular session and states legislative intent that the office of youth services encompass the types of functions that were addressed in the original version of this bill, except for the detention facilities function, and that those functions or specific programs within such functions should be denied a transfer only if the office finds such functions or specific programs to be inappropriate to the mission of the office.

The bill also provides for the expansion of the membership of the juvenile justice interagency board to include the police chiefs and prosecutors of all counties to assure broad-based representation. Finally, the bill directs the office to immediately implement selected alternative programs, such as the ocean/wilderness challenge program, and provides for the transfer of any funds to the office appropriated this session to the department of corrections and the family court for such purposes.

Your Committee generally concurs with the findings of the Committee on Judiciary; however, your Committee believes that more time is required for the office to develop comprehensive plans. Accordingly, your Committee has amended the bill to require that the office submit its plans to the legislature before the regular session of 1991 instead of 1990 and to require the transfer of functions to the office on July 1, 1991 instead of July 1, 1990.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 783, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 783, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 738 Ways and Means on S.B. No. 840

The purpose of this bill is to add judges of the district courts and district family courts to the definition of "judges" under the state employees retirement law.

Your Committee finds that this bill is necessary to address an inequity in how retirement benefits are computed for district court and district family court judges.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 840, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 739 Ways and Means on S.B. No. 1413

The purpose of this bill is to provide the statutory mechanism, funding, and staffing authorization necessary for the civil rights commission to begin operations as intended by the 1988 legislature.

The bill establishes a uniform procedure for the handling of discrimination complaints by the commission which ensures expeditious processing while protecting due process rights and access to justice for all complainants. The bill also authorizes the commission to hire an executive director, attorneys, hearing examiners, investigators, and other necessary support personnel. Finally, the bill appropriates \$441,000 for fiscal year 1989-1990 and \$1,404,520 for fiscal year 1990-1991 for the commission's operations.

Your Committee received testimony in support of this bill from the department of labor and industrial relations and various civil rights and social services organizations. Your Committee agrees that adequate funding and staffing is required if the commission is to effectively enforce the State's discrimination laws. However, since your Committee believes that the funding levels, as recommended by the legislative auditor, should be sufficient, the appropriations for the 1989-1990 and 1990-1991 fiscal years have been changed to \$588,372 and \$509,602, respectively.

Your Committee has also made the following amendments to the bill:

- (1) The commission's discretionary authority in issuing a notice of right to sue has been restored. The department of labor and industrial relations testified that under current practice the department has discretion in issuing right-to-sue notices, but that such discretion is not "absolute" since the rules set conditions for mandatory or discretionary issuance of right-to-sue notices.
- (2) Section 378-6, Hawaii Revised Statutes, has been amended to replace the references to the department of labor and industrial relations and its director with references to the commission.
- (3) The term "public hearing" in line 16 of page 3 of the bill has been changed to "hearing".
- (4) The first sentence in section 9 has been changed by replacing the reference to "section 6" with "section 7" to correct what appears to be an error in the reference to the sections which become effective on July 1, 1989.
- (5) The second sentence in section 9 has been clarified to provide for input from the department of labor and industrial relations and the department of commerce and consumer affairs to ensure the smooth transition of the transfer of staff to the commission as well as the transfer of functions and records.

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 S.B. No. 1413, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1413, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 740 Ways and Means on S.B. No. 1565

The purpose of this bill is to make alternative sentencing available under certain conditions for offenders who have committed sexual assault on family members who, at the time of the assault, are under the age of eighteen.

Your Committee finds that the provision of alternative sentencing for these offenders constitutes a more effective and efficient penal approach to an increasingly serious and complex threat to our children and our families.

Based upon budget recommendations from the judiciary, your Committee has amended this bill by: inserting in Section 5 the sums of \$436,620 for fiscal year 1989-1990 and \$486,852 for fiscal year 1990-1991; deleting the appropriations provisions of Sections 6, 7, and 8; and renumbering consecutively the remaining sections. Your Committee has amended this bill further by making a number of 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. 1565, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1565, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 741 Ways and Means on S.B. No. 1800

The purpose of this bill is to add programs, projects, and activities on the subject of crime, including crime research, prevention, and education, to the functions of the department of the attorney general. The bill also provides general rulemaking authority to the department of the attorney general to assist in the overall management of the various boards and agencies being attached to the department.

The bill also repeals the Hawaii criminal justice commission and reestablishes it in a modified form within the department of the attorney general while transferring the commission staff, functions, appropriations, and records to the department of the attorney general. The modified commission will be comprised of seven members appointed by the governor.

The modified commission will be required to:

- (1) Perform research on matters as directed by the attorney general; and
- (2) Advise the attorney general on matters referred to it for review and on matters of interest and concern to the residents of the members' respective communities.

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. 1800, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1800, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 742 Ways and Means on S.B. No. 1801

The purpose of this bill is to extend the existence of the Hawaii criminal justice data interagency board through June 30, 1993.

Your Committee finds that the criminal justice data interagency board performs a beneficial function in promoting interagency cooperation in the development of a statewide criminal justice information retrieval and reporting system for the State.

Your Committee has amended this bill by appropriating funds to cover the travel expenses of neighbor island board members during fiscal years 1989-1990 and 1990-1991, and by making other technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1801, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1801, S.D. 1.

Signed by all the members of the Committee except Senator Koki.

SCRep. 743 Ways and Means on S.B. No. 1865

The purpose of this bill is to eliminate witness fees paid by the public defender's office from the scope of section 621-9, Hawaii Revised Statutes, relating to the budgetary procedures for paying the expenses of witnesses and defendants; and to shift responsibility for paying certified state and court appointed defense counsel witness fees from the department of budget and finance to the judiciary.

Your Committee finds that the present payment system is inefficient, resulting in long payment delays which in some cases required the State to pay interest on the late payments. This bill will reduce payment delays by speeding up the payment approval process.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1865 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 744 Ways and Means on S.B. No. 1866

The purpose of this bill is to transfer the administration of payment of fees for court-appointed defense counsel from the department of budget and finance to the judiciary.

Your Committee finds that the current system for making payments results in excessive delays, leading, in some cases, to the State paying interest on the delinquent fees. Transfer of this function should streamline the approval of vouchers and expedite the payments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1866 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 745 Ways and Means on S.B. No. 1935

The purpose of this bill is to carry out the mandate of Article VI, Section 3, of the Hawaii State Constitution by establishing a judicial salary commission. The commission is empowered to review and recommend salaries, with reports submitted to the legislature, governor, and chief justice prior to the legislative session considering the biennial budget. The chief justice is required to submit the recommendation as part of the judiciary's budget proposal, with the salary amounts in the budget as enacted taking precedence over inconsistent statutes.

Your Committee finds that the mechanism proposed in this bill will help to promote the recruitment and retention of qualified judges by ensuring that judicial salaries are reviewed on a regular and systematic basis.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1935 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 746 Ways and Means on S.B. No. 1937

The purpose of this bill is to alter the salaries of supreme court, intermediate court of appeals, circuit court, and district court judges.

Your Committee strongly supports the establishment of adequate financial incentives to make service on the courts of this State appealing to qualified and experienced practitioners. Your Committee finds that judicial salaries should be evaluated on a comprehensive basis in light of any proposed executive branch salary increases, as well as the projected outcome of collective bargaining with the public employee unions. Pending the determination of an accurate estimation, your Committee finds that it would be prudent to represent the salary increases with a temporary allocation.

Your Committee has amended this bill by including an appropriation of \$1 for each of fiscal years 1989-1990 and 1990-1991 to represent the temporary allocation for judicial salaries until the sums to be appropriated for these salaries can be established accurately.

Your Committee also made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1937, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1937, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 747 Ways and Means on S.B. No. 809

The purpose of this bill is to establish a division of historic preservation within the department of land and natural resources.

Specifically, the historic sites section will be elevated to a departmental division status within the department of land and natural resources and will administer the historic preservation program.

Your Committee believes that the protection of Hawaii's ancient artifacts and historic sites is of utmost importance and cannot be understated. Accordingly, the responsibilities of the historic preservation program are critical and the creation of a separate division will provide more visibility and support for the program.

Your Committee has made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 809, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 809, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 748 Ways and Means on S.B. No. 1125

The purpose of this bill is to establish a temporary commission to prepare a program to celebrate the two hundredth anniversary of the arrival of the Portuguese people in Hawaii in 1990. The program activities shall take place throughout the year and the commission shall encourage participation by the Portuguese community. The program shall include the production, publication, and distribution of films and other materials of the experiences of the Portuguese people in Hawaii; conferences, convocations, lectures, and seminars; and ceremonies, theatrical productions, and other special

events to commemorate the anniversary. The commission shall be placed within the office of the governor and shall cease to operate after June 30, 1991.

Your Committee finds that the Portuguese people have added their rich cultural life to Hawaii and that they have made significant contributions to the development of this State. Your Committee has amended the bill to appropriate \$25,000 for the commission to carry out its functions.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1125, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1125, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 749 Ways and Means on S.B. No. 1759

The purpose of this bill is to amend chapter 6E, Hawaii Revised Statutes, by adding a new section that would establish a Hawaii historic preservation revolving fund whose purpose would be to provide financial assistance to public and private agencies involved in historic preservation activities.

Your Committee has amended this bill by changing the appropriation to a blank amount.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1759, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1759, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 750 Ways and Means on S.B. No. 1787

The purpose of this bill is to: (1) establish a historic preservation division within the department of land and natural resources; (2) establish an advisory commission on burial sites within the department of land and natural resources for administrative purposes; (3) require the department to supervise the evaluation and management of burial sites; (4) require that all burial sites of major significance be left undisturbed; (5) allow the department to authorize disinterment without obtaining a permit from the department of health; (6) prohibit any person who violates the prohibitions against the removal or destruction of historic property from participating in the construction of state projects for a period of ten years; and (7) appropriate the sum of \$1 for the acquisition of the Honokahua burial site at Kapalua, Maui and the sum of \$100,000 to carry out the purposes of the Act.

Your Committee finds that the cultural traditions and values of the multi-ethnic peoples of Hawaii are directly affected by the historic preservation decisions of the State. Of particular significance to each group is the sensitivity with which government treats and protects burial sites and skeletal remains. Native Hawaiian unmarked prehistoric burials are especially vulnerable and are often not afforded equal treatment in terms of protection from unnecessary disturbance. This bill establishes procedures to ensure the proper treatment and protection of burial sites and human skeletal remains found in the State. To this end, this bill also appropriates a sum toward the acquisition of the burial site recently discovered at Honokahua on the island of Maui. Your Committee is hopeful that a proper settlement over the burial site will be negotiated before the end of the 1989 regular session.

Your Committee received testimony from the department of land and natural resources, the office of Hawaiian affairs and numerous other organizations suggesting amendments to this bill. Accordingly, your Committee has amended this bill as follows.

Section 2 of the bill, relating to the establishment of a state historic preservation division has been deleted. Your Committee finds that this section unnecessarily duplicates an action underway in another measure.

The notification requirements of the department which appear in section 3 of the bill have been amended to provide that the advisory commission on burial sites rather than the department shall formulate the list of relevant organizations to be alerted of the discovery of burial remains.

Section 3 has been further amended by eliminating the historic preservation office as a participant in the process of determining the significance of any particular burial site, leaving this responsibility to the advisory commission.

In sections 4 and 5 of the bill the term "state historic preservation office" has been replaced with the term "department" in recognition of the independent authority vested at the departmental rather than the divisional level.

The member appointment provisions of the advisory commission which appear in section 5, have been amended to provide that two members of the commission shall be selected from a list of five candidates nominated by the office of Hawaiian affairs. This amendment ensures that the office will have a role in determining the composition of the commission.

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

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1787, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1787, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 751 Ways and Means on S.B. No. 1985

The purpose of this bill is to establish the Hawaii Bishop Research Institute which would be a collaborative relationship between the Bishop Museum and the University of Hawaii. The bill also appropriates \$500,000 for each year of the 1989-1991 fiscal biennium for the establishment of the institute.

Your Committee finds that the Bishop Museum and the University of Hawaii have had a collaborative relationship since 1907 and the formalization of this relationship would provide Hawaii with extensive research capabilities in the areas of anthropology, botany, entomology, and zoology, among others.

Your Committee has amended this bill by deleting the appropriation provisions.

Your Committee has also amended this bill by deleting duplicate sentences on pages 3 and 4 relating to the president of the university and the president of the museum to be members of the board alternating annually as chair and vice chair of the board, and the salaries, benefits, and duties of the executive assistant. This is a technical, nonsubstantive amendment.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1985, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1985, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 752 Ways and Means on S.B. No. 527

The purpose of this bill is to provide that the salaries of substitute teachers shall be compatible with the salaries of regular teachers, as calculated on a per diem basis.

Historically, substitute teachers have been included within the scope of collective bargaining for regular teachers of the department of education and have received commensurate per diem pay increases when the salaries of regular teachers were raised. However, the 1987 collective bargaining negotiations between the State and the teachers failed to include substitute teachers, indicating that there is need to protect statutorily the earning power of these important members of the educational community.

This bill would include substitute teachers within the classification plan provided by section 297-31.1, Hawaii Revised Statutes. The department of education would assign each substitute teacher to an appropriate class according to the department's certification requirements and pay them a per diem rate based on the amount provided in the classification/compensation plan for regular full-time teachers in the same class.

Your Committee finds that substitute teachers are an essential part of the education system and are deserving of compensation appropriate to their professional role.

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 S.B. No. 527, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 527, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 753 Ways and Means on S.B. No. 653

The purpose of this bill is to adjust the rate of compensation provided to members of the board of education in executing their responsibilities, to add definitions of "actual attendance", "authorized board of education committee meeting", and "official board of education meeting" to section 296-5, Hawaii Revised Statutes, and to appropriate an unspecified amount for fiscal year 1989-1990 to implement these changes.

Your Committee finds that board of education members participate in many functions other than their regular meetings and deserve to be adequately compensated for their time and effort.

Your Committee has amended this bill by changing the respective rates of compensation to \$1.

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. 653, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No 653, S.D. 2.

Signed by all members of the Committee.

SCRep. 754 Ways and Means on S.B. No. 1839

The purpose of this bill is to establish a library special fund into which moneys collected as fines from overdue books and payments for lost or otherwise unreturned books and other materials are deposited. This fund would be used to purchase books or other library materials.

In 1988, the Legislature passed H.B. No. 2050, H.D. 1, S.D. 2, which would have established a public library revolving fund, in a form substantially similar to the present measure. However, H.B. No. 2050, H.D. 1, S.D. 2, was vetoed by the Governor. This bill was submitted by the administration as part of its package this year.

Your Committee finds that this bill represents an efficient and cost-effective means of maintaining up-to-date books and other library materials.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1839, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 755 Ways and Means on S.B. No. 1868

The purpose of this bill is to:

- (1) Extend the period of flexibility regarding budget allotment control and implementation for the department of education for another five years from June 30, 1989 to June 30, 1994;
- (2) Authorize the governor to suspend for no more than twelve months any allowance or exception granted to the department of education when it impairs the governor's ability to promote and ensure the economic and efficient management of the State's financial resources; and
- (3) Require the governor to notify the legislature within thirty days of any suspension.

Act 320, Session Laws of Hawaii 1986, granted both the department of education and the University of Hawaii a degree of administrative flexibility in the budget execution process. However, this flexibility was limited to a three-year trial period, scheduled to lapse at the end of this fiscal year.

Your Committee finds that the flexibility granted has enabled both the department of education and the University of Hawaii to administer their respective programs more effectively and efficiently. This has resulted in better delivery of their educational services to the public. This bill will continue that flexibility while providing a certain measure of fiscal safety for the State by allowing the governor the flexibility to administer the State's budget.

Your Committee has amended the bill to include the University of Hawaii regarding both the five-year extension and the safeguard measure. Your Committee has also 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. 1868, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1868, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 756 (Majority) Ways and Means on S.B. No. 1903

The purpose of this bill is to create a state educational facilities improvement special fund to be invested with \$90 million in general excise tax revenues as of September 1, 1989 and each year thereafter through 1995, to be expended for capital improvements for the State's public education system other than public libraries.

The quality of education available in an educational system bears a close relationship to the quality of the system itself, especially its physical plants. Your Committee finds that Hawaii's public schools require substantial repair and maintenance, and there is a need for new schools to provide for anticipated increased public school enrollments. The fund shall be terminated on June 30, 1999.

Your Committee has amended this bill by changing the amount of the general excise tax revenues to be transferred to the state educational facilities improvement special fund from \$90 million to a blank amount.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1903, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1903, S.D. 2.

Signed by all members of the Committee.
Senator George did not concur.

SCRep. 757 Ways and Means on S.B. No. 1883

The purpose of this bill is to authorize the state librarian to appoint a special assistant and a secretary for the special assistant. The bill amends the civil service exemption law to include the special assistant and one secretary for the special assistant as exempt employees.

Your Committee finds that there is a need for a special assistant to carry out a wide range of duties, including special projects, legislative interrelation, public information dissemination, and coordination of projects with certain national, regional, state, and local organizations and committees.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1883, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 758 Ways and Means on S.B. No. 1938

The purpose of this bill is to provide that whenever an exceptional child undertakes to perform work for a private employer as part of the child's instructional program, the State is deemed to be the responsible employer for the purposes of workers' compensation coverage.

Your Committee finds that this bill would encourage employers to participate in work programs which provide special training for exceptional children and would not affect workers' compensation benefits currently payable under the workers' compensation law.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1938, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 759 Ways and Means on S.B. No. 1966

The purpose of this bill is to permit the governor to appoint the third member of the classification/compensation appeals board and to distinguish between classification appeals and compensation appeals, so that the former may be considered on a timely and regular basis and the latter may be considered on a biennial basis.

Your Committee received favorable testimony on this bill from the department of education and the Hawaii Government Employees Association.

Your Committee has amended this bill by:

- (1) Clarifying that the third member of the appeals board shall serve as chairperson;
- (2) Changing the word "fifteen" on lines 8 and 9 of page 2 to "twenty";
- (3) Providing for the hearing of classification appeals on a quarterly rather than "timely and regular" basis;
- (4) Deleting the appropriation provision because funding already is provided for in the executive budget; and
- (5) Making other 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. 1966, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1966, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 760 Ways and Means on S.B. No. 646

The purpose of this bill is to expand the authority of the board of trustees of the Hawaii public employees health fund to contract for various types of dental, prescription drug, and vision care benefit plans.

Your Committee finds that current law regarding contracting under the public employees health benefits plan has been interpreted to mean that the board of trustees is restricted to contracting for only one type of dental, prescription drug, and vision plan.

This bill will expand the options of state and county employees with regard to their choice of dental, prescription drug, and vision care benefit plans to meet their health care needs.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 646 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 761 Ways and Means on S.B. No. 1405

The purpose of this bill is to allow the board of regents of the University of Hawaii to initiate pricing reviews of positions within the board of regents personnel system, and to include requests for the necessary salary adjustment funds in the budget through the governor.

Your Committee finds that civil service positions and board of regents positions, with the exception of faculty classes, are reviewed biennially for the purpose of determining equal pay for equal work when compared to comparable positions. Executive and managerial classes are also reviewed periodically to assure proper relationship with subordinates and peer institutions. Faculty classes are not reviewed and as a result, salaries have fallen behind peer institutions.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1405, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 762 Ways and Means on S.B. No. 1546

The purpose of this bill is to increase the post retirement allowances for retired members of the employees' retirement system (ERS) who are sixty-five years of age or older.

As noted in Senate Standing Committee Report No. 358, this bill is the result of the study conducted by the ERS board of trustees to propose recommendations to allow retirees to receive adequate protection against inflation. The bill proposes that the annual post retirement allowances payable on each July 1st be a percentage of the original benefit equal to the greater of 2.5 per cent or one-half of the percentage increase in the Honolulu consumer price index. The bill also provides that the maximum post retirement allowance shall not exceed four per cent of the monthly pension, annuity, or retirement allowance as originally computed and paid.

In testimony before your Committee, the secretary of the employees' retirement system noted that the cost of implementing the increases proposed by this bill would be about \$6.8 million. Accordingly, your Committee has amended the bill by including an appropriation section, but has provided for an appropriation of \$1 to the department of budget and finance.

Your Committee also made a technical, nonsubstantive amendment.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1546, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1546, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 763 Ways and Means on S.B. No. 1551

The purpose of this bill is to allow employees in the employees' retirement system of the State of Hawaii to purchase membership service credits for military service which was rendered before entering public service.

Your Committee finds that under present statutes, certain military service is recognized for membership service credit:

- (1) Military service when a member is inducted into the armed forces after June 24, 1950, in which event the employer government contributes to the account of the member during his leave of absence; and
- (2) Military service during the period 1941-1949 provided the person was an employee of the Territory or county prior to induction into the armed forces and subsequently returned to the employment of the Territory or county.

Such service may be purchased by the member and restricted to four years. This bill would allow the purchase of a third type of military service. This would be military service rendered at any time by the member even if rendered prior to membership in the retirement system. The purchase is limited to two years of such service which may be purchased if the member has 15 years of credited service.

Your Committee has amended this bill by including the following provision: "Any violation of this section shall result in the forfeiture of the amount of the purchase of membership service pursuant to sections 88-59 and 88-272(4)(B) and loss of benefits for such military service." This amendment is intended to prevent any abuses of this benefit.

Your Committee has also amended the bill to appropriate \$1.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1551, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1551, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 764 Ways and Means on S.B. No. 1553

The purpose of this bill is to reimburse members of the employees' retirement system of the State of Hawaii, who successfully appeal a claim for disability benefits to the board of trustees, for their attorneys' fees and costs. Current state law allows the appeal but does not entitle the member to these fees and costs. The bill also removes the provision permitting the board of trustees to refer the appeal to the medical review board.

At present, a state employee who suffers a job-related injury must obtain certification of permanent incapacity from the medical board. If the medical board denies the certification, the employee may appeal to the board of trustees. This appeal will result in the incursion of additional attorneys' fees and costs.

Your Committee finds that reimbursement of these fees and costs when a claimant makes a successful appeal is appropriate. Without such a provision, employees with meritorious claims may be unable to proceed with their appeals. Your Committee finds that abuse of this reimbursement process will be checked as the fees are subject to the board's approval.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1553 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 765 Ways and Means on S.B. No. 1554

The purpose of this bill is to permit certain public employees who retired due to disabilities after June 30, 1984 to receive free health fund medical insurance coverage.

Presently, the following persons are entitled to full health fund medical insurance coverage:

- (1) The surviving spouse and dependent children of an employee killed in the performance of the employee's duty;
- (2) An employee who retired before July 1, 1984, and the employee's family;
- (3) An employee who retired after June 30, 1984 with ten or more years of credited service, excluding sick leave, and the employee's family; and
- (4) Surviving spouses and dependent children of a deceased retiree under paragraphs (1) and (2) above.

This bill extends coverage to an employee-beneficiary who retired after June 30, 1984 (with less than ten years of credited service) due to:

- (1) A service-connected total disability retirement;
- (2) A service-connected occupational disability retirement; or
- (3) A service-connected disability.

Your Committee finds that this bill provides equity for persons who retired due to a service-connected disability.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1554 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 766 Ways and Means on S.B. No. 1555

The purpose of this bill is to establish a four-year pilot project for job-sharing for permanent, full-time employees of the executive branch, the judicial branch, the department of education, the University of Hawaii, the legislative reference bureau, the legislative auditor, and the office of the ombudsman, who belong to collective bargaining units 2, 3, 4, 8, and 13. Job-sharing is defined as the equal division of one full-time permanent position between two employees. Participation of each department is optional, and participation of the employees within each department is on a volunteer basis.

Your Committee received favorable testimony from the department of personnel services and the Hawaii Government Employees Association.

Your Committee finds that job-sharing provides a flexible employment option to retain valuable personnel who otherwise would not be able to continue their employment with the State. Job-sharing can help keep employees who need time to pursue educational opportunities, undergo additional training, or spend more time with their families. Your Committee notes that a state job-sharing project for teachers and librarians has been successful.

Your Committee has amended the bill to provide that the employees who qualify may be interviewed by either a personnel officer or other appropriate individual of the department.

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 S.B. No. 1555, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1555, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 767 Ways and Means on S.B. No. 1556

The purpose of this bill is to extend the benefits provided under Act 400, Session Laws of Hawaii 1988, to former members of the excluded managerial compensation plan.

Your Committee finds that Act 400 authorized the necessary pay adjustments for charter members of the excluded managerial compensation plan. The adjustments were made to correct situations wherein the pay of long-term employees had been exceeded by the pay of more recently promoted counterparts, because of changes in the method of computing promotional pay increases. However, Act 400 did not address the problem of those employees who, for various reasons, were no longer a part of the excluded managerial compensation plan.

This bill provides benefits for retirees and others who moved to nonexclusive managerial compensation plan positions. Equal treatment of equally situated employees, regardless of their current status, is the major objective in this bill.

Your Committee has amended this bill in accordance with suggested revisions submitted by the department of personnel services. Your Committee finds that charter members who temporarily left the plan should be entitled to the lump sum payment for the time they were initially in the plan. However, they should not be granted a subsequent lump sum payment or an additional pay adjustment on July 1, 1988, inasmuch as they have already benefitted through the rules

applicable to new employees. To avoid duplicating the problems created by Act 400, your Committee has eliminated the passage relating to the computation of the proposed pay adjustment rate.

Your Committee has further amended this bill by inserting the amounts recommended by the department of personnel services to be appropriated through the various funding sources for the purposes of this Act.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1556, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1556, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 768 Ways and Means on S.B. No. 1812

The purpose of this bill is to delete references to the post retirement fund in chapter 88, Hawaii Revised Statutes, because the post retirement fund no longer exists as a separate fund. Instead, the post retirement fund was merged into the annuity savings fund in 1988. This bill would eliminate obsolete references to a nonexistent fund.

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. 1812, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1812, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 769 Ways and Means on S.B. No. 1859

The purpose of this bill is to simplify the definition of an "employee" as it relates to the public employees health fund by eliminating redundant language.

This bill also provides a vehicle by which the legislature can determine the amount of employer contributions to the fund to be made by the State and the counties on behalf of retirees with less than ten years of service for fiscal years 1989-1991. In addition, this bill enables State and county employees employed by contract for less than one year to receive public employees health fund benefits where the director of personnel services has certified that the service is special or unique or is essential to the public interest, and that, because of circumstance surrounding its fulfillment, personnel to perform the service cannot be obtained through normal civil service recruitment procedures.

Your Committee has heard testimony from the director of finance that this housekeeping bill not only allows deserving short term employees to receive the benefits of the public employees health fund but also allows state and county departments and agencies increased leverage to contract for short term personnel for positions which are difficult to fill.

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. 1859, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1859, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 770 Ways and Means on S.B. No. 1863

The purpose of this bill is to give state employees the opportunity to participate in a wage and salary reduction program that qualifies as a cafeteria benefit plan under section 125, the Internal Revenue Code of 1986, as amended.

There is no current program under state law that qualifies as a cafeteria benefit plan within the meaning of section 125 of the Internal Revenue Code. This bill would establish a qualifying cafeteria benefit plan, allowing participating state employees to reduce their before tax compensation in return for payment by the State of the costs of eligible benefits. The plan would be an adjunct to the public employees health fund.

Your Committee finds that establishment of a cafeteria benefit plan will allow participating employees to take home more pay each pay period.

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. 1863, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1863, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 771 Ways and Means on S.B. No. 1968

The purpose of this bill is to add the term "group life benefit programs" to section 87-23, Hawaii Revised Statutes.

Under the current law, the public employees health fund makes a monthly contribution for each covered employee who participates in an employee organization's group life insurance program. These contributions, however, are specifically limited to "group life insurance programs," probably because life insurance was the most prevalent protection available to public employees at the time the health fund was created. This bill would allow employee organizations to seek different, possibly more advantageous, kinds of group life benefit protection for their members.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1968 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 772 Ways and Means on S.B. No. 1975

The purpose of this bill is to include investigators of the narcotics enforcement division of the department of the attorney general who began employment after June 30, 1984 as class A (contributory) members of the employees' retirement system. The bill also authorizes them to receive the same retirement benefit allowances that police officers receive. The bill requires that class C narcotics enforcement officers and class C investigators in the department of the attorney general become members of the class A contributory system.

The bill also clarifies that class A investigators of the department of the attorney general and various prosecutors' offices receive the same service retirement benefits given to police officers. Both types of investigators already contribute the same percentage of pay which police officers contribute.

Your Committee finds that narcotics enforcement officers and investigators of the attorney general and various prosecuting attorneys' offices perform many of the same tasks carried out by police officers. They are exposed to many of the same occupational hazards as police officers. Thus, narcotics enforcement officers as well as investigators of the attorney general's and prosecutors' offices should be treated like police officers for purposes of pension and retirement benefits.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1975, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 773 Ways and Means on S.B. No. 390

The purpose of this bill is to make an appropriation of \$1,500,000 to the department of business and economic development to enable Hawaii to participate in the Osaka Expo '90; provided that the appropriation is matched through private sector contributions of \$3,500,000.

Your Committee finds that Hawaii's participation in the Osaka Expo '90 will benefit the State's business community and will serve to strengthen our relations with other countries of the Pacific, Japan in particular. Through shows, exhibits, and demonstrations at the Osaka Expo, Hawaii will be able to display to an estimated two million visitors what the State has to offer in the way of business and industry. In addition, Hawaii will benefit from the positive public relations that will enhance the general level of goodwill and friendship between Hawaii and Japan and will enhance Hawaii's allure as a destination area by attracting visitors from around the world.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 390, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 774 Ways and Means on S.B. No. 814

The purpose of this bill is to establish a nonprofit Hawaii industrial development corporation within the department of business and economic development to assist innovative businesses with high growth potential, especially small and emerging enterprises which require advice and other assistance.

The bill requires the board of directors to be appointed by the governor and the director of the department of business and economic development to be the chairperson of the board. The board is required to appoint a president of the corporation.

The bill allows the corporation to enter into contractual arrangements including the provision of grants, loans, startup and expansion capital, and other forms of assistance to businesses which are likely to lead to business and economic development in the State. The corporation also has powers including, but not limited to the following:

- (1) Provision of advice and technical, managerial, and marketing assistance, support, and promotion to enterprises in which investments have been made;
- (2) Assistance in the preparation of business plans and proposals of businesses which are candidates for assistance from the corporation;
- (3) Coordination of its programs and activities with:
 - (A) Any education and training programs matching trained labor to employment opportunities;
 - (B) The high technology development corporation established under chapter 206M, Hawaii Revised Statutes; and
 - (C) Any federal or state enterprise zone programs;

- (4) The conduct of specialized programs designed to develop new products, businesses, and markets;
- (5) Publication of technical studies and organization and the conduct of conferences;
- (6) Investment of funds held in reserves in a lawful manner; and
- (7) The borrowing of money, giving of guarantees, or the acquisition of real property under certain conditions.

The bill also establishes a Hawaii venture capital revolving fund and empowers the corporation to invest moneys from the fund, subject to certain criteria and limits on the amount of investments, to:

- (1) Purchase qualified securities issued by enterprises for the purpose of raising seed capital;
- (2) Make grants, loans, and other monetary assistance;
- (3) Purchase securities as may be lawful investments for fiduciaries in the State; and
- (4) Stimulate business development in a way that does not duplicate capital assistance programs or other business development programs of the State.

Your Committee heard testimony from the department of business and economic development, the Business Development Council of the Chamber of Commerce of Hawaii, and First Hawaiian Bank in strong support of the bill.

Your Committee finds that this bill is particularly appropriate in light of the fact that the lack of venture capital in Hawaii to provide early phase business financing has long been seen as an obstacle to diversified growth. The absence of this type of financing has prevented many new and promising businesses from getting started or from expanding. As a result, many entrepreneurs have found that they must move from Hawaii to where capital is available, thus depriving the State of very valuable business and economic development.

Your Committee finds that the formation of venture capital in the State will likely increase the presence of venture capitalists--those with the know-how to advise and guide young companies and, if necessary, to take over struggling startups and set them back on the road to profitability. A Hawaii industrial development corporation, especially when allied with a Hawaii venture capital revolving fund, has the resources to aggressively seek out potentially profitable investment opportunities in new products and technologies.

Your Committee finds that the creation of a Hawaii industrial development corporation and a Hawaii venture capital revolving fund would make a strong and unequivocal statement of the seriousness of Hawaii's commitment to economic development and would go a long way in correcting the mistaken perception that Hawaii's business climate is not hospitable.

Your Committee has incorporated the suggestions made by the department of business and economic development by amending the bill to:

- (1) Require that one hundred per cent private matching funds be provided for funds made available by the corporation for direct capital investment in a business or project;
- (2) Broaden the definition of "seed capital" to include funds for development, refinement, or commercialization, or any combination of these, of a product or process and other working capital needs; and
- (3) Correct the amount which the corporation can invest in qualified securities under certain circumstances.

Your Committee has also amended the bill to:

- (1) Appropriate \$1 for fiscal year 1989-1990 to be paid into the Hawaii venture capital revolving fund for investment and \$1 for fiscal year 1989-1990 to staff and operate the Hawaii industrial development corporation; and
- (2) Make technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 814, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 814, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 775 Ways and Means on S.B. No. 841

The purpose of this bill is to appropriate funds for a research and technology center on Maui.

Your Committee finds that this bill will stimulate economic growth and development on the island of Maui.

Your Committee, in accordance with the Governor's message of February 21, 1989, has also amended the amounts appropriated for the research and technology center as follows: \$772,385 for fiscal year 1989-1990 and \$826,075 for fiscal year 1990-1991.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 841, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 841, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 776 Ways and Means on S.B. No. 907

The purpose of this bill is to provide certain tax credits for insurers who contribute to employment and economic development in this State, and to provide one rate of gross premiums taxation for both domestic and foreign insurers.

The bill makes the following changes to the law:

- (1) Equalizes the tax rate for domestic and foreign insurers;
- (2) Provides income tax credits for insurers and affiliates who maintain in the State documents pertinent to their financial condition, and officers and personnel knowledgeable of and responsible for their operations, and conduct in the State substantially all underwriting, policy issuing, and servicing operations relating to Hawaii policies;
- (3) Provides that the credits shall consist of contributions made by the insurer or its affiliate to the unemployment compensation fund, workers' compensation insurance, and temporary disability insurance; certain group life insurance plans, profit-sharing plans, and prepaid dental/health insurance for employees; and taxes paid under the Federal Insurance Contributions Act of 1954 for their employees;
- (4) Provides that the total amount of the credits shall not exceed 1.2 per cent of the gross premiums; and
- (5) Establishes an application and review mechanism for the tax credits.

Your Committee received testimony from the Hawaii Domestic Insurers Tax Committee, the department of commerce and consumer affairs, and a representative of seventeen national insurance companies.

Your Committee finds that the procedures outlined in this bill are fair and reasonable, and will encourage more responsibility among insurers toward local conditions and concerns, and to the people they employ. This bill will also improve the State's ability to regulate the insurance industry to help provide full protection for the people of this State.

Your Committee has amended the bill to delete the incorporation by reference of future amendments to sections 401 to 404 of the Internal Revenue Code contained in subsection (g)(2) on page 7, and by making technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 907, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 907, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 777 Ways and Means on S.B. No. 1052

The purpose of this bill is to establish a public, nonprofit organization to be known as the California-Hawaii cooperative Commission which shall provide for cooperative efforts between Hawaii and California in the fields of health promotion and development, environmental protection, information systems, telecommunications, and related technologies.

Your Committee believes that the State of Hawaii will indeed benefit from a cooperative relationship with California as proposed by this bill; however, your Committee agrees with the department of health that the health focus of this commission should be maximized. Accordingly, the bill has been amended to:

- (1) Replace references to "health promotion and development, environmental protection, information systems, telecommunications, and related technologies" with "health promotion and development, environmental protection, and related information systems, telecommunications and technologies";
- (2) Replace the term "Pacific Rim" with "Pacific";
- (3) Change the name of the commission to "Pacific health commission";
- (4) Delete the provision that the commission be placed in the office of state relations;
- (5) Delete the provisions stating the purposes of the service contract in California and add new provisions specifically related to health promotion; and
- (6) Designate the department of health instead of the office of state relations as the expending agency.

Your Committee also has amended the bill to require that Hawaii's members to the commission be appointed by the governor in accordance with section 26-34 and to state that the commission shall have all the powers and duties of a nonprofit corporation under California and Hawaii laws.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1052, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1052, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 778 Ways and Means on S.B. No. 1809

The purpose of this bill is to define and clarify the definitions of a "qualified business" and an "establishment" in the State's enterprise zones. The bill also updates and clarifies the location of areas that can be designated as enterprise zones according to the 1990 United States Census.

The income criteria used to qualify an area for designation as an enterprise zone as well as eligibility criteria for a business firm to be designated a qualified business within the enterprise zones are also clarified.

The bill clarifies that qualified businesses are required to hire a certain percentage of lower income residents, the people the enterprise zones are intended to benefit. Your Committee finds that the proposal to change the present requirement to a statement that such people "should" be hired is ambiguous at best, and useless at worst. Any move to give more flexibility to the businesses operating in the zones would be better accomplished by reducing the percentage rather than by changing the entire requirement into a meaningless gesture.

Finally, the bill adds the requirement that the delivery of manufactured goods or other tangible personal property by an establishment of a qualified business must take place within the same enterprise zone they are sold in.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1809, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1809, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 779 Ways and Means on S.B. No. 1864

The purpose of this bill is to enable employees of the Hawaii information network corporation to receive the same benefits as state employees, and to make technical corrections to chapter 206P, Hawaii Revised Statutes.

Your Committee amended this bill by deleting the phrase: "and shall not be entitled to any benefits conferred under chapter 89 relating to collective bargaining" from the proposed addition to section 206P-6 so that the sentence now reads: "Employees of the corporation shall be exempt from chapters 76 and 77." This amendment allows employees of Hawaii information network corporation to receive the same benefits as other exempt employees who receive benefits from collective bargaining such as health insurance.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1864, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1864, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 780 Ways and Means on S.B. No. 2004

The purpose of this bill is to provide financial support for early-stage entrepreneurs through supplemental grants of \$25,000 to awardees of Phase I grants under the federal Small Business Innovation Research (SBIR) program.

Your Committee finds that supplemental state grants for Phase I awardees will provide the encouragement and funds necessary for the awardees to continue their efforts to submit and receive Phase II grants.

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. 2004, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2004, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members in the Committee except Senator Koki.

SCRep. 781 Ways and Means on S.B. No. 2029

The purpose of this bill is to foster international activities; to establish a Hawaii motion picture authority, detail its purposes, enumerate its powers and duties, provide for its staff, and to appropriate money for its operation; and to appropriate funds to promote, support, and expand the State's motion picture industry.

Your Committee finds that support of activities related to international and intercultural understanding will provide further opportunities for Hawaii and its citizens. Your Committee further finds that film, video, and related technologies and activities are in need of support. However, your Committee finds that a Hawaii motion picture authority is not warranted at this time.

Accordingly, your Committee has amended this bill by eliminating the provisions to establish a Hawaii motion picture authority.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2029, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2029, S.D. 2.

Signed by all members of the Committee except Senator Koki.

SCRep. 782 Energy and Natural Resources on S.B. No. 1426

The purpose of this bill is to authorize the Public Utilities Commission to impose regulatory controls on certain types of businesses, or "aggregators" that use alternative operator services ("AOS").

Testimony in support of the bill was offered by the Public Utilities Commission, the Division of the Consumer Advocacy of the Department of Commerce and Consumer Affairs and the American Telephone and Telegraph Company. Because historically, use of AOS providers has resulted in abuses in other states, consumer protection measures appear necessary. Regulation of "aggregators" are desirable to the extent that operator service providers that are involved in inter-state and international operational assisted services, as well as intra-state telephone services or when the billing and collection of fees are arranged with Hawaiian Telephone Company, can be subject to review by the Commission.

Your Committee has amended Section 269 (b) to include language that will provide additional protection from arbitrary actions by the provider and to give the Public Utilities Commission the discretion to add further safeguards.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1426, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1426, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Hagino, Holt and McCartney.

SCRep. 783 (Majority) Business Development and Pacific Relations on S.B. No. 1803

The purpose of this bill is to amend the Hawaii Community Development Authority condemnation powers.

Section 206E-10, Hawaii Revised Statutes, currently provides condemnation power to the Hawaii Community Development Authority. This bill would amend that section by adding a new subsection consisting of a finding that "the condemnation of roadway parcels identified for closure in a community development district plan for the purpose of public or private land consolidation constitutes and serves a valid public purpose, and that such condemnation is in the public interest and is so declared as an express legislative determination."

Your Committee heard conflicting testimony from the Hawaii Community Development Authority (HCDA) and the City Council of the City and County of Honolulu about various aspects of this proposal. After due consideration, your Committee has concluded that the HCDA presently possesses the powers sought by this measure under the inherent police powers of the State and power derived by Article XI of the Hawaii State Constitution. Your Committee, therefore, has amended this bill by deleting proposed subsection (b).

Your Committee heard testimony from both the HCDA and the City Council that the increased development value may be a relevant factor in determining the award of compensation to the city and finds it is in agreement with this assessment. Your Committee, therefore, has amended this bill to remove the existing statutory provision barring consideration of the increased value of real property in the award of compensation upon condemnation.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 1803, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1803, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Levin.
Senators Matsuura and George did not concur.

SCRep. 784 Health on S.B. No. 83

The purpose of this bill is to provide standards for substance abuse testing.

The Hawaii Revised Statutes currently contains no standards for substance abuse testing. This bill would add such standards to the statutes, including the confirmation of positive test results, rulemaking authority for the Department of Health, limits on the use of test results, prior notice to employees of an employer's testing policy, provision of test results to employees, preservation of samples for retesting, and confidentiality of records.

Your Committee heard supporting testimony from the Director of Health and testimony supporting the intent of this bill from the American Civil Liberties Union and MTL, Inc. Your Committee, however, finds that it is unable to fully endorse the bill as introduced and has amended the bill substantially to ensure adequate minimum standards for substance abuse testing, and to provide more guidelines to employers and more protection to employees.

The amended bill features (1) an expanded definition section, (2) a provision requiring substance abuse tests to meet the requirements set forth in this bill, (3) licensing and operating requirements for testing laboratories, (4) a requirement that the Department of Health promptly adopt rules governing laboratory licensing, samples, testing methodology, threshold levels, chain-of-custody procedures, and retention and storage procedures, (5) testing procedures, (6) test results reports, disclosure requirements, disclosure and confidentiality of test results, and (7) penalties and injunctive relief for violations.

Your Committee on Health 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 except Senator B. Kobayashi.

SCRep. 785 Consumer Protection and Commerce on S.B. No. 496

The purpose of this bill is to provide increased flexibility in the return of security deposits by landlords to vacating tenants.

Current law requires that the return be made within fourteen days after termination of the rental agreement and provides that the obligation is acquitted if the return is by certified mail, return receipt requested, postmarked before the end of the fourteenth day. This bill would allow any acceptable proof of mailing or acknowledged receipt from the tenant to satisfy the return requirement.

Your Committee finds that this bill will provide both the landlord and the tenant with more flexibility in security deposit return transactions.

Your Committee has amended this bill by:

- (1) Deleting the certified mail provision;
- (2) Clarifying that acceptable proof of mailing must be provided by the U.S. Postal Service;
- (3) Providing for landlord compliance with the return requirement by any other competent evidence; and
- (4) Making nonsubstantive technical 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. 496, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 496, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 786 Consumer Protection and Commerce on S.B. No. 864

The purpose of this bill is to amend the laws of the State relating to preoperative requirements for health clubs.

Under the present law, a health club may maintain a fidelity bond in lieu of an escrow account if the principal sum is at least as great as the total prepayment received for all health club contracts entered into prior to opening, or \$50,000, whichever is greater.

This bill increases the required bond amount from \$50,000 to \$100,000.

Your Committee heard testimony in support of this measure from a representative of the Spa Health and Fitness Center who testified that raising the bond amount will not resolve the problem of the closing of health clubs but will increase the cost of doing business in Hawaii. Your Committee believes that the protection of the public can be achieved without higher costs being incurred by both the consumer and the health club industry, and has amended the bill by repealing section 486N-10, Hawaii Revised Statutes, relating to preoperative requirements for health clubs and inserting material into chapter 486N, Hawaii Revised Statutes, which:

- 1) Amends the definitions section in chapter 486N to include "contract price". This language was included to avoid truth-in-lending arguments by patrons who may seek to avoid their contractual obligations;
- 2) Provides that a health club may only collect an initial payment of twenty percent of the total purchase price of the membership to limit a patron's exposure to loss if the health club closes before the expiration of the term of the contract;
- 3) Provides that the balance of the contract price may be paid on an installment basis and the health club is permitted to charge interest on the unpaid balance;
- 4) Requires a health club to maintain one of the following forms of security: a surety bond, a certificate of deposit, or a recorded security interest;
- 5) Provides a schedule of the amount of security required, based on the number of years the health club has been operational;
- 6) Provides an exemption from security requirements for health clubs offering memberships only on a monthly basis;
- 7) Requires health clubs to provide written proof of compliance to the director of commerce and consumer affairs; and
- 8) Provides procedures for filing a claim with the surety.

Your Committee finds that these amendments will provide for the greatest amount of equity and protection for both the consumer and the health club industry.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 864, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 864, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 787 Consumer Protection and Commerce on S.B. No. 1379

The purpose of this bill was to establish bidding priorities for a failing bank or a failing industrial loan company whose investment certificates are insured by the FDIC.

Section 411-6, Hawaii Revised Statutes, currently provides that the State Commissioner of Financial Institutions shall consider only applications to acquire failing state-chartered financial institutions from state-chartered financial institutions, their bank holding companies, national banks whose principal place of business is in this State and natural persons who are residents of this State. This bill would provide that the following institutions may submit a bid to the Commissioner of Financial Institutions: (1) local banks; (2) local bank holding companies; (3) national banks whose principal place of business is in this State; (4) in-state savings and loan associations; (5) in-state savings and loan holding companies; (6) natural persons who are residents of the State; and (7) if no suitable bids are submitted, out-of-state banks or their holding companies.

Your Committee finds that all locally-established financial institutions should be entitled to submit bids to the Commissioner of Financial Institutions in an emergency acquisition situation.

Your Committee has, however, amended this bill to increase the 48-hour time period to 72 hours in order to provide a prospective bidder with the opportunity to review and analyze relevant financial statements. After the 72-hour period has ended and no suitable bids have been received, the commissioner may consider bids from out-of-state financial institutions.

Finally, your Committee has amended this bill by revising existing law rather than creating a new section for Chapter 411. Your Committee has also retained natural persons as a category of applicants who would be able to submit a bid in an emergency acquisition situation.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1379, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1379, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 788 Consumer Protection and Commerce on S.B. No. 1385

The purpose of this bill is to update the law with respect to the practice of podiatry.

Chapter 463E, Hawaii Revised Statutes, currently regulates podiatrists and defines podiatry. This bill would replace the word "podiatry" with the modern terminology "podiatric medicine", along with an appropriate definition thereof.

Upon consideration of the testimony presented, your Committee has amended this bill by adding clarifying language to the existing definition of "podiatry" in section 463E-1, Hawaii Revised Statutes, and by deleting the proposed new definition.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1385, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1385, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 789 Consumer Protection and Commerce on S.B. No. 1813

The purpose of this bill is to make various amendments to the Insurance Code. The changes are for the most part technical and would resolve specific situations which the Insurance Division of the Department of Commerce and Consumer Affairs has encountered over the past year.

Specific substantive provisions of this bill are as follows:

<u>Bill Section</u>	<u>Code Section</u>	<u>Explanation</u>
1	413:2-307	Amends Insurance Examiner's Revolving Fund to permit reimbursement of staff examiners for expenses incurred in examination-related activities.
2	413:3-206	Changes effective date capitalization requirements to correspond to the Code effective date and clarifies when foreign/alien insurers are subject to the additional capitalization requirement.
3	431:4-120	Defines "insurance holding corporation" for purposes of the section. Limits application of the section to holding corporations in which the insurance company comprises more than 20% of corporation assets.

4	431:4-202	Corrects the corporation law section reference and requires compliance with the subsequent financing provision of the Code.
5	431:7-301	Clarifies that Article 3 deposit requirements control in event of discrepancy with Article 7.
6	431:8-211	Decriminalizes violations of part 2 to conform to other penalties in Article 8.
7	431:8-312	Adds requirement that surplus brokers maintain a written statement re: diligent efforts to place insurance with authorized insurers.
8	431:9-213	Restricts designated representatives to representing a single corporation or partnership unless representing affiliated companies.
9	431:9-219	Permits individuals worldwide to be licensed as nonresident agents here provided our residents are treated in a reciprocal manner. Licensing is currently limited to the United States and Canada.
10	431:10-107	Makes requests for approval to use a contract subject to \$20 filing fee when the score is less than the minimum Flesch reading ease test score.
11	431:10A-302	Subjects all Medicare supplement policies and certificates issued to Hawaii residents to regulation pursuant to Article 10A of the Insurance Code.
12	431:10B-108	Eliminates redundancies in the credit insurance rating law and clarifies the procedure for rate deviations.
13	431:10C-203	Clarifies that insurers must have written approval from the Commissioner to implement motor vehicle insurance rates before their proposed effective date.
14	431:11-104	Extends the period for hearing after filing from 30 to 60 days, and permits extension of the 60 day period by agreement of the commissioner, the acquiring party, and the party to be acquired.
15	431:19-101	Eliminates requirement that associations forming as captive insurance companies be in continuous existence for at least one year.
16	431:8-303	Repealed.
17	431:8-304	Repealed.

Your Committee finds that these changes are necessary for the accurate and efficient administration of the Insurance Code.

Your Committee has amended this bill by deleting SECTION 15 and by deleting the phrase "group or master" which modified the term "medicare supplement policy" on pages 12 and 13 of the bill as introduced. Your Committee has also made numerous 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. 1813, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1813, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 790 Consumer Protection and Commerce on S.B. No. 1814

The purpose of this bill is to amend the laws of the State relating to motorcycle and motor scooter insurance.

This bill will: 1) establish separate provisions for motorcycle and motor scooter insurance, 2) provide for the regulation of motorcycle and motor scooter insurance by the insurance commissioner; and 3) repeal liability insurance coverage requirements for motorcycles and motor scooters under the motor vehicle insurance law.

Your Committee received testimony in support of this measure from Street Bikers United and finds that this bill will clarify the law regulating motorcycle and motor scooter insurance, and is essential in protecting the rights of operators and insurers alike.

Your Committee amended the bill by making technical, 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. 1814, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1814, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 791 Housing and Hawaiian Programs on S.B. No. 417

The purpose of this bill is to require that residential leasehold property leases clearly state pertinent facts regarding the surrender clause, length of the lease, and dates of reopening for lease rent renegotiation, at the beginning of the lease.

Your Committee received testimony from the Housing Finance and Development Corporation, the Kamehameha Schools/Bernice Pauahi Bishop Estate, a number of lessors, and realtor Peter Savio. All agreed with the concept of disclosing pertinent information to potential buyers of leasehold condominiums and cooperatives, but disagreed with the manner in which this bill would mandate that such disclosure be made.

Your Committee has amended this bill with substantive material as follows:

- 1) Section 467-14(13) has been amended so that violating any provisions of Chapter 516 and the new chapter relating to residential leasehold condominiums and cooperatives would constitute grounds for revocation and license suspension.
- 2) Section 514A-61, relating to disclosure requirements for condominium property regimes, has been amended to reflect that the disclosure requirements set forth in the new chapter shall also apply to this section.
- 3) A new section has been added to Chapter 516, relating to the disclosure of residential leases. This section requires that for any sale of residential leasehold property, the deposit, receipt, offer, and acceptance (DROA) contract must state that within ten working days from offer and acceptance, the seller must provide to the buyer a recorded copy of the original lease and any amendments. The buyer then has ten working days to review and accept the terms of the lease. The buyer is required to sign an affidavit which shall include the following information: a summary of major provisions of the lease in plain language, such as the length of the lease, lease rent terms, lease rent renegotiation dates, how renegotiated lease rents will be calculated, and surrender clause provisions; a glossary of commonly used lease terms in plain language; and a statement that the buyer has read and understands the provisions of the lease document.
- 4) A new chapter entitled "Residential Leasehold Condominiums and Cooperatives" has been added. In addition to requiring that major provisions in the lease be disclosed, it requires the buyer to sign an affidavit that includes a statement that there are currently no statutory provisions for the mandatory conversion of leasehold condominiums and cooperatives, and that there are no assurances that such measures will be enacted in the future.

A new section relating to mandatory arbitration of renegotiated lease rents for condominiums has been added under this chapter. This section requires that on resale of the unit the buyer will be required to sign an affidavit acknowledging receipt of the lease documents. Within ten days after receipt of the affidavit or the lease document, whichever occurs later, the buyer shall have the right to cancel the offer to purchase with no loss of deposit.

- 5) The effective date of the Act has been changed to January 1, 1990.

Your Committee finds that disclosing major provisions in leases is important and necessary to ensure that people make informed decisions when entering into lease contracts.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of S.B. No. 417, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 417, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 792 Agriculture on S.B. No. 1568

The purpose of this bill is to provide an appropriation to the College of Tropical Agriculture and Human Resources of the University of Hawaii to assist the anthurium industry in eradicating anthurium bacterial blight.

While it fully supports every effort to address the problem of anthurium blight in Hawaii, your Committee finds that the amendments proposed in this bill unnecessarily duplicate similar efforts currently under consideration in other bills. Accordingly, your Committee has amended this bill by deleting its substance and by inserting amendments relating to the regulation of pigeons and aviary game birds.

Your Committee finds that Act 86, Session Laws of Hawaii 1988, repealed the law relating to the regulation of pigeons and aviary game birds. Based on the belief that there existed no reason for the Department of Health to continue the regulation of pigeon and aviary game bird raising on the basis of public health, and that the paperwork involved in the issuance of state permits was therefore unnecessary, Act 86 eliminated all Departmental involvement in the regulation of these activities. Without the Department's oversight in pigeon and aviary game bird raising, county zoning regulations took precedence.

In the case of the City and County of Honolulu, zoning regulations equate the raising of pigeons and aviary game birds to the raising of livestock, which is strictly limited in residential areas. Consequently, according to the City and County's zoning regulations, owners are allowed to raise a maximum of two birds each in areas zoned residential. Because hobbyists raise and maintain hundreds of pigeons for competition or exhibition, the present situation has seriously jeopardized the viability of this sport in Hawaii.

Your Committee finds that uniform and reasonable regulation of pigeon and aviary game bird raising is necessary throughout the State. The purpose of this bill is to designate the Department of Agriculture as the lead agency in the regulation of pigeon and aviary game bird raising. The Department of Health will transfer their records on pigeon and aviary game bird raising to the Department of Agriculture to ensure that all records are retained by the lead agency.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1568, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1568, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 793 Agriculture on S.B. No. 1164

The purpose of this bill is to amend Chapter 141, Hawaii Revised Statutes (HRS) by expanding the general duties, rulemaking and certain operating responsibilities for the Department of Agriculture (DOA).

Specifically, this bill adds two new sections to Chapter 141. The first section on control or eradication programs would provide mechanisms for the DOA to establish control or eradication programs for any pest designated in Section 141- or for any pest designated by emergency rule. The other section on entry of private property to control or eradicate any pest would provide uniform procedures to enter private property to control or eradicate any pest. The bill also amends Section 141-3 requiring the DOA to establish criteria and procedures for the designation of pests for control or eradication, assist in such control and provide means for emergency response procedures. Section 152-7, HRS, is deleted in its entirety.

Currently, Hawaii law only applies to the control or eradication of incipient infestations of pests. The authority in this bill will also permit the implementation of eradication programs for established pests, such as fruit flies. Further, the access authority in this bill would allow the department to effectively plan and apply eradication measures by entering private property, if necessary.

Your Committee heard supporting testimony from the Hawaii Farm Bureau Federation, the Board of Agriculture, the Hawaii Sugar Planters' Association and the Hawaii Fruit Fly Committee.

Your Committee has amended this bill by deleting the word "insect" as stated on page one, line 14. The title of the proposed section 141- would then read, "Entry of private property to control or eradicate any pests."

Your Committee finds the actual and potential threat to agriculture and all plants in Hawaii is serious enough that the increase in powers of the Department of Agriculture provided by this bill are necessary and desirable.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1164, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1164, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 794 (Joint) Tourism, Recreation and Planning and Transportation on S.B. No. 1165

The purpose of this bill is to prohibit the operation of commercial thrill craft, parasailing, or motorized vessels towing persons engaged in parasailing.

Noncommercial thrill craft operations and parasailing would be permissible in areas designed by the Department of Transportation.

Your Committees find that the present regulations regarding commercial thrill craft operation in state waters are inadequate despite recent statutory amendments and Department rules. New data presented to your Committees suggest that certain endangered marine species such as the humpback whale and green sea turtle are threatened by current thrill craft operations. In addition, it has also been suggested that the operation of thrill craft may be harmful to other marine life and the ocean ecosystem. Your Committees have learned that this potential problem has prompted the National Marine Fisheries Service to request a number of rule amendments to the State Ocean Recreation Management Plan in

order to ensure the continued protection of the humpback whale. Certain environmental groups have followed suit by initiating legal actions against the State for similar reasons.

In the absence of specific statutory prohibitions, the Department has addressed some of these concerns by proposing certain rule changes which would effectively ban the operation of all commercial ocean recreation activities during specific times and in specific areas. It has been proposed, for example, that all commercial ocean recreation activities be banned on weekends and holidays in areas such as Kaneohe and Maunaloa Bays that are heavily utilized by the public. Along these same lines, your Committees have also asked the Department to re-examine its current rules which requires each commercial operator to carry a minimum level of personal liability insurance coverage. Your Committees believe that strict compliance and enforcement of this requirement is critical for the protection of the general public.

As mentioned previously, the recommendations of the National Marine Fisheries Service and the potential adverse biological impact on the ocean environment in Kaneohe Bay and other areas of unique ecological significance have also been seriously taken into consideration by the Department for potential rule amendments.

Your Committees also find that baseline data in the form of a statewide inventory and assessment of the State's near shore waters should also be given serious consideration by the Department for inclusion in the Ocean Recreation Management Plan. By necessity, such an assessment will include data which accurately describes the individual environmental, ecological, and archaeological features of different ocean areas. With this information, decisions regarding the recreational uses of certain ocean areas can be made in light of objective scientific research and analysis. Your Committees note that efforts along these lines are being proposed by the Department of Land and Natural Resources in the current Executive Budget Request.

Your Committees have substantially amended this bill by imposing a two year moratorium retroactive to January 1, 1989 on the issuance of any new certificate of number for any thrill craft for commercial use or vessel used for parasailing. Your Committees believe that the moratorium on new commercial activities will allow the Department sufficient time to reevaluate its rules on thrill craft and parasailing operations while limiting the proliferation of new commercial activities. The bill has also been amended to statutorily prohibit the transfer of any commercial use and operator permits issued by the Department for commercial thrill craft and parasailing activities from one commercial enterprise to another.

Your Committees on Tourism, Recreation and Planning and Transportation are in accord with the intent and purpose of S.B. No. 1165, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1165, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Senators Levin, Menor and Mizuguchi.

SCRep. 795 Agriculture on S.B. No. 667

The purpose of this bill is to amend Chapter 195, Hawaii Revised Statutes, to provide for a public hearing when a new natural area reserve is established or modified.

In the past hearings have been held, but they were held in conjunction with hearings pertaining to Conservation District Use applications and Forest Reserve changes. The bill ensures that there will be opportunity for public input and allow for legislative oversight.

Your Committee heard supporting testimony from the state Department of Land and Natural Resources and the Natural Resources Defense Council.

Your Committee has amended this bill by including a new section on the designation of natural area reserves. The section provides that any suitable public and private land may be designated and included in the natural area reserve system by a concurrent resolution passed by the Legislature. State owned lands under the jurisdiction of the department may also be designated by a resolution adopted by the Board of Land and Natural Resources and approved by a concurrent resolution passed by the Legislature. The bill also requires the Natural Area Reserves Commission to submit an annual progress report to the governor and the Legislature.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 667, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 667, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 796 Agriculture on S.B. No. 1572

The purpose of this bill is to authorize the state Department of Health to establish a new recycling and solid waste management program to encourage waste reduction and recycling for the purpose of instilling a new ethic of resource conservation. Specifically, chapter 340A, Hawaii Revised Statutes, has been amended to provide the statutory authority necessary to establish and implement this program.

Your Committee finds that Hawaii's present methods of waste reduction and recycling are inadequate, and that more aggressive and innovative approaches are needed. As Hawaii approaches the 21st century, available landfill space will become increasingly inadequate or insufficient to address the mounting solid waste disposal crisis. Proper statutory authority will enable the state Department of Health to establish a Recycling Office to carry out program planning, development and coordination with the counties.

Your Committee has amended this measure by providing that state agencies have until December 31, 1990 to establish the required procedures. The amendment is necessary because funding will not be made available until fiscal year 1990-1991. Accordingly, your Committee has also amended the effective date of this measure to July 1, 1990.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1572, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1572, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 797 Transportation on S.B. No. 1918

The purpose of this bill is to increase the penalty imposed for vehicles which exceed the prescribed maximum weight and hold the operator or employer of the operator of the vehicle responsible for overweight violations.

This bill would amend the existing fine tables by increasing the amounts imposed on violators and by providing for a minimum double or triple penalty for the second and third violation within one year of the first violation.

Your Committee finds that presently, many motor carrier companies are continuing to travel on our highways without regard to vehicle weight restrictions and are willing to pay the minimum fine on bail forfeitures.

Your Committee finds that increasing the fines may deter future weight violations, thereby reducing the wear and tear on our highways.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1918 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 Levin.

SCRep. 798 Transportation on S.B. No. 24

The purpose of this bill is to implement the changes recommended by the Committee on Derelict and Abandoned Vehicles, created by S.R. No. 101, S.D. 1 (1987).

The Committee recommended in its report to the Legislature to:

- (1) Raise the appraised value of abandoned vehicles from \$100 to \$250 to allow the waiver of a public auction and in which case the vehicle may be disposed of in the same manner as when a vehicle is put up for public auction and for which no bid is received;
- (2) Require independent appraisers to have at least one year of experience in the sale or purchase of motor vehicles as a licensed motor vehicle salesperson; and
- (3) Allow the removal of vehicles left unattended on private property for more than forty-eight hours.

The bill has been amended by including the Director of Finance to appraise a vehicle with a value of less than \$250 and to dispose of the vehicle without a public auction. And, the bill changed the removal of unattended vehicles for more than twenty-four hours to forty-eight hours to provide for proper notice.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 24, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 24, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Levin.

SCRep. 799 Energy and Natural Resources on S.B. No. 1771

The purpose of this bill is to amend the laws relating to special management areas and the Department of Transportation.

This bill adds the activities regulated under Section 266-3 to those activities not considered to be a "Development" for the purposes of Chapter 205A, Part II, Special Management Areas.

Your Committee has amended this bill by replacing the activities regulated under Section 266-3 with the commercial ocean recreation activities regulated under Chapter 267, Hawaii Revised Statutes (HRS), which pertains to boating law.

Your Committee finds that the activities regulated under Chapter 267, HRS, would provide a more suitable definition for the purposes of this Act.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1771, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1771, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 800 Energy and Natural Resources on S.B. No. 1433

The purpose of this bill is to ensure that the Public Utilities Commission (PUC) will consider alternative and experienced providers of relay services related to telecommunications in implementing a program for the deaf and hearing-impaired no later than July 1, 1989.

Testimony in support of this bill was received from the American Telephone and Telegraph Company, Inc. and the Public Utilities Commission, which supported the intent of the bill but requested delay in the implementation of the service until December 31, 1989. Opposing testimony was submitted by the Commission on the Handicapped, the Hawaii State Coordinating Council on Deafness, the Gallaudet University Center on Deafness, the Hawaii Services on Deafness, the International Brotherhood of Electrical Workers and Mr. Art Frank. Objections to the bill centered on the belief that the use of a company other than the local telephone company would not be able to offer access to telephone services to the hearing impaired equal to that of the general public. The GTE Hawaiian Telephone Company testified that it had moved quickly to install the required service and that the solicitation of service proposals by other parties was counterproductive to rapid implementation of the service.

Your Committee finds that a technologically advanced and cost effective dual party relay service for the hearing and speech impaired is of major importance to the State of Hawaii. For this reason, your Committee has amended Section 269-166 to emphasize that the Public Utilities Commission must have the flexibility to thoroughly investigate the availability of such a service in an expeditious manner in order to establish the relay service as soon as possible.

Your Committee finds the Commission should proceed with its investigation and specifications to meet the July 1, 1989 implementation, but in no event shall implementation be delayed beyond September 1, 1989, including an outreach program to the hearing and speech impaired to inform them of the program. Section (f) has been added to reflect this change.

Your Committee further finds that the formation of a special needs committee is appropriate and necessary to monitor the effectiveness of the relay program and to make recommendations to the Commission on system improvements and enhancements. Section (d) reflects the changes made.

Further, the Commission should investigate the need for a distribution program for telecommunications devices for the deaf (TDD's).

Your Committee's intention is, the Commission should be authorized to approve a surcharge on all telephone subscriber lines or their equivalent. This surcharge will provide funds to implement and maintain the programs mandated by this bill. Such a surcharge shall be separately identified on customer's bills as "special needs communications funds," as reflected in section (e).

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1433, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1433, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 801 Transportation on S.B. No. 1895

The purpose of this bill is to amend Section 286-27, Hawaii Revised Statutes, to require the counties to continue to provide for administrative and enforcement services for the licensing and monitoring of motor vehicle inspection stations.

This bill would make the counties directly responsible for their motor vehicle inspection programs rather than having the Director of Transportation contract for the counties' services.

In 1967, the Legislature passed a law which provided for the periodic safety inspection of vehicles. Substantially, it was an adoption of the requirements existent in the counties and provided that the county officers who administered the inspection programs continue to do so, and that the County Councils determine the fee for the inspection in their respective counties. The Director of Transportation coordinated this program through its newly created Motor Vehicle Safety Office.

Your Committee finds that the counties should have the authority to provide for the total management of their motor vehicle inspection programs.

Your Committee has amended this bill by adding a new subsection (e) to the bill which requires that the counties be reimbursed for the costs they incur in providing for services under subsection (d). Your Committee has also amended this bill by making a technical change that has no substantive effect.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1895, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1895, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin and McCartney.

SCRep. 802 Labor and Employment on S.B. No. 1945

The purpose of this bill is to amend Section 386-10, Hawaii Revised Statutes, pertaining to notice of insurance requirements for out-of-state employers under Hawaii's workers' compensation laws.

Currently, an out-of-state employer is required to file with the State a notice of insurance together with a copy of its insurance policy countersigned by a person licensed under Chapter 431. Since Chapter 431 no longer requires insurance policies to be countersigned by a local general agent, this bill would amend Section 386-10 to conform to the new notice of insurance requirements established in Section 386-122.

Your Committee heard testimony in support of conforming Section 386-10 to current law, but several testifiers expressed concern that this bill could be construed to allow an out-of-state employer to provide insurance coverage that is inferior to the coverage required of Hawaii employers.

Upon consideration, your Committee has amended this bill to make clear that such an employer must comply with the provisions of Section 386-121 and obtain insurance coverage as specified therein as a condition of doing business. Your Committee finds that maintaining this requirement is an essential step in ensuring that Hawaii employers are able to bid on local projects on an equal basis with out-of-state employers.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1945, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1945, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 803 Labor and Employment on S.B. No. 1511

The purpose of this bill is to amend the definition of "employment" in chapter 386, Hawaii Revised Statutes, the Workers' Compensation Law.

More specifically, the following services performed by an individual are deemed to fall outside the meaning of "employment:"

- (1) Services performed by an individual for an employer if the individual is concurrently an employee of a second employer and owns at least fifty-one per cent of both corporations. This bill redresses an inequity in current law under which these persons are required to pay workers' compensation premiums twice, but have no possibility of recovering twice.
- (2) Services performed by an individual for a corporation if the individual owns at least fifty-one per cent of that corporation and elects to waive coverage. This bill will give these persons the right to decide against workers' compensation coverage if they so choose.

Your Committee received testimony in support of this bill from the National Federation of Independent Business, and the Hawaii Business League and finds that amending the workers' compensation laws in the proposed manner will eliminate an existing inequitable situation and give more flexibility to Hawaii's business owners.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1511 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 804 Labor and Employment on S.B. No. 1963

The purpose of this bill is to amend the fraud provisions of chapter 386, Hawaii Revised Statutes, the Workers' Compensation Law.

Section 386-98 currently authorizes penalizing any individual who willfully makes a false statement to obtain workers' compensation benefits. This bill amends section 386-98 to specify that the Director of the Department of Labor and Industrial Relations shall terminate the compensation being paid to such a person, or the person's beneficiary, and requires that the person or beneficiary make restitution.

Your Committee heard testimony in support of this measure from the Department of Labor and Industrial Relations, the Chamber of Commerce of Hawaii, the National Federation of Independent Business, and others. Your Committee finds that the amendments proposed by this bill will act as deterrents to the fraudulent application for workers' compensation benefits.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1963 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 805 Labor and Employment on S.B. No. 485

The purpose of this bill is to add a bad faith penalty provision to Chapter 386, Hawaii Revised Statutes, the Workers' Compensation Law.

Under current law there is no provision pertaining specifically to bad faith conduct by employers in the processing of workers' compensation claims. This bill prescribes that a penalty of two hundred percent of the amount claimed by the injured employee shall be assessed against any employer, any employer's insurer, or both, who acts in bad faith in the processing of a workers' compensation claim.

Your Committee heard testimony in favor of the intent of this bill, but several testifiers expressed concern about the bill as introduced. Upon further consideration your Committee has amended this bill by deleting its contents and inserting language derived from S.B. No. 1371, S.D. 1 from the 1987 legislative session.

As amended, this bill authorizes the imposition of a penalty of up to two hundred percent of the total unpaid compensation against either an employer or the employer's insurer, but not both, for bad faith or malicious handling of an employee's workers' compensation claim. This penalty is made the exclusive remedy for such bad faith conduct. Additionally, this bill reduces the time for payment of compensation from thirty-one days to twenty-one days.

Your Committee finds that establishing the proposed statutory penalty as the exclusive remedy for bad faith or malicious handling of workers' compensation claims will provide an adequate means of redress for employees with meritorious bad faith claims while simultaneously halting the proliferation of civil litigation premised upon such claims.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 485, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 485, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 806 Labor and Employment on S.B. No. 1560

The purpose of this bill is to provide collective bargaining representatives of public employees with certain information that is contained in government personnel and payroll records.

This bill provides collective bargaining representatives with information on public employee positions, listings of all facilities where such employees work, conversion tables to translate employing agency codes, and specific identification information pertaining to such employees.

Your Committee heard testimony in opposition to this bill from the Department of Personnel Services, the Department of the Attorney General, the Office of Information Practices, the Office of Collective Bargaining, the University of Hawaii, and the Judiciary. Those testifiers expressed concerns that the bill needlessly infringed upon personal privacy rights, but did not effectively accomplish its stated objective.

The Hawaii Government Employees Association testified in support of the bill on the grounds that collective bargaining representatives needed access to certain information that would be denied them by Act 262, Session Laws of Hawaii 1988, the Uniform Information Practices Act (UIPA), that becomes effective on July 1, 1989.

After due consideration and consultation with and among the affected parties, your Committee has deleted the substance of the bill to avoid possible constitutional problems and inserted new material that provides collective bargaining representatives with the needed information, yet is less intrusive of personal privacy rights. The bill as amended thus provides basic employee information such as position number, type of appointment, service computation date, occupational group or class code, bargaining unit code, and employing agency name and code.

Your Committee also amended the effective date of this bill so that it will take effect upon July 1, 1989, the same date that the UIPA takes effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1560, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1560, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 807 Labor and Employment on S.B. No. 1886

The purpose of this bill is to authorize the Director of the Department of Personnel Services (DPS), with the approval of the governor, to appoint eligible persons on a temporary and conditional basis to fill job openings that have been categorized as shortage positions.

Section 76-31, Hawaii Revised Statutes, currently allows the DPS to make provisional appointments pending certification of a list of eligible candidates, and short term appointments as needed. This bill would also allow the DPS to make temporary appointments that would be conditional upon the appointee later being certified and receiving probational appointment.

Your Committee heard testimony in support of this measure from the DPS, the Department of Health, and the Hawaii Government Employees Association (HGEA). The HGEA also testified, however, that while it is a good start, this bill does not go far enough to truly address the problems relating to the hiring of employees for shortage positions. Upon consideration your Committee agrees that more must be done to address personnel shortages, and has consequently appended the substance of S.B. No. 1887 to this measure.

As amended, this bill, besides authorizing the DPS to make provisional appointments as originally intended, now also gives the DPS discretion to increase entry salaries for new employees and to offer increased salary differentials to incumbent employees in shortage categories. Your Committee finds that DPS needs this flexibility to deviate from standard civil service procedures in order to respond effectively to critical shortages in the work force.

Your Committee has also amended this bill by making 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. 1886, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1886, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 808 Labor and Employment on S.B. No. 674

The purpose of this bill is to authorize the Director of the Department of Personnel Services (DPS) to establish an internship program within the executive branch of government for employment positions that are considered essential to public service and for which the State has experienced recruitment difficulties.

Under this program the internships would be awarded to graduate students or other persons with baccalaureate degrees. The Director is given the responsibility to determine contents, conditions, and compensation for internships awarded under this program.

Your Committee heard testimony in support of this measure from the DPS, the Department of Land and Natural Resources, and the University of Hawaii and finds that establishment of an internship program is needed to give the DPS a degree of insulation from periodic shortages in the work force.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 674 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 809 Labor and Employment on S.B. No. 676

The purpose of this bill is (1) to clarify that the Director of the Department of Personnel Services (DPS) may use the services of institutions, organizations, or individuals to provide in-service training for civil service employees, and (2) to establish a new advisory committee on such training.

Section 81-1, Hawaii Revised Statutes, currently requires DPS to provide in-service training to government employees, but there is no provision that expressly allows DPS to utilize outside entities for that training. This bill will provide express statutory authorization for the DPS to resort to such entities.

Section 81-2, Hawaii Revised Statutes, currently authorizes establishment of an advisory committee on in-service training, but the committee is comprised of members who represent an obsolete target group of employees. This bill will allow DPS to establish a new committee that will be more representative of the new target group employees.

Your Committee heard testimony in support of this measure from DPS, and finds that the use of outside entities to provide in-service training for civil service employees together with the establishment of a new, more representative, advisory committee will ensure that State civil service employees have the best training possible.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 676 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 810 Labor and Employment on S.B. No. 1990

The purpose of this bill is to increase the composition of the board of trustees for the Employees' Retirement System of the State of Hawaii (System) from seven to nine members.

Currently, section 88-24, Hawaii Revised Statutes, authorizes a seven member board of trustees for the System. This bill amends section 88-24 to allow for a nine member board. One of the new trustees shall be a member of the System. The other shall be a citizen of the State who is not an employee as that term is used in under Chapter 88.

Your Committee heard testimony in support of this measure from the Department of Budget and Finance. Upon consideration, your Committee has deleted the substance of this bill and inserted new material that authorizes an eight member board. The board will now be comprised of the Director of Finance of the State, ex officio; four "employee trustees" to be appointed by the various bargaining units; and three citizens of the State who are not employees.

Your Committee has also used this bill as a vehicle to specify the standard of care that trustees of the System must meet in the performance of their duties by amending section 88-27 to state, in pertinent part, that "Each trustee shall discharge the trustee's duty with the same degree of care, skill, prudence, and diligence that a prudent person possessing familiarity with such matters and acting in a like capacity for a similar trust fund would use."

As a technical matter, your Committee has also included language in this bill that amends section 88-29 by deleting reference to a "secretary" for the board of trustees and replacing it with reference to an "executive director" for the board of trustees. This amendment is nominal only, and is not intended to indicate a change in the duties or responsibilities of the person who holds this position.

Your Committee finds that the changes proposed in this bill will help to ensure the efficient management of the Fund.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1990, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1990, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 811 Labor and Employment on S.B. No. 1544

The purpose of this bill is to amend Chapter 394B, Hawaii Revised Statutes, relating to dislocated workers.

Chapter 394B was enacted during the 1987 legislative session in response to the problems caused by the dislocation of workers. Chapter 394B requires employers, among other things, to supplement the unemployment compensation benefits of qualified dislocated employees with a dislocated worker allowance in an amount equal to the employee's average weekly wages less the employee's unemployment compensation benefits. This bill amends Chapter 394B by limiting the amount of dislocated worker allowance to a maximum of fifty per cent of each employee's weekly unemployment compensation benefits.

Employers who fail to conform to any of the provisions of Chapter 394B are subject to a mandatory civil penalty equal to the full value of the wages, benefits, and other compensation each affected employee received during the three months prior to the closing or relocation of the employer's business. This bill amends that penalty provision by eliminating the requirement that the penalty equal the full value of such wages, benefits, and other compensation, instead allowing a penalty of any amount up to the full value of such wages, benefits, and other compensation. This bill also specifies that it is the Director of the Department of Labor and Industrial Relations who shall establish the amount of the penalty to be assessed.

Your Committee heard testimony in support of this measure from the Chamber of Commerce of Hawaii and Small Business Hawaii, and finds that the amendments to Chapter 394B proposed in this bill will provide more equitable treatment of employers while still adequately addressing the needs of employees.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1544 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 812 Labor and Employment on S.B. No. 664

The purpose of this bill is to allow the State to recoup benefits erroneously paid under the Hawaii Employment Security Law from benefits payable to claimants under another state or federal unemployment compensation program.

Section 383-44, Hawaii Revised Statutes, pertains to recovery of erroneous unemployment compensation benefits, but there is no provision in that section authorizing cooperation with other states or the federal government in the recoupment of those benefits. This bill will expressly authorize such cooperation.

Your Committee heard testimony in support of this measure from the Department of Labor and Industrial Relations and Small Business Hawaii, and finds that allowing the State to participate in national programs to recover erroneously paid unemployment compensation benefits will make the State more likely to recover such funds thus enhancing the integrity and solvency of the unemployment compensation system as a whole.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 664 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 813 Labor and Employment on S.B. No. 1965

The purpose of this bill is to repeal the ABC test from Chapter 383, Hawaii Revised Statutes, and add a new test to the Unemployment Insurance (UI), Workers' Compensation Insurance (WC) and Temporary Disability Insurance (TDI) laws.

Under current law, UI and TDI use what is known as the ABC test to determine exception status. This test requires that all three of the following conditions be met for an individual to be deemed an independent contractor:

- (A) The individual has been and will continue to be free from control of direction over the performance of the service, both under the individual's contract of hire and in fact; and
- (B) The service is 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; 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.

The intent of this bill is first, to liberalize the test for determining whether an individual is an independent contractor, and second, to achieve a uniform test for exception from the coverage of these statutes.

Your Committee received testimonies from employers, labor unions and the Department of Labor and Industrial Relations (DLIR). Employers expressed concerns that the current laws governing independent contractors are too restrictive. Individuals testified that the current ABC test prevents them from opting to be independent contractors.

Employer representatives pointed out that an individual could be an independent contractor under federal law but would not pass the ABC test. The testimony established that the current ABC test is too restrictive. All testifiers agreed that uniform application of standards for exception from coverage would be an improvement over the current mix of different definitions in different laws. The DLIR's concern is with enforcing the liberal intent of the labor laws regarding coverage of all employees.

Your Committee directed that representatives of employer organizations and the DLIR meet to discuss their respective concerns. The DLIR was concerned that adoption of the test established in the Fair Labor Standards Act (FLSA) without more would be too vague to administer. In response, your Committee has incorporated the six guidelines used by federal agencies and courts under the FLSA. Consistent with the intent of this bill, no one of these six guidelines is controlling. Inclusion of the guidelines preserves the intent of the bill while also addressing the concerns of the DLIR.

In an effort to provide for consistent and uniform application of exception standards under the UI, WC, and TDI laws, your Committee proposes that the UI, WC and TDI laws be amended by incorporating the same six FLSA guidelines.

Your Committee finds that this bill will provide for uniform and consistent application of rules for defining the parameters of the employment relationship.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1965, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1965, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 814 Labor and Employment on S.B. No. 1843

The purpose of this bill is to allow the Department of Personnel Services (DPS) to pay any claims made against the State pursuant to Chapter 386, Hawaii Revised Statutes, Hawaii's Workers' Compensation Law.

Prior to July 1, 1986, workers' compensation claims against the State were paid by the State Comptroller under the authority of Chapter 41, Hawaii Revised Statutes. Since that time, however, jurisdiction of the workers' compensation central funds was transferred to the DPS, which currently lacks statutory authority to pay claims made against those funds. This bill provides that authority.

Your Committee heard testimony in support of this measure from the DPS, and finds that the Director of Personnel Services must be given the authority to pay claims levied against the State under Chapter 386.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1843 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 815 Labor and Employment on S.B. No. 1842

The purpose of this bill is to amend section 831-3.1, Hawaii Revised Statutes, relating to the hearing procedures required for applicants for public employment who have been convicted of criminal offenses.

Section 831-3.1, Hawaii Revised Statutes, currently states that such an applicant may be denied employment only after a determination, made in accordance with the provisions of Chapter 91, that the applicant has not been sufficiently rehabilitated to warrant public trust. Evidence that the applicant has been discharged from probation or parole or has been released from prison for two years without a subsequent conviction serves as rebuttable prima facie evidence of rehabilitation.

This bill amends section 831-3.1 to allow the State to deny civil service employment to such an applicant after an appropriate investigation and hearing that need not comply with the requirements of Chapter 91. In addition, this bill makes evidence of discharge from probation or parole or release from prison for two years without a subsequent conviction not prima facie evidence of rehabilitation, but merely one of many factors used to determine whether rehabilitation has occurred.

Your Committee heard testimony in support of this measure from the Department of Personnel Services and the Judiciary, and finds that the proposed amendments to section 831-3.1 will streamline the appeals process that civil service agencies must follow. Your Committee notes that there is no risk of violation of due process rights because all denials of civil service employment are appealable to the Civil Service Commission, which provides a hearing in full conformance with the provisions of Chapter 91.

Your Committee has amended this bill by adding a comma on page 2, line 10, to reflect existing statutory material.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1842, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1842, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 816 Labor and Employment on S.B. No. 1540

The purpose of this bill is to amend Chapter 383, Hawaii Revised Statutes, the Hawaii Employment Security Law, to allow employer contributions to the Unemployment Compensation Fund (Fund) to vary in direct relation to the Fund's adequate reserve levels.

Act 240, Session Laws of Hawaii 1987, amended section 383-61 to provide for just such a variable taxable wage base, but only for the 1988 calendar year. This bill amends section 383-61 by deleting the reference to 1988, thus making the variable taxable wage base permanent.

Your Committee heard testimony in support of this measure from the Department of Labor and Industrial Relations (DLIR), the Chamber of Commerce of Hawaii, the National Federation of Independent Business, the Hawaii Business League, Small Business Hawaii, and others. The DLIR testified that Act 240 saved Hawaii's businesses \$19 million in 1988.

Your Committee finds that making the variable taxable wage base established in Act 240 permanent will help Hawaii's businesses while simultaneously maintaining appropriate reserve levels in the Fund. Your Committee further finds that this measure is entirely appropriate now when the Fund reserve is at an all-time high and unemployment is very low.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1540 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 817 Labor and Employment on S.B. No. 1509

The purpose of this bill is to allow certain owner-employees to exempt themselves from unemployment compensation payments and benefits under Chapter 383, Hawaii Revised Statutes, the Hawaii Employment Security Law.

Section 383-7 lists services that are deemed not to be "employment" under Chapter 383. This bill amends section 383-7 to allow an owner-employee (who owns more than 25% of the issued shares of the corporation) to elect to be exempt from coverage under Section 383-7. The election shall be irrevocable for five years barring a change in employment conditions.

Your Committee heard testimony in support of this measure from the National Federation of Independent Business, the Hawaii Business League, and Small Business Hawaii, and finds that allowing qualified owner-employees to exempt themselves from unemployment insurance coverage will allow these owner-employees to seek alternate protection against unemployment for themselves thus helping to reduce the rising costs of doing business.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1509 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 818 Labor and Employment on S.B. No. 710

The purpose of this bill is to provide that a construction design professional shall be immune from third-party liability for work site injuries under Chapter 386, Hawaii Revised Statutes, the Workers' Compensation Law, unless the construction design professional specifically accepts responsibility for compliance with safety practices.

Chapter 386 is designed, among other things, to eliminate litigation stemming from work site injuries. A fundamental component of this Chapter is that an injured worker is precluded from bringing civil suit against the worker's employer. Increasingly, however, injured workers have been bringing third party liability suits against construction design professionals, who have no protection under Chapter 386. This bill will provide construction design professionals with a limited liability to such suits.

Your Committee heard almost unanimous testimony in support of this measure from numerous construction design professionals and finds that such persons generally do not have any control over safety conditions at work sites, yet they are frequent parties to civil suits brought by injured workers. Your Committee further finds that the limited immunity conferred upon such persons by this bill will not preclude suits where the design professional assumed responsibility for work site safety or where the design professional negligently prepared plans or specifications.

Your Committee has amended this bill by making 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. 710, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 710, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 819 Labor and Employment on S.B. No. 2016

The purpose of this bill is to increase the minimum wage of the State to \$4.25 per hour beginning January 1, 1990.

Under section 387-2, Hawaii Revised Statutes, the minimum wage is and has been \$3.85 per hour since January 1, 1988. Section 387-2 also provides that the hourly wage of a tipped employee may be deemed to be increased if the

employee is paid at least twenty cents below the applicable minimum wage and the employee receives more than fifty cents above that minimum wage through a combination of wages and tips.

Your Committee heard much testimony pertaining to this measure. Those in favor of the bill generally cited the reduced buying power of the dollar and the increased incidence of poverty to support their belief that the minimum wage should be raised. Those opposed to the bill stated that a higher minimum wage would result in increased inflation and fewer jobs.

Upon consideration your Committee has made the following amendments to this bill:

- (1) Deleted Section 1 and renumbered the remaining sections accordingly.
- (2) Reduced the proposed increase in the minimum wage from \$4.25 to \$4.15, effective January 1, 1990.
- (3) Increased the tip credit for tipped employees from twenty cents to forty cents. This will allow employers of tipped employees to pay a lower wage to tipped employees.
- (4) Authorized a four month entry training wage of \$3.85 per hour. The intent of this subminimum wage rate is to encourage businesses to hire inexperienced workers. Businesses that hire such workers will be allowed to pay \$3.85 per hour for a period not to exceed four months while these workers are being trained.

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

Your Committee finds that this bill, as amended, will strike the proper balance between the equally valid arguments raised by proponents and opponents of an increased minimum wage.

Your Committee on Labor and Employment 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.

SCRep. 820 Labor and Employment on S.B. No. 1408

The purpose of this bill is to amend section 88-63, Hawaii Revised Statutes, to provide instructional faculty at the University of Hawaii with credit for unused sick leave upon severance from government service.

Under current law instructional faculty members at the University of Hawaii at Manoa (UH-Manoa), University of Hawaii at Hilo (UH-Hilo), and West Oahu College do not accumulate sick leave and accordingly do not receive retirement credits for unused sick leave as do other government employees. This bill allows such faculty who are not otherwise covered by an approved sick leave accumulation system to accumulate eleven days a year if they are twelve-month employees and nine days per year if they are nine month employees.

The Department of Budget and Finance, the University of Hawaii, the University of Hawaii Professional Assembly, the Hawaii Government Employees' Association, and the Office of Collective Bargaining submitted testimony expressing differing viewpoints on various aspects of the bill.

Your Committee believes that a solution must be found to address the inequitable situation that exists for approximately 1300 public employees at the University of Hawaii that are not covered under section 88-63. Your Committee notes that instructional faculty at UH-Manoa, UH-Hilo, and West Oahu College contribute the same amount into the State's Retirement System as do other faculty who are eligible to accumulate sick leave under section 88-63. After consideration of the various concerns expressed by these parties, your Committee finds that this measure is an appropriate means to resolve this situation.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1408 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 821 Labor and Employment on S.B. No. 1699

The purpose of this bill is to amend section 372-8, Hawaii Revised Statutes, to allow the Department of Labor and Industrial Relations to provide information about apprentices to the U.S. Department of Labor for data input into the Apprenticeship Management System (AMS).

Currently, Hawaii is prohibited from providing this information by Chapter 92E, Hawaii Revised Statutes, which prohibits disclosure of personal records to any person other than the individual involved unless the disclosure is made pursuant to a law that expressly authorizes such disclosure. This bill provides the needed statutory authorization.

The AMS is a computerized data system that collects apprenticeship information from all states in order to monitor and project apprenticeship trends by occupation, industry, and geography. The data collected under the AMS program is purged of information that can identify the individuals involved and thus should not unduly infringe upon privacy rights.

Your Committee heard testimony in support of this measure from the Department of Labor and Industrial Relations and the U.S. Department of Labor and finds that participation in the AMS will enable the State to anticipate future trends in the need for skilled labor.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1699, 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. 822 Higher Education on S.B. No. 716

The purpose of this bill is to amend Section 304-14.6, Hawaii Revised Statutes, which relates to tuition waivers for enrollment at the University of Hawaii for the National Guard and all reserve components of the military.

This bill would require the Board of Regents of the University of Hawaii to provide tuition waivers for spouses and dependents of Hawaii National Guard members, or members of any other reserve component of the military, who have been killed or permanently disabled while on active duty; provided that:

- (1) The tuition waiver be for an undergraduate degree only;
- (2) The tuition waiver shall not apply to the summer session and courses offered by the College of Continuing Education and Community Service;
- (3) The tuition waivers shall not be for more than five regular academic years; and
- (4) The spouse or dependent shall be a resident of the State of Hawaii.

The bill also provides for definitions to clarify the intent of this section.

Your Committee has amended this bill by clarifying the term "member" to mean "resident member" of a reserve unit; that "active duty" refers to "state or federal active duty as defined by applicable state and federal laws"; and correctly identifying the "college of continuing education and community service."

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 716, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 716, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 823 Higher Education on S.B. No. 699

The purpose of this bill is to amend the tax dependency criteria used to determine residency for tuition purposes. This bill would enable Hawaii students, whose parents are separated or divorced and are claimed as a dependent by a parent who has moved out of the state, to pay resident tuition rates at the University of Hawaii.

Under current law as set forth by section 304-4(c), Hawaii Revised Statutes, only resident students who are not claimed as a dependent for tax purposes for the past year are entitled to the lower tuition rate. This bill would extend the law to those students who are claimed as a dependent by a parent pursuant to an order of child support in conjunction with a divorce proceeding or legal separation. Since the mother is usually awarded custody of the children and the father provides child support as well as claims the tax benefit, this bill would ensure against inequitable application of the statute.

Your Committee received supporting testimony from the University and several parents that have been adversely affected by this statute.

Your Committee finds that it was not the intent of the Legislature to exclude dependents of divorced or separated parents from paying the lower resident tuition at the University. Your Committee also finds that this measure should benefit qualified students and parents as of the next regular tuition period, which would be the start of summer school on May 22, 1989.

Therefore your Committee has amended this bill by providing that it shall be effective upon approval but shall apply to all students who would otherwise have been eligible for the preferential rate if the law had been in effect on May 22, 1989. Your Committee intends that those residents who pay out-of-state tuition prior to the effective date or implementation of this bill shall be entitled to an appropriate reimbursement from the University.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 699, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 699, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 824 Higher Education on S.B. No. 446

The purpose of this bill is to amend Section 304-31, Hawaii Revised Statutes, to indicate the correct site for the Waikiki Aquarium.

The site now listed is the location of the old Honolulu Aquarium built in 1904. The Waikiki Aquarium was constructed at a new location in 1955 which is correctly identified in this bill.

Your Committee received supporting testimony from the Acting Director of the Waikiki Aquarium, Dr. Bruce Carlson.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 446 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 Koki.

SCRep. 825 Consumer Protection and Commerce on S.B. No. 424

The purpose of this bill is to regulate persons engaged in the profession of social work.

In general, this bill proposes to:

- 1) Specify the requirements for licensure, educational qualifications, fees, and biennial renewal of license;
- 2) Create three categories of social worker licenses (licensed bachelor social worker, licensed master social worker, and certified social worker), and specify the levels of qualification for each category;
- 3) Specify grounds for disciplinary action;
- 4) Establish exemptions from academic and examination prerequisites for current practitioners (grandfather clause); and
- 5) Provide for confidentiality of privileged communications between social workers and clients.

Your Committee finds that persons engaged in the practice of social work have a profound effect on the lives of the people of this State, and regulation of social workers will provide for the protection, safety, and welfare of the public.

Upon further consideration, your Committee has amended the bill as follows:

- 1) Removed the age and citizenship requirements for licensing;
- 2) Changed the categories of social workers to licensed master social workers and certified independent social workers;
- 3) Deleted the requirement for continuing education; and
- 4) Modified the grandfather clause for current practitioners.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 424, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 424, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Ikeda and Nakasato.

SCRep. 826 Consumer Protection and Commerce on S.B. No. 298

The purpose of this bill is to clarify the law regarding mortgage brokers and solicitors in accordance with recommendations made by the Legislative Auditor.

The Auditor has recommended that: (1) Chapter 454 be reenacted; (2) responsibility for the program be placed with the Commissioner of Financial Institutions; and (3) brokers submit an "honor agreement" which identifies the responsibilities and rights of borrowers and brokers during a mortgage loan transaction.

Testimony regarding this bill was submitted from the Department of Commerce and Consumer Affairs which in substance stated that the law should be strengthened and clarified. Testimony was also received from a local mortgage broker requesting clarification of the term "honor agreement" and on the exemptions which should be granted to institutional investors.

Based upon the testimony, the Auditor's report, and a review of this bill, your Committee has amended this bill to address the concerns of the Legislative Auditor by strengthening certain provisions in Chapter 454 and by deleting the proposed section pertaining to honor agreement and replacing it with more comprehensive language and renaming it "Written Agreements".

Your Committee further amended the bill by deleting the proposal to place the responsibility of "mortgage commissioner" on the Commissioner of Financial Institutions.

Your Committee has also extended Chapter 454 to December 31, 1995 in order to continue regulation of mortgage brokers and solicitors and provide for further evaluation by the Legislative Auditor.

Your Committee also increased the bond required of a mortgage broker from the current amount of \$15,000 to a new amount of \$50,000 which should provide greater protection to consumers dealing with mortgage brokers.

Finally, your Committee has 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. 298, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 298, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 827 Consumer Protection and Commerce on S.B. No. 1229

The purpose of this bill was to require motor vehicle repair dealers, mechanics, or apprentices to furnish written estimates including reasonable and binding estimates of the time necessary to complete the job.

If the job were not completed as estimated, and no written or oral consent was given by the customer, ten percent of the estimated price would be deducted from the final cost of the job for each business day the job was late. In addition, dealers, mechanics, and apprentices would be prohibited from performing any labor or supplying any part that was not agreed to by the customer in the original written estimate without the customer's written or oral consent.

Your Committee finds that while it is necessary to strengthen the laws relating to estimates, this bill as introduced may be too stringent. Therefore, your Committee has amended the bill as follows:

- (1) Deleted the provision that the estimate be binding;
- (2) Deleted the price deduction penalty for late completion and inserted a provision requiring timely notification of the customer and furnishing of a free loaner; and
- (3) Added subcontracting, recommending, or referring to or assisting an uncertified or unregistered dealer or mechanic, and failing to directly supervise motor vehicle mechanic apprentice/trainees or motor vehicle mechanic helpers, as prohibited acts under section 437B-11, Hawaii Revised Statutes.

Your Committee has also made some 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. 1229, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1229, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 828 Consumer Protection and Commerce on S.B. No. 1383

The purpose of this bill is to clarify the authority of the Contractors License Board to issue conditional licenses.

Current law is silent on the subject; however, the Legislative Auditor has indicated that the Board lacks statutory authority to issue conditional licenses.

Your Committee received supporting testimony from the Contractors License Board and the Plumbing and Mechanical Contractors Association of Hawaii and finds that conditional licenses are appropriate for specific kinds of situations in which it would be impractical for an individual to obtain a regular contractors license. The Board currently issues such licenses but imposes strict criteria which the applicant must agree, in writing, to meet.

Your Committee also finds that there is no evidence to indicate that contractors on conditional status present more of a risk to the general public than other contractors; rather, conditionally licensed contractors probably operate with more caution because they are aware of the agreement they have made with the Board. In consideration of these findings it is appropriate to provide the statutory authority for the Board to issue conditional licenses.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1383 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 Tungpalan.

SCRep. 829 Consumer Protection and Commerce on S.B. No. 253

The purpose of this bill is to provide for the disclosure of certain information in transactions involving the acquisition of interests or investments in Hawaii by foreigners.

Recently, the State has witnessed the increased acquisition of real property by foreign investors. Your Committee finds that the interests of residents is of paramount importance, especially in a tight housing market such as Hawaii's, and that appropriate measures should be formulated to insure the well-being of all affected parties.

Your Committee has amended the bill by replacing the original substance with provisions that authorize the counties to require disclosure of pertinent information by foreign investors and require the counties to release such information to an agency designated by the governor.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 253, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 253, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 830 Consumer Protection and Commerce on S.B. No. 965

The purpose of this bill is to strengthen and clarify the licensing and certification requirements under chapters 453 and 463E, Hawaii Revised Statutes, relating to medicine and surgery and podiatry.

Specifically, this administration bill would do the following:

- (1) Add a new section to chapter 453 relating to emergency medical services personnel specifying when these professionals must re-register their certificates, the requirements for re-registration, and providing for automatic termination of certificates that have been forfeited for a two-year renewal term;
- (2) Clarify that physicians licensed under the limited and temporary license provisions are exempt from the physician assistant certification requirement, and specify when the certificate of a physician assistant must be re-registered, set requirements for re-registration, and provide for the automatic termination of certificates that have been forfeited for a two-year renewal term;
- (3) Provide for automatic termination of a physician license that has been forfeited for a two-year renewal term;
- (4) Authorize the Board of Medical Examiners to impose special conditions on applicants for licensure as a physician or podiatrist who have a history of medical discipline or reveal a physical or mental condition that would constitute a cause for disciplinary action; and
- (5) Provide for the automatic termination of a podiatric license that has been forfeited for a two-year renewal term.

Your Committee finds that these provisions would strengthen the ability of the State to protect the general public through appropriate licensing and certification of medical personnel.

Your Committee has amended this bill by providing that certificates and licenses which have been forfeited shall not be restored without a new application for certification or licensure. Your Committee has also made some 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. 965, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 965, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 831 Consumer Protection and Commerce on S.B. No. 150

The purpose of this bill was to implement the findings and recommendations made by the Legislative Auditor in its "Sunset Evaluation Update Report" regarding Chapter 439, Hawaii Revised Statutes (HRS), which regulates the practice of beauty culture (more commonly known as cosmetology).

This bill would amend the laws regulating cosmetology by:

1. Extending the Board of Cosmetology to December 31, 1995 under the sunset law;
2. Requiring licensing rather than certificates of registration for beauty operators and cosmetology schools;
3. Allowing for the practice of cosmetology outside beauty shops and establishing regulations;
4. Requiring the Board of Cosmetology to include at least one licensee from an island other than Oahu and prohibiting any member of the Board from being a member of or affiliated with a cosmetology school;
5. Eliminating references to instructor trainees and registered managing operators;
6. Eliminating high school education requirements for license applicants;
7. Allowing for licensing by credentials for persons licensed in states having comparable or stricter requirements (reciprocity); and
8. Providing that beauty schools and instructors shall be licensed by the Department of Education.

Your Committee heard testimony in general support of the reenactment of Chapter 439, HRS, from the Board of Cosmetology and numerous cosmetology schools.

Although testimony received by your Committee was in general support of the bill, many parties expressed concern over certain amendments to Chapter 439 that the bill would impose.

To address these concerns, your Committee has amended this bill by:

1. Deleting the prohibition of a person affiliated with a beauty school to serve on the Board;

2. Deleting the ability to practice cosmetology outside the setting of a beauty shop;
3. Retaining the requirement of a beauty shop license;
4. Reducing the experience requirement for instructor trainees to one year;
5. Deleting the transfer of responsibility of beauty school and instructor licensing to the Department of Education;
6. Retaining the requirement of an education equivalent to the completion of high school; and
7. Deleting the proposed reciprocity section.

Your Committee further amended the bill by inserting an amended Section 439-14 which, in its amended form, would establish a professional testing service to be responsible for the testing of prospective licensees.

Your Committee also made technical amendments to the bill which have no substantive effect.

Your Committee finds that the Board of Cosmetology provides sufficient regulation for its respective field and should be extended to December 31, 1995 for further assessment by the Legislative Auditor.

Your Committee further finds that the amendments provided by this bill would aid the Board in regulating the field of Cosmetology.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 150, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 150, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Ikeda and Nakasato.

SCRep. 832 Consumer Protection and Commerce on S.B. No. 300

The purpose of this bill is to amend section 26H-4, Hawaii Revised Statutes, to extend regulation of public accountants from December 31, 1989 to December 31, 1995, and to implement amendments suggested by the Legislative Auditor (Auditor) to statutory provisions pertaining to certification of accountants.

In Legislative Auditor's Report No. 89-1, January 1989, the Auditor suggested that changes be made to various statutory provisions pertaining to certification of public accountants to bring Hawaii's certification requirements in line with the requirements established in most other states while simultaneously ensuring that public accountants in Hawaii are of highest competence.

Under section 466-5, Hawaii Revised Statutes, to become a certified public accountant a person must:

- (1) Be at least eighteen years old;
- (2) Have a reputation for competence, trustworthiness, and fairness;
- (3) Have a baccalaureate degree;
- (4) Have thirty hours of post-baccalaureate study or have thirty months of professional experience in a public accounting practice;
- (5) Pass the certified public accountancy examination; and
- (6) Have performed audits for 1,500 chargeable hours or two years of public accountancy practice.

The Auditor noted that these standards are among the most restrictive in the nation and thus penalize Hawaii residents who wish to become certified public accountants (CPAs). The Auditor suggested removing the requirement that candidates for certification have thirty hours of post-baccalaureate study or an equivalent thirty months of professional experience in a public accounting practice.

Another change suggested by the Auditor was in the area of continuing education for CPAs. Section 466-7 allows for the issuance of biennial practice permits for CPAs who comply with continuing education requirements established by rule of the State Board of Public Accountancy (Board). One of the requirements so established by the Board is that CPAs have eighty hours of continuing education every two years. The Auditor suggested that section 466-7 be amended to specify that the continuing education requirements established by the Board must be in the field of accounting or auditing.

Your Committee heard testimony pertaining to this measure from the Board, the Hawaii Society of Public Accountants, and others. The testifiers were in favor of extending the repeal date for regulation of public accountants, but were otherwise opposed to the Auditor's suggested changes on the grounds that the present certification requirements are rigorous, but guarantee that Hawaii's CPAs are of highest competence.

Your Committee agrees with the testifiers and has deleted the Auditor's proposed amendments from this bill. Upon consideration your Committee has also decided to append the substance of S.B. No. 1873 to this bill in the interests of protecting the public from economic harm. S.B. No. 1873 is a comprehensive revision of Chapter 466, which relates to public accountancy, and is intended to provide even further safeguards that Hawaii's CPAs are fully proficient in their chosen profession.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 300, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 300, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Ikeda and Nakasato.

SCRep. 833 Consumer Protection and Commerce on S.B. No. 1871

The purpose of this bill is to make numerous technical changes to the Insurance Code.

Most of the amendments proposed by this administration bill are section reference and punctuation corrections, and the addition of sections or phrases inadvertently omitted during the course of the recodification of 1987.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs; however, the Medical Coalition for Tort Reform testified against Section 1 of the bill, which would require insurance carriers to report any denial, nonrenewal, or termination of a health care provider's liability insurance to the Insurance Commissioner.

Your Committee finds that this bill is necessary to effectively and efficiently administer the Insurance Code. However, your Committee also finds that the reports required by Section 1 might unintentionally imply physician incompetence when in fact denial, nonrenewal, or termination of insurance may be occasioned by a number of other reasons. In addition, the Federal Healthcare Improvement Act of 1986 requires medical boards to report all peer review actions to the federal government, which your Committee finds to be a more appropriate system of documenting incompetence. Therefore, your Committee has amended this bill by deleting Section 1.

Your Committee has also amended this bill by making numerous 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. 1871, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1871, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 834 Consumer Protection and Commerce on S.B. No. 1223

The purpose of this bill is to change all references in the Hawaii Revised Statutes from industrial loan companies to "financial services companies".

The change in designation is not intended to change the identity nor the rights, powers, and duties this industry may presently have, hold, or enjoy in any manner, but to accommodate the industry's changing nomenclature and delete the use of an outdated term. Whether called an industrial loan company or a financial services company, the industry will continue in the same standing, form, and manner as that prior to the enactment of this bill. For all intents and purposes, financial services companies are industrial loan companies.

Your Committee heard testimony in support of this measure from the Department of Commerce and Consumer Affairs and the Hawaii Financial Services Association and finds that the changes proposed to chapter 408, Hawaii Revised Statutes, will modernize the generic name used for the varied financial services companies and more accurately reflect the changes which have occurred in the industry.

Your Committee amended the bill by changing all references to and variations of "financial services company" to "financial services loan company". Your Committee finds that "financial services loan company" is a more accurate description of the industry.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1223, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1223, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Ikeda and Nakasato.

SCRep. 835 Consumer Protection and Commerce on S.B. No. 1232

The purpose of this bill is to allow stand-alone trust companies that are not subsidiaries or departments of bank holding companies to establish subsidiaries or affiliate companies to engage in real estate, securities, and insurance business.

Trust companies in Hawaii had these same powers prior to 1970. At that time, due to anti-trust concerns and the intention of the legislature to conform to the practice in other states, the provisions were repealed. The financial services market has greatly changed since 1970. Mainland giants such as Merrill Lynch, Sears, American Express, and others have entered the financial services market and are offering insurance, securities, and real estate services. The major source of stand-alone trust companies' business, trust administration, has been reduced by the competition from these non-bank, mainland institutions.

Your Committee received testimony from First Hawaiian Bank indicating its desire to be included in this bill to allow banks to engage in real estate, insurance, and securities business. Your Committee finds, however, that the issue of including banks is much more complicated because of the different regulatory schemes imposed by overlapping federal laws. The entire issue of expanding powers for banks and bank holding companies is being studied by the U.S. Congress,

and Congress could preempt the entire matter or set national guidelines. Further, the Federal Reserve Board is studying an amendment to Regulation Y, which would give it jurisdiction over subsidiaries of state chartered banks. If this happens, a trust company that is affiliated with a bank or the trust department of a bank would gain another regulator.

Your Committee has reasoned that banks or bank holding companies should not be included in this bill for the following reasons:

- (1) If banks were included in this bill, it may prompt a bank without a trust company to simply create a "shell" trust corporation simply to gain the power to engage in real estate, insurance, and securities business. To avoid this maneuvering, chapter 403 should be amended separately to clearly grant banks these powers;
- (2) Because banks are authorized to take money from depositors, there should be more caution in setting the standards for investments by banks in subsidiaries; and
- (3) Because banks have more capital to lose than trust companies, the guidelines for capital investment by a bank holding company should establish a capital cushion for a bank holding company to maintain the subsidiaries.

Further, a bill which attempts to encompass both banks and trust companies, although there is a link in Section 403-33, Hawaii Revised Statutes, will involve complex banking issues. Your Committee, therefore, has decided that, where expanded powers for banks are involved, we should proceed more cautiously.

Your Committee finds, however, that stand-alone trust companies are governed solely by state law and are regulated by the Commissioner of Financial Institutions. Further, that stand-alone trust companies do not take deposits or make loans, and by their function and fiduciary duties would not expose the community to much loss under the firewalls and strict provisions of this bill regulating conflicts of interest, which provide:

- (1) That the Commissioner of Financial Institutions shall approve an application to enter into real estate insurance, or securities business only after the Commissioner determines that the activities will be conducted in a safe and sound manner, and the Commissioner is convinced of the safety and soundness of the applicant;
- (2) That the real estate, insurance, or securities corporation that is established is a separate company with separate employees;
- (3) That non-public information may not be used to promote or solicit business, and may not be disclosed without the consent of the client;
- (4) That the relationship of the subsidiary to the trust company or trust holding company shall be disclosed to the client, and that any coercion when conducting business shall be prohibited;
- (5) That the Commissioner of Financial Institutions may revoke or restrict the authority of the company to do business if the Commissioner finds that the company's ability to do business has substantially deteriorated, and the Commissioner may require divestiture of the business by the trust company or trust holding company; and;
- (6) Penalties of any violation and requiring that any commissions or compensation collected be returned to the purchaser.

Your Committee also finds that this bill limits the aggregate investment in all three subsidiaries to \$500,000.

Your Committee has amended this bill by:

- (1) Providing that a majority of the board of directors of the real estate, insurance, or securities corporation "shall be composed of persons who are neither directors nor officers of the trust company;"
- (2) Providing for a limitation of capitalization to not exceed \$500,000 in the aggregate; and
- (3) Making other technical changes recommended by the Commissioner of Financial Institutions.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1232, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1232, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 836 Consumer Protection and Commerce on S.B. No. 1944

The purpose of this bill is to clarify and expand the definition of specialty contractor under the contractors law.

Specifically, the bill lists various activities performed by specialty contractors including electrical, painting, landscaping, floor covering, plumbing, and roofing work.

Your Committee received supporting testimony from the Subcontractors' Association of Hawaii and finds that the definition of "general engineering contractor" and "general building contractor" include examples of the kinds of projects such specialists would be involved with. However, the definition of "specialty contractor" is silent regarding the kinds of work a specialty contractor would do. This bill will help to resolve any dispute that might arise regarding who is a specialty contractor and who is not.

Your Committee has amended this bill by including "installation of carpet by the tackless strip method" as an activity performed by a specialty contractor.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1944, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1944, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 837 Ways and Means on S.B. No. 677

The purpose of this bill is to establish a one-time licensing fee of \$50 to be paid by persons obtaining a general excise tax license. Upon payment of the one-time fee, the license would be issued by the department of taxation and remain effective until canceled in writing. Cancellation or revocation would be done by the director of taxation as provided in rules. The bill provides that persons currently holding general excise tax licenses would have to renew them and pay the one-time fee on or before January 31, 1990.

Currently, general excise tax licenses are renewed annually at a modest fee. Your Committee finds that the imposition of this larger one-time fee and removal of the provision requiring yearly renewal will save time in administration for both the State and the business community.

Your Committee has amended this bill to reduce the amount of the fee from \$50 to \$20. Your Committee has also made a technical nonsubstantive amendment.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 677, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 677, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Koki.

SCRep. 838 Ways and Means on S.B. No. 678

The purpose of this bill is to replace the annual registration fee of \$1 assessed on transient accommodations operators with a one-time \$50 fee.

Your Committee finds that current law requires operators of transient accommodations to obtain a certificate of registration from the department of taxation at a cost of \$1 as a condition of operating the business. The registration must be renewed every year.

Your Committee finds that a one-time registration fee would eliminate the need for the department to issue annual renewal notices. This arrangement will also facilitate better computer tracking of registration information. In this regard, your Committee finds that a one-time fee would be more efficient and cost effective for the department.

While it supports the concept of a one-time fee, your Committee finds that a fee of \$20 instead of \$50 would be more appropriate. Your Committee has amended this bill by lowering the one-time registration fee to \$20.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 678, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 678, S.D. 1.

Signed by all members of the Committee except Senator Koki.

SCRep. 839 Ways and Means on S.B. No. 707

The purpose of this bill is to establish a Pacific institute for peace to serve Hawaii and the nations of the Pacific region.

Your Committee finds that there exists an urgent need on the global level to utilize academic disciplines as the social, behavioral, and physical sciences as well as the arts and humanities to identify, study, develop, and promote peaceful economic, political, social, and cultural relations throughout the world. In this regard, institutions providing programs in international studies and affairs, diplomacy, conflict resolution, and peace studies are essential for the development and refinement of techniques to promote peaceful resolution of conflicts.

This bill provides the mechanism whereby a Pacific institute for peace can be established and global objectives toward peace can be explored and implemented.

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

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 707, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 707, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 840 Ways and Means on S.B. No. 785

The purpose of this bill is to clarify the requirements for matching state funds contributed to the State of Hawaii endowment fund.

Section 40-88, Hawaii Revised Statutes, which establishes the State of Hawaii endowment fund for the benefit of the Honolulu symphony, provides for reversion of state contributions to the fund to the extent that requirements for matching private contributions are not met. The department of accounting and general services has questioned the definition of what constitutes funds from the private sector.

This bill defines what could be considered as funds from the private sector that could be matched with state funds. Private sector funds would include: (1) cash or foreign currency; (2) real or personal property; and (3) all portions of pledges that are paid within five calendar years following the date that the funds contributed by the State are to be matched. This bill further provides that if funds contributed by the State are not matched because of nonpayment of pledges, the funds shall revert back to the general funds of the State, but any interest, gains, or other earnings on the principal amount shall be retained by the fund.

Your Committee finds that clarifying the language in section 40-88 will help facilitate greater economic potential and growth of the State of Hawaii Fund.

Your Committee has made technical, nonsubstantive amendments to the bill for purposes of style and consistency.

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

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 841 Ways and Means on S.B. No. 1486

The purpose of this bill is to provide emergency economic relief for persons engaged in manufacturing, processing, or the provision of services. This bill amends the disaster relief and rehabilitation law to include emergency economic conditions as a status appropriate for relief. The emergency economic conditions which entitle a business to relief include oversupply in the marketplace or international competition and other conditions determined by the director of business and economic development. Current law provides commercial loans only for relief of disasters causing tangible property damage. The state disaster revolving loan fund has been redesignated the state disaster and emergency relief revolving loan fund. The bill appropriates \$3,000,000 for the fund for the purposes of this bill.

Your Committee finds that economic disaster can be as devastating to businesses as physical disaster, and that a revolving loan fund to aid businesses in the State to which this type of disaster occurs is appropriate.

Your Committee has amended this bill to reflect the current name of the department of business and economic development, and to make other technical nonsubstantive changes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1486, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1486, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 842 Ways and Means on S.B. No. 1748

The purpose of this bill is to establish clear procedures governing executive budget requests that are not contained in the executive budget or the supplemental budget, as the case may be, and that are submitted for consideration to the legislature less than twenty days before the convening of the legislature.

This bill requires the governor to submit separate bills for additional executive budget requests submitted to the legislature after the executive budget or supplemental budget, as the case may be. The bills would have to include:

- (1) Reasons why the additional request was not included with the original budget or supplemental budget;
- (2) Clear and compelling reasons why the governor believes the additional budget must be included;
- (3) The percentage increase or decrease the additional request represents in relation to the executive budget or supplemental budget; and
- (4) Other relevant information.

In previous years, additional budget requests have been made through the use of governor's messages, but only for emergency situations or where significant new information became available which required action. However, it increasingly has become common practice for the executive to submit additional budget requests for legislative consideration through the use of governor's messages for nonemergency situations. Because the Executive Budget Act does not provide a procedure for the governor to submit these additional budget requests, there is a compelling need to establish clear guidelines for doing so.

The continued indiscriminate use of governor's messages to submit additional budget requests is contrary to the requirements and intent of the Executive Budget Act and abuses the fundamental concept of the system of checks and balances among the various branches of government upon which our system of government rests. The practice of using governor's messages for additional budget requests also deprives the legislature of the time needed to review adequately the governor's additional proposals. This practice undermines the intent of the Executive Budget Act by emasculating

established procedures for preparing, coordinating, analyzing, and enacting a budget to implement the State's program and financial objectives and policies.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1748, 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. 843 Ways and Means on S.B. No. 1750

The purpose of this bill is to make appropriations and to set program specifications for the executive departments, as proposed by the governor in his State of the State address of January 25, 1989, and in subsequent communications received from him during the 1989 regular session.

Your Committee finds that the executive has proposed a number of initiatives for the 1989-1991 fiscal biennium determining courses of action that guide programs addressing these pressing needs in the form of messages from the governor requesting budget additions over and above the executive budget.

Your Committee finds that the practice of using governor's messages to submit additional budget requests does not conform to the procedure established by section 37-71, Hawaii Revised Statutes, which requires the governor to submit the executive budget not less than twenty days before the legislature convenes in every odd-numbered year.

Your Committee agrees that this use of governor's messages is contrary to, and circumvents the requirements and intent of, the executive budget act. The indiscriminate use of governor's messages defeats the purpose and intent of the executive budget act by not allowing for orderly preparation, coordination, and analysis of the budget which is the principal tool by which state program and financial objectives and policies are implemented.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1750, S.D. 2, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 844 Ways and Means on S.B. No. 1897

The purpose of this bill is to authorize the governor's executive office on aging to disburse grants to ensure the continued availability of services for the elderly.

This bill:

- (1) Provides grants to renovate and improve existing senior centers, meal sites for nutrition programs, and facilities for adult day care and adult day health programs;
- (2) Establishes qualifications of applicants for grants and the requirements of these grants;
- (3) Requires the executive office on aging to make efforts to ensure the equitable distribution of facilities throughout the State according to demographic need;
- (4) Allows the executive office on aging to give preference to applicants for grants under certain circumstances;
- (5) Requires the executive office on aging to monitor all renovations and improvements undertaken with grant moneys; and
- (6) Exempts the grant program from various laws regulating expenditures of public funds.

The bill also appropriates \$2,000,000 for fiscal year 1989-1990 to be expended by the executive office on aging.

Your Committee finds that this bill will help to alleviate the continuing and escalating need for facilities and services for the elderly.

Your Committee has made technical, nonsubstantive amendments for the purpose of clarity and style.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1897, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1897, S.D. 2.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 845 Ways and Means on S.B. No. 1921

The purpose of this bill is to authorize and appropriate funds for the acquisition of approximately sixty-seven acres of the Kapalama Military Reservation, currently pending disposition by the federal government.

Your Committee finds that the timely acquisition of the lands at Kapalama Military Reservation is imperative to meet the State's long-range maritime needs, and crucial to the overall improvement and revitalization of the Honolulu waterfront.

This bill is recommended by the governor for immediate passage in accordance with section 9 of Article VII of the Constitution of the State of Hawaii.

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. 1921, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1921, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 846 Judiciary on S.B. No. 34

The purpose of this bill is to clarify the periods of time which are to be covered by reports filed with the state campaign spending commission.

During the hearing on this bill, the commission's representative pointed out that the commission had a rule which established an accumulation period for the purpose of determining whether a candidate had received the maximum allowable contribution. Your Committee has amended the bill to conform with this existing timetable.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 34, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 34, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Aki, B. Kobayashi and Nakasato.

SCRep. 847 Judiciary on S.B. No. 367

The purpose of this bill is to permit a condominium owner to cause removal of a member of a condominium board of directors for failure to abide by certain provisions of chapter 514A, Hawaii Revised Statutes.

Your Committee believes that condominium owners should have adequate recourse against arbitrary and capricious acts by board members, but hesitates to create a powerful condominium specialist in the real estate commission to deal with these problems. Instead, your Committee has amended the bill to provide for arbitration of these disputes in the same manner as established for other condominium complaints.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 367, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 367, S.D. 2.

Signed by all members of the Committee except Senators Levin, Aki, B. Kobayashi and Nakasato.

SCRep. 848 Judiciary on S.B. No. 33

The purpose of this bill is to amend the number and gender in the provisions of the Hawaii Revised Statutes, by clarifying that the words of the State law which reference the feminine as well as the masculine gender shall infer a gender neutral connotation.

This is a housekeeping measure.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 33 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 Levin, Aki, B. Kobayashi and Nakasato.

SCRep. 849 Judiciary on S.B. No. 937

The purpose of this bill is to propose an amendment to Article VI, Section 3 of the Hawaii Constitution to change the number of nominees required for judicial vacancies from six for each vacancy to six for each vacancy on Oahu, and three for each vacancy on the neighbor islands.

This bill provides that the circuit court judges shall be appointed by the governor from a list of not less than six nominees for a vacancy on Oahu, and a list of not more than three nominees for a vacancy on the neighbor islands presented by the judicial selection commission. This bill also provides that the chief justice shall fill a vacancy in the district court from a list of not less than six nominees for a vacancy on Oahu, and from a list of not less than three nominees for a vacancy on the neighbor islands.

This addresses the problem of difficulty of assembling a list of qualified nominees by the judicial selection commission for judicial vacancies on the neighbor islands.

Your Committee received testimony from Janice Wolff, administrative director of the courts, against this bill. In her testimony, she acknowledged the difficulty experienced by the judicial selection committee in compiling a list of six qualified nominees for the district and circuit court judgeships on the neighbor islands. However, the judiciary's position was that it anticipated further increases in the neighbor island's populations, and an anticipated corresponding pool of qualified applicants. The judiciary's position was that in light of the above, in the long run, the bill's reduction of the number of neighbor island nominees from six to three might prove to be unwise. However, your Committee sees a need to address the present situation and problem.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. 937 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 Levin and Chang.

SCRep. 850 Judiciary on S.B. No. 199

The purpose of this bill is to create a tort and a criminal sanction for persons who engage in sexual contact with others while knowingly infected with a sexually transmissible disease.

Your Committee received testimony in support of the bill from the Honolulu Police Department, and against the bill from the Governor's Committee on AIDS, the American Civil Liberties Union of Hawaii, and the Public Defender's Office. During discussion of this bill, it became clear that the major concerns about the bill are that: (1) the term "sexually transmissible disease" is vague, and may include non-life threatening diseases; and (2) that the criminalization of this conduct would deter persons from seeking testing and treatment for "sexually transmissible diseases."

The Committee, based upon a consideration of the policy behind this bill, agrees that creating a felony for sexual contact by persons infected with non-life threatening diseases is extreme. However, your Committee also feels strongly that the public must be protected from persons who engage in sexual contact with full knowledge that they are placing the lives of their sex partners in jeopardy. For that reason, your Committee has deleted the term "sexually transmissible disease" from the bill, and has specified that civil and criminal liability only covers persons infected with human immunodeficiency virus (HIV) infection, acquired immune deficiency syndrome (AIDS), and AIDS-related complex (ARC).

Your Committee does not believe that the argument that these laws would drive persons away from testing and treatment is compelling. Any person concerned with his or her own well-being will be tested and will seek counselling and treatment. Any person with a shred of compassion for his or her fellow human beings will not engage in sexual contact with an uninformed partner once they learn that they have a life-threatening illness.

Your Committee therefore believes that this bill is narrowly directed at the sociopaths and others who consciously decide that their own pleasure, economic gain, or other motives override the rights of others to be free of AIDS and its related diseases.

Finally, your Committee wishes to make it absolutely clear that this bill is not intended in any way to be used as an argument for mandatory AIDS testing or as an excuse for eroding the confidentiality of medical records pertaining to AIDS and HIV patients. These safeguards must remain in place to protect the law-abiding members of society who are tragically stricken with those illnesses.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 199, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 199, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin and Chang.

SCRep. 851 Judiciary on S.B. No. 1146

The purpose of this bill is to add assaults against police officers to Section 707-711, Hawaii Revised Statutes thereby making them a Class C Felony.

This bill recognizes the legislature's intention to protect police officers from assaults, in the same manner as the current crimes of assaulting an educational worker or assaulting a correctional worker.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1146 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin and Chang.

SCRep. 852 Judiciary on S.B. No. 65

The purpose of this bill is to conform existing statutory law to the constitutional amendment which raised the limit on jury trials in the district courts to controversies in excess of \$5,000.

This bill seeks to conform Section 604-5, Hawaii Revised Statutes, to the 1988 amendment to Article I, Section 12, Hawaii State Constitution. That amendment preserves the right of jury trial only in suits where the amount in controversy exceeds \$5,000.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 65 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Levin.

SCRep. 853 Judiciary on S.B. No. 103

The purpose of this bill is to repeal the statutory section granting the district courts jurisdiction over leased or rented personal property. It also seeks to repeal the prohibitions on district courts to try actions for libel, slander, defamation or

character, malicious prosecution, false imprisonment, breach of promise or marriage, or seduction and power to appoint referees in any cause.

It is your Committee's understanding that the repealed jurisdictional language is redundant with other sections, and that the limitations on district court practice no longer have any practical effect.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 103 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 Levin, Aki, B. Kobayashi and Nakasato.

SCRep. 854 Judiciary on S.B. No. 68

The purpose of this bill is to remedy the problem of the myriad of court fees by completely eliminating many smaller ones. This bill will reduce the number and types of fees which must be accounted for and collected.

This bill amends the district court fee schedules. It increases the fees for instituting each action or proceeding from \$10.00 to \$25.00 and fee for interventions, answers containing one or more crossclaims or counterclaims and third-party complaints from \$5.00 to \$50.00. This bill repeals fees for various motions, garnishee summons, writs, subpoenas, depositions, search of records by the clerk, certification of copies, and exemption.

This bill also amends the circuit court fee schedules. It increases the fees for filing a civil action or special proceeding from \$30.00 to \$100.00 and raises the fee for demand for jury trial from \$50.00 to \$100.00. This bill also repeals the fee schedule for intervention, relief, motions, writs, garnishee summons, subpoenas, depositions and examinations.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 68 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 Levin, Aki, B. Kobayashi and Nakasato.

SCRep. 855 Judiciary on S.B. No. 740

The purpose of this bill is to amend Section 806-73, Hawaii Revised Statutes, which permits revocation of probation or the suspension of sentence where a defendant has been convicted of a crime during the probation period. Under the bill, a conviction is deemed to occur when judgment has been pronounced upon the verdict.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 740 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 Levin and Chang.

SCRep. 856 Judiciary on S.B. No. 751

The purpose of this bill is to increase the accountability of public officials by adding the state librarian, deputy state librarian, and the administrator and assistant administrator of the Office of Hawaiian Affairs to the list of persons whose financial disclosure forms are open for public inspection and copying.

Your Committee received testimony from Common Cause Hawaii and the State Ethics Commission. Based on the testimony, your Committee determined that it would be necessary to also amend Section 84-17(c), Hawaii Revised Statutes, to effectuate the purpose of this bill. That amendment has been incorporated.

In addition, your Committee elected to add assistant vice presidents of the University of Hawaii to those officials who must file public disclosures, since they are of equivalent rank to many of the other persons who must file disclosures.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 751, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 751, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Levin.

SCRep. 857 Judiciary on S.B. No. 1061

The purpose of this bill is to change the present law by requiring that the courts give a written notice to the bail bondsman (referred to as the surety in Chapter 804, Hawaii Revised Statutes) upon forfeiture of any bail bond. A bail bond is forfeited when a criminal defendant fails to appear for a scheduled court appearance. This bill would also allow a bail bondsman thirty days, instead of the present ten, to object to any forfeiture of a bail bond.

Your Committee received testimony in support of this bill from Keith M. Kiuchi, Esq., attorney for A-1 Bail bonds. Your Committee also received testimony from Edwin (Ted) L. Baker, Esq., in his personal capacity, who also supports this bill, but who stressed need for appropriate modification to be fair both to the prosecution and the court system.

This bill is to address the situation where a bail bondsman is not informed for some time after the defendant fails to make a court appearance. Allegedly, the first several days are crucial to a bail bondsman's ability to find a defendant. Bail bondsmen maintain that if the information that the defendant has not appeared for court is obtained immediately, then the bondsman has a good chance of finding the defendant before he leaves Hawaii.

The present statute allows for a bail bondsman to have the bail forfeiture set aside, but only within ten days after the defendant has failed to appear for court. Bail bondsmen claim that they are not even informed within this ten-day period that the defendant has failed to appear for court.

Your Committee sees a need to balance both the interest of the bail bondsmen with that of the prosecution and the court in order to promote fairness to all parties involved in the process. In such regard, in the event that the bail forfeiture is vacated by the court, your Committee believes that it is appropriate that the prosecution and the court be reimbursed for the costs incurred by them. In such regard, your Committee has added the following provisions to this bill:

"If the motion or application, after a hearing held thereon, is sustained, the court shall vacate the judgment or forfeiture and, if the principal surrenders or is surrendered pursuant to Section 804-14 or Section 804-41, return the bond or recognizance to the principal or surety, whoever shall have given it, less the amount of any costs, as established at the hearing, incurred by the State as a result of the non-appearance of the principal or other event on the basis of which the court forfeited the bond or recognizance."

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1061, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1061, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Aki, B. Kobayashi and Nakasato.

SCRep. 858 Judiciary on S.B. No. 1879

The purpose of this bill is to alter the statutes governing the confidentiality of records containing information about persons with human immunodeficiency virus (HIV), AIDS related complex (ARC), or acquired immunity deficiency syndrome (AIDS).

This bill allows for the release of records, identifying any individual who has the HIV infection, ARC, or AIDS, to the department of health. This bill provides conditions for release including: (1) that release be for the purpose of compliance with federally imposed reporting requirements and the department ensures that personal identifying information is protected from public disclosure; or (2) when release to or by the department is necessary to protect the health and well being of the general public.

The bill clarifies existing law with respect to release with consent of the patient; release of medical and epidemiological information on a confidential basis to specified persons or organizations; release to health care providers treating the patient; and release pursuant to a court order.

Your Committee received supporting testimony for this bill from: The Life Foundation, Kapiolani Medical Center for Women and Children, Hawaii Medical Association, and the American Civil Liberties Union of Hawaii.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1879, S.D. 1, and recommends that it be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Levin.

SCRep. 859 Judiciary on S.B. No. 1147

The purpose of this bill is to revoke the driver's license of a person upon conviction of several serious offenses involving the operation of a motor vehicle.

Specifically, the following claims are included: (1) murder or attempted murder in the first or second degree; (2) manslaughter or attempted manslaughter; or (3) negligent homicide in the first degree.

Your Committee received testimony from the attorney general of the State of Hawaii, the prosecutors from the various counties of the State of Hawaii, the Department of Transportation, and from the Mothers Against Drunk Driving (MADD), in support of this bill.

The testimony provided by MADD's representative indicated that the modification of the bill was appropriate to provide for the instance when the driver has become rehabilitated since the date of the commission of the offense.

Your Committee made the following amendment to this bill, in light of the testimony provided by MADD:

(2) Upon expiration of five years from the date of entry of the order of revocation, the person may petition the court which entered the order of revocation for permission to apply to the county examiner of drivers for a new license. The court shall hold a hearing and it shall be the burden of the petitioner to prove by a preponderance of the evidence that it will be reasonably safe to allow the person to again operate a motor vehicle on the public highways. In reaching a determination, the court shall consider evidence including, but not limited to, facts tending to prove that the person has been rehabilitated from any substance abuse problem contributing to the offense giving rise to the revocation including the absence of any subsequent arrests or convictions for offenses involving alcohol or drugs. If the petition is granted and the person successfully applies for a new driver's license which is subsequently suspended or revoked pursuant to law, such revocation shall be permanent.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1147, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1147, S.D. 2.

Signed by all members of the Committee except Senators Levin and Chang.

SCRep. 860 Judiciary on S.B. No. 671

The purpose of this bill is to amend Section 199-7, Hawaii Revised Statutes, to authorize the seizure of all natural resources taken or used in violation of the provisions of Chapter 6E, Title 12, or any rules adopted thereunder.

Your Committee heard testimony from the Department of Land and Natural Resources in support of this bill. Your Committee understands this bill to be an administrative housekeeping bill to clarify an area where the authority of an agent of the Department to confiscate unlawfully acquired natural resources is unclear. Your Committee recognizes the need for the authorization provided under this bill as this may be used as a valuable deterrent against unlawful acts in this area.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 671 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Levin.

SCRep. 861 Judiciary on S.B. No. 1197

The purpose of this bill is to outlaw the possession, possession for sale, transportation, or manufacture of anabolic steroids.

This bill provides that it is unlawful to possess, sell, transport, import, administer, or give away any anabolic steroids unless upon the prescription of a practitioner. This bill also provides that it is unlawful to manufacture or prepare by chemical extraction or independently by means of chemical synthesis any anabolic steroid.

Your Committee recognizes the distinction between a person involved in the sale, distribution, transport, manufacture, etc. of anabolic steroids, as opposed to an individual who is only in the possession of an anabolic steroid.

Your Committee is of the understanding that anabolic steroids do not pose the same degree of danger as mind-altering drugs. We do believe, however, that it is important for our society to take a position against anabolic steroids. This is because of the detrimental side effect such drugs have on the physical being of the user.

We also recognize that in the excitement of sports competition, athletes may be tempted to use anabolic steroids. We understand that most of those involved in the use of anabolic steroids are of youthful age. For this reason, your Committee has made amendments to this bill to provide that any person who violates parts (a)(2), (3) or (4) of this Section is guilty of a Class C felony. It further provides that any person who violates (a)(1) of this Section is guilty of a misdemeanor.

Your Committee received testimony in support of this bill from the attorney general of the State of Hawaii, the Honolulu Police Department, and the Hawaii Medical Association.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1197, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1197, S.D. 2.

Signed by all members of the Committee except Senators Levin and Chang.

SCRep. 862 Judiciary on S.B. No. 1816

The purpose of this bill is to require that all claims made to the Medical Claims Conciliation Panel (MCCP) be made in writing and to provide for the parties to conduct discovery of all medical records relating to the care of the patient.

Your Committee received testimony from the Medical Coalition for Tort Reform, and the Department of Commerce and Consumer Affairs, in support of S.B. No. 1816, S.D. 1.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1816, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Levin and Chang.

SCRep. 863 Judiciary on S.B. No. 764

The purpose of this bill is to make the provisions of the Hawaii Tort Reform Act of 1986 permanent.

A special session of the legislature was called in 1986, for the purpose of enacting tort reform statutes. Several of the provisions enacted were set to automatically repeal on October 1, 1989 unless the legislature extended them. This bill seeks to strike the sunset clause and make the tort reform act permanent.

Your Committee received testimony in support of this bill from: the Medical Coalition for Tort Reform, the Hawaii Insurer's Counsel, and the Hawaii Health Care Association of Hawaii.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 764 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 Levin and Chang.

SCRep. 864 Consumer Protection and Commerce on S.B. No. 1818

The purpose of this bill is to clarify the statutes concerning the contractors recovery fund.

The present statutory language may lead some individuals to conclude that more than \$12,500 is recoverable from the recovery fund on a given contract.

This bill would clarify the law by specifying that the maximum recovery for damages under a single contract is \$12,500, regardless of the number of persons injured, and would add to the definition of "person injured" the owners or lessees of real property who contract with a duly licensed contractor for the construction of their own private residences on their real property. This bill also deletes a temporary provision relating to license renewal fees.

Your Committee heard supporting testimony from the Contractors Licensing Board and finds that the purpose of this bill is one worthy of its support.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1818 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, Nakasato and Koki.

SCRep. 865 Consumer Protection and Commerce on S.B. No. 506

The purpose of this bill is to amend the laws of the State relating to collision coverage sold by motor vehicle rental companies.

The bill proposes to do the following:

- 1) Require every motor vehicle insurance policy issued in Hawaii to include collision damage coverage for rental vehicles;
- 2) Prohibit a motor vehicle rental agency from offering any type of collision damage waiver;
- 3) Prohibit the agency from leasing a vehicle unless the vehicle is insured for collision damages under the lessor's motor vehicle insurance policy; and
- 4) Limit the liability of the lessee for damages to the rented vehicle up to the amount equal to the deductible under the collision coverage of the lessor's policy, but not to exceed \$100.

Your Committee received testimony in support of this measure from the Office of Consumer Protection and finds that these proposals will provide direct protection to all Hawaii residents who own motor vehicles and have insurance policies on them. The bill was amended by:

- 1) Rewording the purpose clause to clarify the intent of this measure;
- 2) Expanding the scope of coverage for collision damage to include any loss or damage, to cover such things as theft, vandalism, or fire;
- 3) Adding two new definitions to chapter 437D, Hawaii Revised Statutes to define "Authorized drivers" and "Damage";
- 4) Prohibiting the lease of a motor vehicle by a lessor unless the vehicle is insured for collision damages under the lessor's motor vehicle insurance policy;
- 5) Establishing provisions for liability of authorized drivers;
- 6) Reinstating the provision that making a statement that the purchase of a collision damage waiver is mandatory constitutes an unfair trade practice; and
- 7) Making technical, nonsubstantive amendments 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. 506, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 506, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Nakasato and Koki.

SCRep. 866 Consumer Protection and Commerce on S.B. No. 503

The purpose of this bill is to place the same limitations on acquisition and ownership of investments by foreign nationals as are placed on Americans in the foreigner's country.

The bill provides certain restrictions on foreign investment, exempts property obtained through probate, provides criteria in determining if the investor is a foreigner, and provides penalties for violations of this bill.

Your Committee has amended the bill by:

- 1) Deleting the definition section except for the term "investment", and adding a definition for "alien";
- 2) Deleting the criteria for determining a foreign investor;
- 3) Excluding certain nonresidents from the restrictions provided by this bill; and
- 4) Adding criteria to determine acceptable investments, acquisition by inheritance, and escheat proceedings.

Your Committee finds that the provisions of this bill, which involve inheritance by aliens is consistent with Zschernig v. Miller, Administrator, (389 U.S. 429), which held that aliens who inherit property from a U.S. citizen may not be regulated by state law.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 503, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 503, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Nakasato and Koki.

SCRep. 867 (Majority) Consumer Protection and Commerce on S.B. No. 1057

The purpose of this bill is to allow banks through subsidiaries to engage in the underwriting and sale of insurance in Hawaii or in the dependencies or insular possessions of the United States.

This bill amends Chapter 403, Hawaii Revised Statutes, to provide a procedure by which banks organized under State laws may engage in insurance business by application to purchase and hold the stock of a corporation or to organize a corporation that is licensed to engage in the business of insurance. The bill provides that the commissioner of financial institutions shall approve the application if he finds that the proposed activities are such that they would not be detrimental to the safety and soundness of the bank; that the bank's management has established a record of sound performance, financial responsibility, and integrity so that it would be in the best interests of the public to approve the application; and the condition of the bank is such that approval of the application would not jeopardize its financial stability. The bill also requires that any insurance company organized pursuant to the statute would be required to provide an annual report of its activities to the commissioner of financial institutions.

The insurance subsidiary formed thereunder would be primarily regulated by the insurance commissioner, but the insurance commissioner and the commissioner of financial institutions would consult with each other in regulating the insurance subsidiary.

The bill requires "corporate barriers" to be erected between the insurance subsidiary and the bank so that the bank and the subsidiary insurance company would operate independently of each other so as not to jeopardize the safety and soundness of each. Furthermore, such barriers would also protect the consuming public from any possibility of tying arrangements in the purchase of the two types of services.

As further protection to the public, the commissioner of financial institutions would have the authority to order the divestiture of the insurance subsidiary if he finds after notice and hearing that the insurance subsidiary is affecting the bank in such a manner as to be a detriment to the bank.

The bill allows the bank to invest up to the smaller of \$3,750,000 or five percent of the bank's paid-up capital or surplus in purchasing the stock of the insurance subsidiary or in contributing capital to its organization, except that for good cause, the commissioner of financial institutions may allow such investment to be greater if such investment does not exceed ten percent of the paid-up capital and surplus of the bank.

The bill also contains provisions relating to violations and remedies of the statute.

Other provisions of Chapter 403 are also amended to conform with the purpose of this bill.

Your Committee has amended this bill in accordance with a consensus of knowledgeable parties by providing for the application process described herein, for the annual report, for additional conditions to be met prior to approval of the acquisition or organization of the insurance subsidiary by the commissioner of financial institutions, and for limits with respect to the bank's investment in the insurance subsidiary.

Your Committee finds that this bill is desirable as being in the public interest in fostering competition in the insurance industry, and therefore recommends its approval as amended.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1057, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1057, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Nakasato and Koki.
Senator Matsuura did not concur.

SCRep. 868 (Majority) Consumer Protection and Commerce on S.B. No. 1262

The purpose of this bill was to provide state and federal savings and loan associations with the opportunity to obtain deposit insurance from the Federal Deposit Insurance Corporation (FDIC) in the event the federal moratorium prohibiting

a savings and loan association from withdrawing from the Federal Savings and Loan Insurance Corporation (FSLIC) is removed. This bill seeks to accomplish this purpose by allowing state and federal savings and loan associations to convert to a state-chartered savings bank.

Your Committee is aware that there is a strong likelihood that the current federal moratorium will be extended by the United States Congress, but your Committee finds and believes that this is an extremely important topic given the issues which FSLIC-insured institutions are currently confronting on a national level.

Your Committee has received testimony on this bill from the Department of Commerce and Consumer Affairs, the Hawaii Bankers Association, and First Federal Savings and Loan Association of America.

Based upon the testimony received, your Committee has amended this bill to create a separate chapter in the Hawaii Revised Statutes. Based upon information received from the Commissioner of Financial Institutions, it is your Committee's understanding that a separate chapter would provide a more compelling statutory basis for the FDIC in the granting of any deposit insurance.

Your Committee is also aware that in order for the FDIC to grant a savings bank deposit insurance, there is a need for a savings bank to possess investment powers which somehow distinguishes a savings bank from the powers which are possessed by a commercial bank as well as the powers possessed by a savings and loan association.

Your Committee has accordingly made a comprehensive effort at attempting to provide competitive equality to commercial banks and savings and loan associations while at the same time providing a statutory basis to allow a state-chartered savings bank to obtain FDIC insurance.

Your Committee is aware that there are historically some fundamental differences between commercial banks and savings and loan associations. Historically, savings and loan associations concentrated on providing mortgage loans to consumers in order to provide homeowners with the opportunity to purchase their own homes. Commercial banks also engaged in the business of providing mortgage loans, but also concentrated on loans to various professions, industries, and businesses as part of their portfolio. Savings banks are historically a creature of the New England states and were frequently considered to be a combination of a commercial bank and a savings and loan association. All of these entities provided important financial services and products to their respective economies. However, with the changes in the financial marketplace, these institutions evolved to accommodate the different financial needs of the public. Currently, commercial banks possess certain unique investment powers, but do not have all the investment powers possessed by savings and loan associations. Savings and loan associations also possess certain unique investment powers, but do not have the same investment powers of commercial banks.

Your Committee has, accordingly, attempted to amend this bill to address the concerns of each industry and realizes that some of the issues presented by this measure have only been addressed in part.

Your Committee is aware that competitive equality is a fundamental principle which should apply to all financial institutions. An issue which is presented by this bill is whether or not commercial banks which presently are unable to possess service corporations which could engage in the sale of insurance and mutual funds should be permitted by this bill. Also unclear is the percentage of assets which could be invested in certain service corporations for commercial banks.

Your Committee has addressed, in part, the taxation of savings banks as well as the inclusion of savings banks within the State's usury laws.

Your Committee has also addressed the loans and investment powers of a savings bank, but believes that further amendment and study may be necessary on (1) the type of investments and (2) the limits which should be placed on the amounts of an investment. The amendments should provide competitive equality for commercial banks and savings and loan associations.

Your Committee is also aware that the FDIC may desire to comment on various aspects of this bill and will expect further correspondence with that agency.

Your Committee is aware of the differences and issues which are presented by this bill, but would emphasize and stress that, given the severity of the FSLIC crisis and its impact on the State's healthy savings and loan associations, a comprehensive measure is necessary in order to provide financial institutions located in Hawaii with competitive equality as well as financial stability.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1262, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1262, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Nakasato and Koki.
Senators A. Kobayashi and Matsuura did not concur.

SCRep. 869 Consumer Protection and Commerce on S.B. No. 1228

The purpose of this bill was to amend the statutes concerning motor vehicle registration.

Under Section 286-41, Hawaii Revised Statutes, proof of insurance is not a requirement for the initial registration of a motor vehicle. This bill would require proof of valid no-fault insurance with the registration application and would provide a fine of not more than \$1,000 for lying about having no-fault insurance when registering a vehicle, recoverable by civil action.

Your Committee heard testimony from the Department of Commerce and Consumer Affairs and opposing testimony from the City and County of Honolulu, Department of Finance and finds that it supports the purposes of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1228 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Matsuura, Nakasato and Koki.

SCRep. 870 Consumer Protection and Commerce on S.B. No. 1823

The purpose of this bill was to amend the laws relating to regulation of travel agencies.

Chapter 468K, Hawaii Revised Statutes, governs travel agencies. This bill would (1) allow the Director of Commerce and Consumer Affairs to fine, suspend, or revoke a license for any cause that would be grounds for revocation or suspension of a license; (2) provide that a violation of the adopted rules under the chapter could be a basis for an action against the recovery fund; (3) add a provision that the director may refuse to issue a license on the same grounds as revocation or suspension under section 468K-7.3; (4) add three grounds for revocation or suspension (and now denial) of a license: misrepresenting a material fact in a license application, failing to satisfy a judgment, and being an officer, director, or partner of a corporation or partnership whose license has been revoked or suspended; (5) modify the provision on subrogation to the rights of a creditor so that the trustees who have paid any sum from the travel agency recovery fund to a judgment creditor are subrogated to the creditor "to the extent of the amount of that payment," and (6) make minor language and technical changes which have no substantive effect.

Your Committee heard testimony from the Hawaii Business League and finds that the proposed changes in the regulation of travel agencies are desirable.

Your Committee has amended this bill by modifying one of the new grounds for revocation or suspension (and now denial) of a license, "being a person who has been an officer, director, or partner of a corporation or partnership whose license issued under this chapter is revoked or suspended." The amendment inserts the words "with at least fifty-one per cent of controlling shares or more, and" after the word "partnership."

Your Committee also made technical nonsubstantive amendments to conform the bill to recommended drafting format.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1823, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1823, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Matsuura, Nakasato, Tungpalan and Koki.

SCRep. 871 Consumer Protection and Commerce on S.B. No. 1175

The purpose of this bill was to strengthen and clarify the provisions relating to licensing of massage therapists under chapter 452, Hawaii Revised Statutes.

Specifically, the bill would:

- (1) Define "massage sponsor," "massage teacher," "massage therapist student," and "massage therapy training;"
- (2) Require mechanical or electrical apparatus used in massage to be approved by the U.S. Food and Drug Administration;
- (3) Delete the massage therapist apprentice permit;
- (4) Prohibit the commercial practice of massage by massage therapist apprentices unless under the direct supervision of the sponsored massage establishment;
- (5) Prohibit the commercial practice of massage therapist students who are not under the direct supervision of the teacher in a school setting;
- (6) Require disclosure by Board of Massage members of affiliation with any apprenticeship or other massage therapy training program;
- (7) Require the Board of Massage to adopt rules relating to training programs;
- (8) Repeal the power of the Board's Executive Secretary to determine the sufficiency of an applicant's qualifications for admission to examination and licensing and transfer these powers to a committee comprised of at least five licensed massage therapists chosen by the Board;
- (9) Provided that to be eligible for the license examination a massage therapist student shall have spent at least six months in a workshop, apprentice program, or school approved by any state or national agent;
- (10) Provided that a forfeited license shall not be restored unless the individual meets the training requirements; and
- (11) Included employment of unapproved massage therapists under the penalty section.

Your Committee finds that there is a need to strengthen and clarify the licensing requirements relating to massage, and after consultation with the Board and other interested persons has approved this measure with the following amendments:

- (1) Retained the provision requiring that massage establishments situated in residential premises be set apart and not used for any other purpose;
- (2) Deleted the definitions of "massage sponsor," "massage teacher," and "massage therapy training";
- (3) Clarified the supervision, employment, and registration requirements under the definition of "massage therapist apprentice";
- (4) Clarified the definition of "massage therapist student";
- (5) Clarified the criteria needed to practice as a massage therapist apprentice;
- (6) Provided that license applicants shall have completed academic training in structural kinesiology;
- (7) Provided that to apply for the license examination, a massage therapist student shall have had at least six months of schooling approved by the Board;
- (8) Restored the power of the Executive Secretary to determine the sufficiency of the preliminary qualifications for applicants for the examination and licensing; and
- (9) Deleted the material relating to restoration of a forfeited license.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1175, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1175, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Matsuura, Nakasato and Koki.

SCRep. 872 Judiciary on S.B. No. 556

The purpose of this bill is to adopt the 1985 revised version of the Uniform Limited Partnership Act.

Your Committee received favorable testimony from the Department of Commerce and Consumer Affairs, and the State's Commission to Promote Uniform Legislation in support of this bill.

The Uniform Limited Partnership Act was originally promulgated in 1916. The Act has been amended by the National Conference of Commissioners on Uniform State Laws in 1976 and 1985. Hawaii Revised Statutes Chapter 425, Parts II and III, which govern domestic and foreign limited partnerships are based on the 1916 Act. This bill amends the Hawaii law to conform with the modern version of the Uniform Limited Partnership Act.

Instead of replacing Parts II and III of Chapter 425, Hawaii Revised Statutes, a new chapter is proposed so that the section numbers can tract the uniform act for clarity in reference and interpretation.

Your Committee made several changes to the Uniform Limited Partnership Act in this bill. The amendments are for the purpose of modifying the uniform act to meet some of the unique aspects of Hawaii business practice. First, the provisions regarding the filing of documents with the Director of Commerce and Consumer Affairs have been revised to follow the general corporate law so that there will be consistency in the filing standards with the Department of Commerce and Consumer Affairs. Your Committee notes that the Department does not "file" a document until it has been reviewed to determine compliance with statutory requirements. The uniform act deems a document to be "filed" when delivered to the Department. Under S.B. No. 556, S.D.2, a document would be delivered to the director for filing and filing would occur after the document has been reviewed and all fees have been paid. New sections have been added to the uniform act setting forth the filing duty of the director and the procedure for correcting a previously filed document.

The sections relating to name clearance and name reservation have been revised to follow the current practice and the general corporate law. Consequently, the availability of a name will be equally applicable whether the applicant is a general or limited partnership, corporation or trade name, trademark or service mark and domestic or foreign. The option given to a foreign corporation, whose name in its place of domicile is not available for registration in Hawaii because of a prior registration, to register under its own name and to transact business under a registered trade name is being extended to foreign limited partnerships.

A new section amending section 425-8, Hawaii Revised Statutes, has been added which will extend the period for holding a name reservation to one hundred twenty days for general partnerships as well as corporations and limited partnerships.

The uniform act has also been revised to require the residence, rather than the business, address of general partners be included in filing, which is consistent with current practice in corporate law.

Current law requires that a certificate of amendment be filed before a person can effectively become a limited partner in a limited partnership. The names of the limited partners are also required to be included in the annual statement filed by each limited partnership. The Department of Commerce and Consumer Affairs expends numerous personnel hours in reviewing lists of limited partners with each amendment and annual statement filed. Oftentimes, the amendment or annual statement is rejected because the names listed do not exactly match that which is on record with the Department. The uniform act does not provide for the filing of any information regarding the names or numbers of limited partners.

Your Committee recognizes the need to require that the names of the limited partners be included in the filing of the (1) original certificate of limited partnership as well as on the (2) annual statements. These filings would be for informational purposes only and the limited partnership agreement and records of the limited partnership would control as to the date a person becomes a limited partner thereby deleting the requirement that an amendment be filed every every time a new person becomes a limited partner. Continuing to require informational filings as to the names of limited partners is necessary for regulatory purposes.

New sections have been added to require the filing of annual statements by domestic and foreign limited partnerships. This would be a continuation of current statute. Annual filings are necessary for maintaining current registration. Also, if a limited partnership fails to make the annual filing for two years, the partnership registration may be canceled by the director. Thus, records can be purged of inactive businesses and names can become available for new businesses.

Penalty provisions based on chapter 425, Hawaii Revised Statutes, for failure to make required filings and for false statements in filings have been added to the uniform act.

A new section setting forth the fees required to be paid has been added. Fees for the filing of a foreign limited partnership amendment and foreign limited partnership agent change have been added as those documents currently do not have a filing fee.

The procedure for withdrawal has been modified to make certain that before a foreign limited partnership is permitted to withdraw from transacting business in this state, notice will have been given to creditors and assurance given that all debts and liabilities have been paid or adequate provision for their payment will have been made.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 556, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 556, S.D. 2.

Signed by all members of the Committee except Senators Levin, Chang, Holt and Nakasato.

SCRep. 873 Judiciary on S.B. No. 741

The purpose of this bill is to amend Sections 706-626, Hawaii Revised Statutes, to permit the arrest of a probationer upon probable cause.

Your Committee received testimony from Janice Wolf, administrative director of the courts, in support of this bill. She indicated that the adult probation division seeks the enactment of this bill to alleviate the difficulty which the present probation provisions of the Hawaii Revised Statutes pose. Although the present provisions of these statutes authorizes the arrest of the probationer by a police officer or probation officer when there is probable cause that a probation violation has occurred, this statute does not specify whether such a violation allows for a law enforcement agency to book and process an offender as they would for a criminal offense.

Your Committee amended S.B. No 741 to permit a defendant on probation post bail in certain circumstances, where he is arrested as the result of his failure to comply with a probation requirement.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 741, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 741, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Chang, Holt and Nakasato.

SCRep. 874 Judiciary on S.B. No. 757

The purpose of this bill is to change the period within which the State Ethics commission may initiate an investigation or file charges. The bill also changes the period within which the State may file suit to recover the proceeds of unethical conduct.

This bill amends Section 84-31(a)(6), Hawaii Revised Statutes, to change the period for purposes of investigation and taking action on alleged violations of the Ethics Code by a legislator, employee, former legislator, or former employee, from one year after termination of employment to within three years of an alleged violation. The bill simultaneously changes the statute of limitations for a State suit resulting from a commission determination of misconduct to one year from the date of the determination.

Your Committee received testimony from the State Ethics Commission in which it was indicated that the current law has created difficulty for the Commission in pursuing some cases, as it may not learn of a possible violation immediately.

Your Committee also received testimony from Common Cause Hawaii in support of this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 757 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 Levin and Chang.

SCRep. 875 Judiciary on S.B. No. 222

This bill proposes constitutional amendments to create an indirect initiative process for the people of Hawaii.

The proposed amendments establish indirect initiative; provide for legislative approval or the proposal of alternative measures; provide a review mechanism where minor, nonsubstantive changes are made by the Legislature; require that the Legislature determine the phrasing of the question to be placed on the ballot; provide the mechanism for voting on the question; and limit veto, repeal or modification. Initiative may not be used for appropriations of public funds, tax revision, or to modify collective bargaining agreements.

Your Committee received substantial testimony in support of this measure. The Committee, however, was concerned that indirect initiative could be used to override ordinances made by the counties in derogation of the principle of home rule. The proponents of the bill assured your Committee that indirect initiative can only be used to amend the Constitution or to enact laws of statewide import.

Two revisions have been made to this bill. First, the provision regarding compensation to petition circulators has been changed to prohibit monetary compensation only. The will assure that the giving of refreshments or other minor items will not run afoul of this law.

Second, the ballot question contained in the bill has been revised to eliminate items which are not in the proposed constitutional amendment, and to clarify the ballot language.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 222 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 Levin and Chang.

SCRep. 876 Judiciary on S.B. No. 755

The purpose of this bill is to amend Section 84-31(b) of the State Ethics Code to allow the Commission to serve a "charge and further statement of alleged violation" of the Ethics Code by publication in the event that the Commission cannot locate an individual against whom a "charge and further statement" has been issued.

The current law requires that the charge and further statement be personally served upon the alleged violator. Under this bill, service may be made by the State Ethics Commission, through publication through the process by which it will publicize once a week for successive weeks of a notice in a newspaper of general circulation of the alleged violator's last known address. This service by publication process may be utilized in the event that personal service cannot be effected successfully.

This bill addresses a potential problem with Section 84-31; if "personal service" cannot be effectuated on the alleged violator, the Commission cannot proceed to set a Chapter 91, Hawaii Revised Statutes, hearing to receive evidence of the alleged ethics violation.

Your Committee received testimony from Cynthia T. Alm, Chairperson of the State Ethics Commission in support of this bill. In her testimony, she said that in a recent case before the State Ethics Commission to which this bill seeks to address. That matter concerned a case in which an alleged violator of the State's ethics laws purposely avoided personal service in order to thwart the Commission's proceeding further in the case. The alleged violator was successful in avoiding service, and the case has been in limbo since. The Commission expressed concern that there was a likelihood that others who may have complaints filed against them may also resort to the same tactic.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 755 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 Levin, Chang and Nakasato.

SCRep. 877 Judiciary on S.B. No. 27

The purpose of this bill is to require that District Court judges shall be appointed by the Governor, rather than by the Chief Justice of the Supreme Court.

Your Committee received testimony from Janice Wolf, administrative director of the Courts, who indicated that the judiciary does not actively oppose the amendment proposed by this bill. Nevertheless, your Committee is of the opinion that the Governor and the legislature, through the advise and consent role of the State Senate, should be involved in the evaluation of the fitness and qualifications of judicial appointees to the District Court. Gubernatorial and legislative oversight of judicial appointments to the District Court is appropriate given the increasingly important responsibilities of District Court judges and the fact that the legislature is presently considering substantial increases in salaries and retirement benefits for District Court judges.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 27, 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 Levin.

SCRep. 878 Judiciary on S.B. No. 311

The purpose of this bill is to provide that all financial disclosure statements available for inspection shall be destroyed, sealed, or returned to the person who made the disclosure when that person no longer holds office.

Your Committee reviewed testimony in support of this bill from Cynthia T. Alm, Chairperson for the State Ethics Commission. She indicated that Section 84-17, Hawaii Revised Statutes, is the financial disclosure law for state officials,

employees, and candidates for state elective office. This law requires about 1,300 state officials and employees to file annual financial disclosure statements with the State Ethics Commission. Candidates (usually about 215 in number) for state elective office must file financial disclosure statements with that office prior to an election. She also indicated that disclosure statements for candidates and for about 160 high-ranking state officials are public records and are thus available for public inspection. Disclosure statements of other state officials and employees are confidential, and are reviewed only by the State Ethics Commission.

Your Committee amended S.D. No. 311 on the basis of testimony provided by Chairperson Alm where she indicated that:

Section 84-17, Hawaii Revised Statutes, presently does not provide for a date requiring a disclosure statement to be destroyed or otherwise disposed of. Thus, the State Ethics Commission has kept on file all disclosure statements filed with the Commission since the establishment of the Commission over twenty years ago. It has been the Commission's experience that old disclosure statements are of little value to the State Ethics Commission. The Commission thus favors the establishment of a disposition date for all disclosure statements filed with the Commission. However, the Commission believes that disclosure statements should not be destroyed or disposed of at the time a filer of a disclosure statement leaves state service.

The State Ethics Commission believes that a disclosure statement should remain on file for three years after a state official or employee leaves state service. There are ethics laws that apply to former state officials and employees for up to two years after termination of state service. A three-year period for retention of a disclosure statement after termination of state service is more in keeping with the design of the State's ethics laws.

After three years, the Commission believes that disclosure statements should be destroyed or returned to the filer or candidate. The Commission believes that it is not a wise use of taxpayer dollars to provide for retention of all disclosures beyond three years.

The Commission believes that a copy of a disclosure statement should only be kept by the Commission if it has become part of a prior case or is part of an on-going investigation.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 311, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 311, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Levin.

SCRep. 879 Judiciary on S.B. No. 971

The purpose of this bill is to amend the Uniform Probate Code to allow the Department of Human Services to recover payment for burial expenses through an informal affidavit process.

Under Section 346-15, Hawaii Revised Statutes, the Department of Human Services pays for funerals where the decedent's estate cannot afford the costs. This bill allows the Department of Human Services to recover debts or personal property owed to the decedent as satisfaction of the funeral costs. Under the bill, collection can take place based upon an affidavit.

Your Committee received testimony in support of this bill from Winona E. Rubin, Director of the Department of Human Services, State of Hawaii. In her testimony, she stated that the Department seeks to recover payment only in situations where the circuit court is the guardian and the decedent does not have any heirs or next of kin. Although there is usually not a great deal of money in the accounts, the Department must currently go through the formal probate process to claim recovery. It is anticipated, by passage of this bill, that there will be a simplification of the recovery process. In the calendar year 1988, the Department petitioned the court for recovery in 103 cases. The maximum amount recoverable is \$800.00 per case, which would calculate to a total of \$82,400.00. At the present time, the informal affidavit process is allowed only for heirs and next of kin for the decedent. The only mechanism to eliminate the requirement for the formal process by the Department is through the amendment of the Uniform Probate Code, which is the objective of this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 971 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Levin.

SCRep. 880 Judiciary on S.B. No. 1476

The purpose of this bill is to establish statutory provisions relating to physician peer review activities in Hawaii and to specifically "opt out" of the federal Health Care Quality Improvement Act of 1986.

This bill opts out of Part A of the Federal Health Care Quality Improvement Act of 1986; provides the standards for professional review actions and limitation of liability; provides notice of peer review hearings and regulates their conduct in areas of legal representation, creation of a record, witnesses, evidence, and the rights of a physician after the hearing; and regulates attorney's fees. The bill empowers the Director of the Department of Commerce and Consumer Affairs to adopt rules and voluntary guidelines to effectuate this law.

Your Committee has amended this bill to conform it to standard bill form and to the standard punctuation in the Hawaii Revised Statutes. It has also made technical revisions to conform it with the intent of the bill to adopt the language of the federal Act.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1476, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. 1476, S.D. 2.

Signed by all members of the Committee except Senator Levin.

SCRep. 881 (Majority) Judiciary on S.B. No. 718

The purpose of this bill is to allow for write-in voting in primary elections. In such elections, a voter will be allowed to vote for someone other than those listed on the ballot by writing any person's name on the blank line on the ballot. This bill also repeals the special primary election for unopposed candidates.

Under this bill, it is required that official party ballots shall have as many blank lines as there are persons to be elected to that office to allow for write-in votes. This bill should expand the range of meaningful choices for a voter at the polls and hopefully encourage more voter interest and participation in elections.

This bill was introduced at the request of the Lieutenant Governor's office. Your Committee received testimony in support of this bill, and no testimony was offered in opposition.

Your Committee has amended the bill to correct an apparent typographical error.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 718, as amended, and recommends that it pass Second Reading as S.B. No. 718, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Levin.
Senators Crozier and Nakasato did not concur.

SCRep. 882 Judiciary on S.B. No. 753

The purpose of this bill is to amend the definition of an expenditure under the lobbyist law to include compensation or other consideration paid to a lobbyist for the performance of lobbying services.

Your Committee received testimony in support of this bill from the State Ethics Commission and Common Cause Hawaii.

Common Cause Hawaii's testimony indicated that presently, some lobbyists are circumventing the reporting requirement since the law is presently vague as to whether a lobbyist paid to lobby as part of his or her job description must file with the Ethics Commission. The new language of the bill would require lobbyists who are paid a salary to file expenditure and reporting statements with the Ethics Commission. This bill would also clear up any vagueness as to the definition of "expenditure" in the current law.

The State's Ethics Commission indicated that all compensation paid for lobbying expenses should be disclosed, whether paid to an "outside" lobbyist or to someone who lobbies as part of his or her employment.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 753 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 Levin and Chang.

SCRep. 883 Judiciary on S.B. No. 754

The purpose of this bill is to raise the amount of any contract which a legislator, employee, or business in which a legislator or employee has a controlling interest, may receive without going through a bidding process to conform with the statute regarding non-bid contracts.

The new amount of \$4,000 matches the amount for awarding a non-bid State contract to any person under §103-22, Hawaii Revised Statutes. This bill addresses an anomaly: while the State can presently award a non-bid contract between \$1,000 to \$4,000 a legislator, employee, or business in which a legislator or employee has a controlling interest cannot accept such a contract without violating Section 84-15, Hawaii Revised Statutes.

Your Committee received testimony from the State Ethics Commission in support of this bill. The State Ethics Commission indicated a threshold amount of \$1,000 should be increased to \$4,000 so that only significant contracts will become the concern of the State Ethics Commission. The figure of \$1,000 was established in 1968, and the State Ethics Commission is of the belief that after twenty years, it is time to re-evaluate the amount.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 754 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 Levin and Chang.

SCRep. 884 Judiciary on S.B. No. 668

The purpose of this bill is to amend the land court registration law to require all names in the instruments to be typewritten, stamped, or printed beneath all signatures.

This bill prohibits the assistant registrar from filing or recording any instrument that does not conform to the provisions of this bill. This bill empowers the Supreme Court of Hawaii to revise or add to the schedule of fees. This bill also provides for additional fees in its schedule of fees provisions.

Your Committee received testimony from William W. Paty, chairperson of the Board of Land and Natural Resources, State of Hawaii, in support of this bill. He explained that the amendments contained in this bill were recommended by the Department's Ad Hoc Committee. The Committee was appointed by the Department in June, 1988 and is made up of prominent persons from the title, escrow, lending and legal industries. The heads of the committee, Chairman Samuel P. King, Vice-Chairman Norito Kawakami are, both former land court judges.

The amendment to Section 501-105, Hawaii Revised Statutes, makes the requirement of the grantee's address and deeds consistent with both recording systems. Presently, the land court requires the grantee's place of residence or post office address while the Bureau of Conveyances requires the grantee's place of residence and post office address.

The amendment to Section 501-108, Hawaii Revised Statutes, provides for a consistent location of recording information on documents recorded by both recording systems. The present recording information for Bureau of Conveyances documents is on the first page of each document, while recording information for documents recorded in land court is placed on the back of each document. Consequently, the back of each land court document must also be microfilmed. This practice adds approximately eighty-five thousand pages to the microfilms annually.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 668 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 Levin, Chang and Nakasato.

SCRep. 885 Judiciary on S.B. No. 32

The purpose of this bill is to provide that the mandatory legislative recess shall be a total of not less than six days, as opposed to the present five day period, and repeals the requirement that the recess occur between the twentieth and fortieth days of the regular session.

This bill retains the provision that the mandatory recess shall be determined by a concurrent resolution adopted by a majority vote of the members of each house. Your Committee believes that allowing more flexibility in setting the dates of legislative recesses will permit future experimentation with new schedules to address the growing burden on legislative resources caused by the increased numbers of bills being considered.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. 32 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 Levin and Chang.

SCRep. 886 Judiciary on S.B. No. 61

The purpose of this bill is to amend the Probate Code provision prohibiting a beneficiary who kills a person from inheriting from the victim, to include the crime of second degree murder.

This bill is intended to conform Section 560:2-803, Hawaii Revised Statutes, to the current probate code provision regarding murder.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 61 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 Levin and Chang.

SCRep. 887 Judiciary on S.B. No. 739

The purpose of this bill is to broaden the availability of probation records.

This bill provides that written summaries of adult probation division case records may be provided upon request only to the state or federal justice agency responsible for providing supervision of the offender, or responsible for preparing a report for a court. This bill allows for the release of contents of records relevant to serve summons or bench warrants in both civil and criminal proceedings, or in a deportation proceeding, to state and federal law enforcement agencies.

Further, this bill allows for the release of both pre-sentence and investigative reports to intake service centers and adult probation officers of another state engaged in the supervision of an offender convicted and sentenced in the Hawaii courts, or engaged in the preparation of a report for a court.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 739 and recommends that it pass on Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin and Chang.

SCRep. 888 Judiciary on S.B. No. 738

The purpose of this bill is to allow courts to give credit for time already served where imprisonment is made a condition of probation.

Your Committee received testimony from the judiciary in support of this bill. Based on its review, however, your Committee has amended the bill to make the granting of credit mandatory.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 738, as amended, and recommends that it pass Second Reading in the form attached hereto as S.B. 738, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin and Chang.

SCRep. 889 Judiciary on S.B. No. 959

The purpose of this bill is to effect three changes to the statutes governing the State's consumer protection agencies: (1) to toll the running of the statute of limitations in certain instances; (2) to impose personal liability for restitution to consumers upon officers, directors, and agents of a corporation in certain instances; and (3) to consolidate the authority of the Office of Consumer Protection to seek an injunction in all cases where that office is empowered to sue.

The tolling provision provides a mechanism to toll the statute of limitations for bringing an action under chapter 480, Hawaii Revised Statutes, including section 480-2. Management of cases has been hampered when respondents have removed themselves from the State, filed petitions for relief under the Bankruptcy Code, or have had criminal actions brought against them. While these may each be legitimate reasons why a civil action brought by the State cannot proceed, they are not sufficient reasons to preclude a suit by the State altogether. The present statute has no tolling provisions and all enforcement actions are barred unless commenced within four years after the cause of action accrues. This amendment will toll the running of the statute of limitations for actions under chapter 480 in the situations listed above and should provide adequate time for investigation of complex cases and flexibility in enforcement.

Second, this bill substantially codifies the holding of Eastern Star, Inc., S.A. v. Union Building Materials Corp., 6 Haw. App. ___, 712 P.2d 1148 (1985). In some cases, an empty shell is all that remains of corporations which have caused injury to consumers. In many instances, the persons who have profited from the unlawful acts or practices of the corporations are the principals who controlled or should have controlled the activities of the corporation, namely, individual directors, officers, or other agents. The Eastern Star case imposes personal liability on individual directors, officers, and agents of a corporation where the corporation has been adjudged responsible to pay restitution to injured persons and where the directors, officers, or agents in question have authorized, ordered, done, or actively or passively participated in any of the acts which caused the injuries. In such cases, liability would be joint and several.

Third, this bill consolidates and clarifies the authority of the Office of Consumer Protection to seek an injunction in all cases where it is empowered to sue. The current provision extends only to cases involving persons practicing a licensed discipline without benefit of a license.

Your Committee received testimony from the Office of Consumer Protection in support of this administration bill, and from the Hawaii Business League in opposition to it. The League pointed out that the language of Senate Draft 1 could be interpreted to impose liability where an officer or director's "passive" participation was based either on ignorance or deceit by other officers and directors.

It is your Committee's impression that "passive" participation has not been well-enough defined in Hawaii's common law or statutes at this point to remove the possibility of the type of injustice suggested by the League. The bill has therefore been amended to remove the term "passively" from the liability clause in the proposed §487-14(b), Hawaii Revised Statutes.

Your Committee also received testimony that Senate Draft 1 would unintentionally delete the authority of the Regulated Industries Complaints Office to seek injunctions against professionals and members of vocations practicing without proper state licensure. The bill has been amended to correct this deletion of authority.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 959, S.D. 1 as amended herein, and recommends that it be placed on the calendar for Third Reading in the form attached hereto as S.B. No. 959, S.D. 2.

Signed by all members of the Committee except Senator Levin.

SCRep. 890 Judiciary on S.B. No. 1469

The purpose of this bill is to allow Hawaii corporations to limit the personal liability of their officers and directors under certain circumstances.

This bill empowers a corporation to eliminate or limit the personal liability of its directors or officers in any action brought by the shareholders or the corporation for breach of their fiduciary duty as a director or officer. This bill requires authorization and approval of the shareholders to provide immunity. The bill also establishes requirements for authorizing a waiver.

The bill prohibits a corporation from eliminating or limiting the personal liability of a director or officer for fraudulent, dishonest or illegal conduct. The bill requires that the shareholders receive written notice of any proposal by the corporation to eliminate or limit the personal liability of the directors or officers. Corporations covered are those having a class of equity securities registered pursuant to the Securities Exchange Act of 1934, which are either listed on a national securities exchange or traded over the counter on the National market of the National Association of Securities Dealers, Inc. automated quotation system.

Under this bill a director, in determining the best interests of the corporation, may consider the following: (1) the interest of the corporation's employees, customers, suppliers and creditors; (2) the economy of the state and nation; (3) community and societal considerations; and (4) the long term and short term interests of the corporation and its shareholders.

Your Committee received testimony in support of this bill by Sharon Himeno, Esq., who represented Alexander & Baldwin, Inc.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1469, S.D. 1, and recommends that it be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Levin.

SCRep. 891 Judiciary on S.B. No. 706

The purpose of this bill is to amend, reenact, or repeal various provisions of the Hawaii Revised Statutes for the purposes of correcting errors, clarifying language, correcting references, and deleting obsolete or unnecessary provisions. All amendments are of a purely technical nature and contain no substantive changes to the law.

The reasons for amending the sections are as follows:

Section 1. L 1988, Act 403, section 1, amended section 11-204, Hawaii Revised Statutes, and in so doing, inadvertently neglected to delete the word "or" when it deleted "political action committee" so that the resulting sentence is awkward if not incorrect as it now reads: "(e) All payments made by a person or whose contributions or expenditure activity is financed..." This section is amended to delete the first reference to the word "or".

Section 2. L 1971, Act 106, established a state information office. Section 2 of that Act contained the phrase: "The Hawaii Revised Statutes is amended to provide for the establishment of a centralized state information service in the office of the governor..." which was codified as section 27C-2, Hawaii Revised Statutes. This is stylistically inappropriate language for the Hawaii Revised Statutes, as the language is already included in the Hawaii Revised Statutes. The phrase is amended to read: "There is established...", instead of "The Hawaii Revised Statutes is amended to provide for the establishment of..."

Section 3. L 1987, Act 339, section 1, amended the Hawaii Revised Statutes by establishing a department of human services and a department of corrections out of the former department of social services and housing. Section 46-15.5 is amended to change the reference to the department of social services and housing to the department of human services to conform to the name change which occurred in 1987.

Section 4. L 1988, Act 266, section 3, repealed chapter 41, which related to state insurance administration and created a new chapter 41D relating to state risk management and insurance administration. A reference to chapter 41 is contained in section 103-7, which exempts projects covered by chapter 41 from requiring authorization by the legislature and the governor. The repeal of chapter 41 and the substitution of chapter 41D in its place require that this cross reference in section 103-7 be changed to include the new chapter created by Act 266.

Section 5. L 1988, Act 353, section 1, amended section 103-2 and in so doing, inadvertently changed "informal" to "formal" in subsection (b)(2) when referring to bids between \$4,000 and \$10,000. The fact that the change was made without the usual bracketing and underscoring indicates that the change was probably an inadvertent typographical error rather than an intentional amendment. This section is amended to change "formal" to "informal".

Section 6. L 1988, Act 275, section 3, amended section 134-32 by adding a new paragraph (4) regarding the physical inspection of licensees' firearms by the chief of police of each county. This paragraph refers to firearms "registered pursuant to section 134-3(e)", which appears to be a typographical error, as section 134-3(e) simply prohibits registration fees. Section 134-3(c), on the other hand, refers to the registration of firearms by dealers as an exception to the general requirement of registration and physical inspection of firearms by the chief of police at the time of registration. Section 134-32(4) is amended to change the reference to section 134-3(e) to 134-3(c).

Section 7. Section 155-6 contains a reference to section 403-3, which defined the term "commercial bank". L 1988, Act 343, repealed section 403-3 and also amended section 403-2 to include the definition of "commercial bank". Section 155-6(c) is amended to refer to section 403-2 instead of the repealed section.

Section 8. Section 199-7 contains a reference to section 701-119, which sets forth the necessary procedure to be followed when a court declares any item to be forfeited to the State. L 1988, Act 260, section 4, repealed section 701-119. Section 1 of that Act also created a new chapter 712A, entitled "Forfeiture" to among other things, replace the repealed section 701-119. Section 199-7 is amended to delete the repealed section and to include the reference to the new chapter.

Section 9. L 1987, Act 337, repealed chapter 359G, and added a new chapter 201E, containing sections formerly in chapter 359G. Section 205-4 refers to section 359G-4.1, which was part of the repealed chapter. The functional equivalent of that section in chapter 201E is section 201E-210. Section 205-4 is amended to refer to section 201E-210.

Section 10. Section 219-8 contains a reference to section 403-3, which defined the term "commercial bank". L 1988, Act 343, repealed section 403-3 and also amended section 403-2 to include the definition of "commercial bank". Section 219-8 is amended to refer to section 403-2 instead of the repealed section.

Section 11. L 1988, Act 317, repealed chapter 221, which created the Commission on the Year 2000. Section 222-2 states that one of the duties of the Hawaii research center for futures study shall be to serve as a research arm of the

commission on the year 2000. With the repeal of chapter 221, this responsibility no longer exists for the research center for futures study. Section 222-2 is amended by deleting the reference to the commission on the year 2000.

Section 12. Section 329C-3 contains a reference to section 701-119, which sets forth the necessary procedure to be followed when a court declares any item to be forfeited to the State. L 1988, Act 260, section 4, repealed section 701-119. Section 1 of this Act also created a new chapter 712A, entitled "Forfeitures" to among other things, replace the repealed section 701-119. Section 329C-3 is amended to delete the repealed section and to include the references to the new chapter.

Section 13. Section 359-141 contains a reference to chapter 361, entitled the "Community Home Mortgage Program". L 1988, Act 100, section 2, repealed chapter 361. Section 359-141 is amended to delete the reference to the repealed chapter.

Section 14. Section 403-74 contains reference to sections 403-3, 403-4, and 403-5, which define the terms "commercial bank", "savings bank", and "foreign bank", respectively. L 1988, Act 343, repealed these sections and also amended section 403-2 to include these definitions. Section 403-74 is amended to refer solely to section 403-2.

Section 15. L 1988, Act 65, amended various sections of the Hawaii Revised Statutes to substitute "condominium property regime" for "horizontal property regime". Section 514A-70 was not included in the list of substitutions, and is amended to substitute "condominium" for "horizontal" in the phrase: "horizontal property regime".

Section 16. L 1988, Act 65, amended various sections of the Hawaii Revised Statutes to substitute "condominium" for "horizontal" in the phrase: "horizontal property regime". L 1988, Act 298, section 1, enacted a new chapter on the right of first refusal for apartment owners in condominiums and cooperative housing corporations. Section 514C-1 of this new chapter refers to "horizontal property regime" instead of "condominium property regime" in its definition of "condominium project" and is amended to conform to the amendments made by Act 65.

Section 17. Section 571-51.5(h) contains a reference to section 571-52.1, which provides for the determination and enforcement of support orders. L 1988, Act 200, repealed section 571-52.1. Section 571-51.5 is amended by deleting subsection (h).

Section 18. L 1988, Act 300, amended section 707-8200 and in so doing, inadvertently dropped the word "service" in subsection (1)(b) when referring to "cable television...device". The word "service" appeared correctly in this subsection in the 1987 supplement to the Hawaii Revised Statutes. The fact that the word was simply dropped and not deleted through the usual bracketing indicates that the deletion was inadvertent, rather than an intended amendment. The word "service" is added to correct this error.

Sections 19 to 21. Sections 708-8204, 710-1001, and 712-1230 contain references to section 701-119, which sets forth the necessary procedure to be followed when a court declares any item to be forfeited to the State. L 1988, Act 260, section 4, repealed section 701-119. Section 1 of that Act also created a new chapter 712A, entitled "Forfeiture" to replace the repealed section 701-119. Sections 708-8204, 710-1001, and 712-1230 are amended to delete the repealed section and to include the reference to the new chapter.

Section 22. L 1987, Act 139, amended section 804-4 and inadvertently added a repetitious phrase: "after conviction and prior to sentencing in cases where bail was available". The section is amended to delete the repetitious phrase.

Section 23. L 1987, Act 209, section 1, amended section 11-72, to allow the chief election officer to employ minors of at least sixteen years of age to work as precinct workers in the event that adult workers are not available in sufficient numbers. The effective date of the Act simply said it would take effect upon approval and be repealed on December 31, 1989. Because the effective date section did not indicate that section 11-72 would be reenacted in the form in which it read on the day before the approval of Act 209, an ambiguity is created as to whether the entire section or only the 1987 amendment would be repealed on December 31, 1989. Conference Committee Report No. 59 (April 25, 1987), reported that there would be a trial period to extend to December 31, 1989, to give the Lieutenant Governor time to evaluate the system. The intention, therefore, appeared that only the amendment permitting the appointment of minors, not the entire section pertaining to precinct officials, was to be repealed on December 31, 1989. To eliminate this ambiguity, and to specifically provide that only the 1987 amendment, rather than the entire section is repealed, section 3 of Act 209 is amended to provide that section 11-72 is reenacted in the form in which it read on the day before the approval of Act 209.

Your Committee finds that section 11 of this bill contains paragraphs (2) through (7) from the incorrect section of the Hawaii Revised Statutes (section 221-2, instead of section 222-2, Hawaii Revised Statutes), and has corrected it to the proper section of the Hawaii Revised Statutes.

Your Committee finds that section 23 of this bill which amends the effective date of Act 209, Session Laws of Hawaii 1987, may be affected by an amendment proposed by S.B. No. 721.

Your Committee finds that section 12 of S.B. No. 721, S.D. 1, amends the effective date of Act 209, Session Laws of Hawaii 1987, by deleting the sunset provision: "and shall be repealed on December 31, 1989." If a measure is enacted which repeals that sunset provision, then sixteen-year-olds may continue to be employed as precinct workers and section 11-72 will not be repealed on December 31, 1989. If no other measure is enacted to clarify the effective date provision, then the concern regarding the repeal of the entire section would still be valid and the reenactment of section 11-72 in the form in which it read on the day before the approval of Act 209 would be necessary.

In order to provide for the foregoing contingency, your Committee has amended this bill by adding a new section, section 24, providing that if any other Act is enacted by the legislature in the Regular Session of 1989 which amends section 3 of Act 209, Session Laws of Hawaii 1987, then that Act shall prevail.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 706, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 706, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin and Chang.

SCRep. 892 Judiciary on S.B. No. 1152

The purpose of this bill is to streamline procedures used by the State Bureau of Conveyances. This is accomplished by: modifying the bureau's fee structure; codifying document format requirements; allowing the registrar to enter into agreements authorizing next-day recordation; and expanding the use of document numbers in lieu of book-and-page references.

Your Committee received substantial testimony on the steps which have been taken to evaluate the procedures of the Bureau and to create fair and equitable modifications to assist the public and the Bureau. It is your Committee's understanding that this bill is the result of that process.

The Department of Land and Natural Resources submitted testimony requesting that an amendment be made to require that the names of signatories be printed, typed or stamped beneath all signatures. The Department stated that this will improve the indexing process. Your Committee agrees that this is a reasonable request, and has incorporated it into the bill. A technical, non-substantive amendment was also made to the bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1152, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Aki and Holt.

SCRep. 893 Judiciary on S.B. No. 37

The purpose of this bill is to redefine the time, location, and nature of prohibited campaign activities at or near an election polling place.

Your Committee received testimony indicating that the Lieutenant Governor did not object to the bill, and the Honolulu Police Department supported the provisions of the bill which appeared to reenact Section 291C-77(c), Hawaii Revised Statutes.

Your Committee's review of the proposed language used in the statute suggested that its definition of the prohibited activities was more vague than the existing provision. Further, Section 291C-77(c), Hawaii Revised Statutes, which was included in the bill, has been held unconstitutional by the United States Court of Appeals for the Ninth Circuit in the case of *Aiona v. Pai*, 516 F.2d 892 (Ninth Circuit 1975). The bill's language did not address the First Amendment violation found by the court in the *Aiona* case.

For these reasons, your Committee has amended the bill by restoring the specific definition of "campaign activities" in Section 19-6(7), Hawaii Revised Statutes, and by deleting the amendments to Section 291C-77(c), Hawaii Revised Statutes.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 37, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 37, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Chang and Nakasato.

SCRep. 894 Judiciary on S.B. No. 1149

The purpose of this bill is to reenact §712-1214(1)(a), Hawaii Revised Statutes, which makes it illegal to disseminate pornographic material for monetary consideration. It also states the legislature's specific findings regarding the harm caused by pornographic materials, and the compelling state interests in prohibiting paid distribution.

Your Committee was gratified to receive substantial testimony on this bill from various viewpoints. The vast weight of the testimony was in favor of the bill, and included statements by expert witnesses Victor Cline, a clinical and behavioral psychologist with the University of Utah, and by Park Elliot Dietz, M.D., of the University of Virginia.

Dr. Cline discussed the three types of evidence available on the effects of pornography: (1) controlled lab experiments, (2) field studies, and (3) clinical case histories. Dr. Cline testified that evidence in each of the areas demonstrated that certain types of pornographic material were harmful.

For example, Dr. Cline cited a field study on the users of "dial-a-porn" services, which suggested that these telephone services have become teachers of sexual behavior to teenagers. He also cited 240 clinical case histories which led him to conclude that: (a) pornography has an addicting effect; (b) users become desensitized to the material; (c) desensitization leads users to seek more anti-social forms of pornography; and (d) in some cases this eventually resulted in users acting out fantasies engendered by the pornography. To the extent that available pornography shows deviant sexual behavior, it was Dr. Cline's opinion that the behavior would be learned and acted out by some users.

Dr. Cline expressed his opinion that the addicting effect of pornography can be greater than that of alcohol. He also stated that one of his greatest concerns is that where pornography is available in homes with children, the children are invariably exposed to it in some way, and it becomes a learning tool in their sexual development.

Dr. Dietz testified that it was his opinion that there were compelling public health reasons for restrictions on the sale of pornographic materials. These public health grounds include:

1. The abuse of participants appearing in pornographic materials by some producers/manufacturers. Specifically, Dr. Dietz cited cases of drug addicts being enticed into performing in exchange for drugs, coercion of participants, and rare instances of kidnap and rape.
2. Exposure to potentially dangerous items such as "poppers", various types of bondage restraints, and poorly manufactured "sex aids" in shops selling hard-core pornographic materials.
3. The use of pornographic bookstores as places for casual or anonymous sex acts, with the resultant potential for spreading sexually transmitted diseases.
4. The effect of "disinformation" in pornography on impressionable persons, such as children.

Dr. Dietz submitted two documents as an adjunct to his testimony: "Pornography and Obscenity sold in 'Adult Bookstores': A Survey of 5132 Adult Books, Magazines, and Films in Four American Cities" which he had co-authored with Alan E. Sears, Esq. (21:1 Journal of Law Reform, pg. 8), and "Statement of Park Elliot Dietz" from the Final Report of the Attorney General's Commission on Pornography (1986).

Testimony in favor of the bill was also received from the Honolulu Police Department, Marian Cochran of the Eagle Forum, John Ahuna, Leon Siu of the Christian Voice of Hawaii, Charles Isaak, Charles Goolsby, Nancy Young, PhD, Carol R. Reed, Betty Jean Anderson of the Concerned Women for America of Hawaii, Paul Yasutake, Elizabeth A. Vellalos, Sondra E. Kapepa, Deborah Barbour, Sharon Harris, Barbara L. Cavanagh, Rev. Roy G. Sapp, and Woodrow Yasuhara. In addition, your Committee's office received a number of telephone calls from citizens voicing their support of the bill, but who were unable to testify in person. Your Committee also had available and considered the Final Report of the Attorney General's Commission on Pornography (1986).

Testimony in opposition to the bill was submitted by Jack Schweigert, Esq. of the American Civil Liberties Union. Mr. Schweigert testified that the phrase "No law shall be enacted...abridging the freedom of speech" in Article I, Section 4 the Hawaii Constitution meant that no law restricting speech in any form was permissible. It was also his opinion that the Legislature could not reenact §712-1214(1)(a), Hawaii Revised Statutes, without violating the separation-of-powers doctrine, since the Hawaii Supreme Court had already found the law did not have a compelling state interest. Mr. Schweigert also argued that the legislature could not pronounce a compelling state interest in enacting this bill, since that was an issue for trial of any case brought under the law. Written testimony in opposition was also received from Richard Pollack, Esq. of the Public Defender's Office.

Your Committee finds that the arguments raised by the opponents of this bill generally go to the method of reenacting §712-1214(1)(a), Hawaii Revised Statutes and the weight that the Supreme Court would give legislative findings of compelling State interests if the pornography law is once again challenged in court. Opposition to this bill did not address the substance of the evidence received by your Committee showing that there is a compelling governmental interest in reenactment. Although considered and given all due weight by your Committee, it is clear that these arguments are best addressed to the courts after reenactment.

Therefore, your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1149, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Chang and Nakasato.

SCRep. 895 Judiciary on S.B. No. 736

The purpose of this bill is to amend the provisions of Section 560:5-309, Hawaii Revised Statutes, relating to notices in guardianship of proceedings under the probate code. This bill provides that notice of proceedings shall be sent to the office of the public guardian where the public guardian is being nominated as the guardian of the person of an incapacitated person.

Your Committee received testimony from Janice Wolf, administrative director of the courts, in support of this bill. She testified that this proposed amendment will guarantee that the public guardian will be notified of any pending hearings where the public guardian is the proposed guardian on the Petition of Guardianship.

Presently, there are instances where petitions are filed with the Family Court appointing a public guardian as the guardian of the person, and the office of the public guardian is not notified of these petitions. Your Committee recognizes the importance of public guardian being notified so that proper assessment and evaluation can be completed before the guardianship hearing. This bill will permit the office of the public guardian to screen out and determine the appropriateness of referrals to it.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 736 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 Levin, Chang and Nakasato.

SCRep. 896 Judiciary on S.B. No. 1154

The purpose of this bill is to stiffen the penalties for the promotion of marijuana and similar substances in furtherance of the war against drugs.

This bill establishes the offense of first degree promotion of marijuana. It defines the offense, which shall be a class A felony.

This bill includes that the offense of first degree promotion of a detrimental drug, the possession of at least fifty capsules or tablets of Schedule V substances; one-half ounce of any compounds or preparations or Schedule V substances; distribution of twenty-five or more capsules; possession of one pound or more of marijuana preparations; distribution of one ounce or more of marijuana; or the possession of ten or more marijuana plants.

This bill includes in the second degree promotion of a detrimental drug, the possession of twenty-five or more capsules or tablets of Schedule V substances; the possession of one-eighth of an ounce or more of marijuana preparation; or the distribution of any marijuana.

This bill includes in the second degree promotion of marijuana the possession of two pounds of marijuana, the distribution of one pound of marijuana; the possession or cultivation of twenty five or more plants; or the cultivation of any marijuana on government or private lands owned by another person.

This bill also provides that marijuana seized as evidence may be destroyed after it has been photographed and its weight reported.

Your Committee on the judiciary received testimony from the State Attorney General, prosecutors and police chief of the City and County of Honolulu and the Counties of Kauai, Maui and Hawaii, urging the passage of this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1154 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 Levin, Chang and Nakasato.

SCRep. 897 Judiciary on S.B. No. 2019

The purpose of this bill is to modify and codify principles of law in the areas of strict products liability and negligence arising from defective products.

As received by your Committee, this bill would have redefined standards of responsibility and burdens of proof; shifted the burden of demonstrating a feasible design alternative to the plaintiff; created an absolute defense for injuries caused by an inherent characteristic of the product; created statutory defenses for failure to warn based on open and obvious dangers and compliance with government standards; required proof by the plaintiff that a manufacturer knew or should have known of danger in design and adequate warning cases; granted immunity to certain classes of retailers and wholesalers; made assumption of the risk an absolute defense; and imposed modified comparative negligence in both strict liability and negligence-based product cases. The scope of the bill's application was limited by excluding environmental tort actions.

Your Committee received testimony from the Chamber of Commerce of Hawaii and "Hawaii's Product Liability Task Force" in support of this bill. It also received testimony in opposition from the Hawaii Academy of Plaintiffs' Attorneys. The Attorney General participated in the discussion of the bill at the hearing, but did not take a position on the merits of the bill.

Although the bill stated that it was intended "to codify all matters relating to product liability, but only to address certain narrowly defined issues that require clarification", your Committee's review shows that the bill would override several rulings of the Hawaii Supreme Court and would effect major changes in the area of products liability law in Hawaii.

Your Committee fully supports efforts to make Hawaii attractive to new businesses which will enhance the quality of our economy and environment. However, your Committee is also aware that substantial changes to the law of torts may have great impact on those members of the public who are injured and in need of compensation. Change in this area must be moderate and carefully considered.

The proponents of this bill make a persuasive argument that the Hawaii Supreme Court's decisions in *Armstrong v. Cione*, 69 Haw. ___, 738 P.2d 79 (1987) and *Hao v. Owens-Illinois, Inc.*, 69 Haw. ___, 738 P.2d 416 (1987) have created an anomaly in Hawaii's comparative negligence law by imposing "pure" comparative negligence for strict products liability.

Under "pure" comparative negligence, a plaintiff may recover some damages even if he or she was more negligent than the product manufacturer or seller. For example, a plaintiff with \$100,000 of damages who was 80% negligent would be entitled to collect \$20,000 ($\$100,000 \times 20\%$) from the defendant manufacturer and seller under "pure" comparative negligence.

Use of "pure" comparative negligence may result in the filing of more claims against manufacturers and sellers where the plaintiff was substantially at fault, since some recovery is assured. The costs of defending these suits are passed to the consuming public.

Under §663-31, Hawaii Revised Statutes, a plaintiff generally may only recover if his or her negligence was less than the negligence of the manufacturer or seller. Under the current state of the law, two standards may apply in the same product-liability lawsuit: "pure" comparative negligence for claims of strict products liability, and §663-31 for claims

based on negligence. Your Committee received testimony indicating that this may create substantial confusion for juries in such cases.

In addition, the proponents make a logical argument that manufacturers and sellers should not be liable for failure to warn consumers about open and obvious dangers in products (e.g., that knives are sharp).

With respect to the remaining proposals, your Committee believes that they contain significant policy and legal implications which require careful consideration by the legislature in consultation with the administration, insurers, business persons, plaintiffs' and defense attorneys, and others who may be affected. For that reason, your Committee has deleted these proposals and has revised the bill to amend Chapter 663, rather than create a new chapter.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2019, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2019, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Chang and Nakasato.

SCRep. 898 Judiciary on S.B. No. 1668

The purpose of this bill, as received by your Committee, is to amend the election laws.

Based upon the testimony received by your Committee on this bill, as well as the Committee's own research into the application of federal election laws in state and local election campaigns, the bill was amended to create state campaign contribution limitations. These limitations preclude all contributions by foreign nationals, and direct contributions by federally-chartered corporations and national banks.

While the contributions prohibited under this section are the same as those which the federal government contends are illegal in state or local elections under its laws and regulations, your Committee wishes to make it completely clear that this bill is not intended to demonstrate any acquiescence to that contention. On the contrary, the Legislature wishes to send a signal that it does not necessarily recognize federal jurisdiction in this area, and is therefore free to create an independent Hawaii campaign contribution law.

Although your Committee solicited and received testimony concerning various methods of verifying the legitimacy of campaign contributions, it was unable to establish a simple but effective method in time for inclusion in this bill. That task is therefore delegated to the Hawaii Campaign Spending Commission to establish by regulation based upon their expertise in the area of campaign contribution controls and reporting.

Your Committee is convinced that the issue of foreign campaign contributions must be addressed now to avoid the erosion of public confidence in the democratic process. This bill does this by clearly defining which persons and entities are foreign nationals, and by prohibiting contributions from them.

Since the federal government may unquestionably limit the activities of federally-chartered corporations and national banks, the bill mirrors federal election law by prohibiting solicitation and receipt of direct contributions from those entities. However, your Committee wishes to stress that contributions by federal savings banks, savings and loans, and other federally chartered institutions are permitted under this bill through the use of political action committees and other mechanisms.

Therefore, your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1668, as amended, and recommends that it pass Second Reading as S.B. No. 1668, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Chang and Nakasato.

SCRep. 899 Judiciary on S.B. No. 993

The purpose of this bill, as received, was to create a new, additional set of circumstances which constitute the offense of cruelty to animals. In addition, the bill sought to impose mandatory sentences and fines for violation of the cruelty to animals laws.

Your Committee received testimony from the Hawaiian Humane Society and the Honolulu Police Department in support of this bill. Upon review of the proposal, however, your Committee determined that the elements of the offense proposed appeared to be unconstitutionally vague. The bill has been amended to effectuate its purpose without the vague language.

In addition, your Committee determined that the mandatory jail terms in the bill would completely divest courts of discretion over sentencing without actually raising the available penalty. In order to avoid possible unfairness, your Committee has deleted the mandatory jail provisions.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. 993, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 993, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Chang and Nakasato.

SCRep. 900 Judiciary on S.B. No. 100

The purpose of this bill is to repeal provisions in the Hawaii Revised Statutes relating to district court practitioners.

This bill is made in light of the fact that the last district court practitioner, William K. Isaacs, Jr., closes practice in July, 1988. Accordingly, the purpose of this bill is to review references to district court practitioners in the Hawaii Revised Statutes, which are presently obsolete.

This bill is a housekeeping measure.

Your Committee received testimony from the Department of Commerce and Consumer Affairs in support of this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 100 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 Levin, Chang and Nakasato.

SCRep. 901 Judiciary on S.B. No. 210

The purpose of this bill is to require the public assistance recipients insured under the joint underwriting plan convicted of driving under the influence of intoxicating liquor or drugs, or who commit violations of the traffic code for which points are assessed, be subject to additional hours of community service to reimburse the joint underwriting plan.

Your Committee received testimony from Capt. Thomas Graham of the traffic division, Honolulu Police Department, City and County of Honolulu in support of this bill.

Your Committee believe it appropriate that the court in which the public assistance driver appears for proceedings under Sections 291-4, 291-7 and 291C-61, Hawaii Revised Statutes shall determine the number of community service work hours to be imposed, rather than have the insurance commissioner prepare for the courts a schedule declaring a number of community service hours to each of the respective offenses. Your Committee believes that this matter should be left to the sound discretion of the court.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 210, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 210, S.D. 1.

Signed by all members of the Committee except Senators Levin, Chang, Holt and Nakasato.

SCRep. 902 Judiciary on S.B. No. 720

The purpose of this bill is to increase the number of days between the primary and general elections to provide election officials with more flexibility in the event of unexpected occurrences.

Your Committee received testimony in favor of the bill from the Lieutenant Governor and the Association of Clerks and Election Officers of Hawaii. During the testimony, it became evident that the original bill's provision moving the primary election to the Admission Day holiday might cause inconvenience to federal employees and others whose employers did not observe the holiday. In addition, some Committee members felt that a long period between the primary and general election would only contribute to the already-high cost of mounting a campaign for office.

Your Committee, with the concurrence of the Lieutenant Governor's office, has amended the bill to set the primary election for the second Saturday in September.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 720, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 720, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Aki and Nakasato.

SCRep. 903 Judiciary on S.B. No. 728

The purpose of this bill is to increase the court costs for proceedings in courts of appeals from \$50.00 to \$75.00.

Your Committee received testimony from Janice Wolf, administrative director of the courts, in support of this bill. She testified that the last time this filing fee was raised was in 1957, over thirty years ago. The previous adjustment was in Act 316, Section 23 of the Hawaii Territorial Legislature. Due to the rate of inflation and demands on the court operations, the modest increase proposed in the bill appears to be reasonable. Section 607-2, Hawaii Revised Statutes, mandates that all filing fees ought to be deposited into the State general fund.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 728 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 Levin, Aki and Nakasato.

SCRep. 904 Judiciary on S.B. No. 38

The purpose of this bill is to amend the election fraud law by repealing sanctions against public officers who perform actions "in such a way as to hinder the objects" of the law.

This is a housekeeping measure to remove the language which was specifically found to violate the due process clause of Article I, Section 5, Hawaii Constitution (1978) in the case of State v. Albano, 67 Haw. 398, 688 P.2d 1152, 1156 (1984).

Your Committee received testimony from the Honorable Benjamin J. Cayetano, Lieutenant Governor of the State of Hawaii, who stated that he had no objection to this housekeeping measure.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 38 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 Cobb and Holt.

SCRep. 905 Judiciary on S.B. No. 36

The purpose of this bill is to repeal the provision requiring the campaign spending commission to conduct a public hearing for complaints and investigations relating to election campaign contributions and expenditures.

This is a housekeeping measure. This bill repeals the change made in the 1987 Session Laws of Hawaii, Section 1(13). The repealed section of this bill is the only reference to an open hearing, and contradicts Section 11-216(c), Hawaii Revised Statutes, which states:

"Until a determination of probable cause is made by the commission [after a hearing], all proceedings, including the filing of the complaint, investigation, and hearing shall be confidential unless the person complained of requests an open hearing."

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 36 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 Cobb and Nakasato.

SCRep. 906 Judiciary on S.B. No. 586

The purpose of this bill is to increase the criminal sanction for a family member who enters a shelter facility in an attempt to harass or locate a person seeking refuge there. A new offense is created to carry out this intent.

Your Committee received testimony from the Director of the Victim/Witness Kokua Services Project of the Department of the Prosecuting Attorney, City and County of Honolulu. The Director suggested a number of amendments to the bill. These included: (1) Moving the new statute to Chapter 708 of the Hawaii Revised Statutes; (2) adding an intent element to the offense; (3) creation of separate felony and misdemeanor offenses; and (4) adding the element of "unlawfully remaining on the premises" to the offense.

Additional testimony in support of the bill was provided by Child and Family Service, the Attorney General's office, and a number of shelter workers. The shelter workers described their personal experiences of being harassed and physically threatened by persons who illegally entered their shelters. The workers reported that police and prosecutors, while sincere in their efforts, were ineffective at apprehending and obtaining significant sanctions under the current trespass and burglary laws.

Testimony against this bill was received from the Office of the Public Defender.

Your Committee's review of this bill and the testimony made it clear that additional sanctions against trespassers are required, but that the bill must be amended to accomplish its goals in a fair and equitable manner. Therefore, the amendments suggested by the Prosecutor's Office have been incorporated into the bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 586, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 586, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin and Chang.

SCRep. 907 Judiciary on S.B. No. 1256

The purpose of this bill is to enable a person to create a durable power of attorney that will effectively allow the holder to make health care decisions for the principal.

Chapter 327D, Hawaii Revised Statutes, concerns medical treatment decisions. Despite current provisions of law, there are difficulties with determination of agency or guardianship and the failure of some health care providers to recognize durable powers of attorney for health care decisions are lawful. This bill would help to address difficulties such as those. The bill would provide clear guidelines for the use of a durable power of attorney, the use of witnesses, qualifications to hold a durable power of attorney, language for legal forms, and a statement of the powers and rights of the principal who elects to use a durable power of attorney.

Your Committee received supporting testimony from a number of witnesses, including representatives from the Hawaii Medical Association, American Civil Liberties Union, and Hawaii Right to Life.

This bill adds a definition of "terminal condition;" inserts the requirement that a principal have a terminal condition in some situations in which the principal wishes to use a durable power of attorney; adds to the list of actions an attorney-in-fact cannot be authorized to do unless the principal has a terminal disease; broadens the list of persons who may be notified of a principal's wish to revoke a durable power of attorney; and clarifies the instances when a person cannot be

denied procedures necessary to alleviate pain or discomfort or to provide hydration or nutrition other than hyperalimentation.

Your Committee made minor amendments to this bill. Among the amendments was a housekeeping measure to conform the definition of "terminal condition" in Section 327D-2, Hawaii Revised Statutes, with the same definition contained in S.D. 1 of this bill which was passed out of your Committee on Health. To eliminate the possibility of a conflict of interest, this bill precludes an investor in a health care facility from serving as a witness as to the durable power of attorney.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1256, S.D. 1 as amended herein, and recommends that it be placed on the calendar for Third Reading in the form attached hereto as S.B. No. 1256, S.D. 2.

Signed by all members of the Committee except Senators Levin, Aki and Nakasato.

SCRep. 908 Judiciary on S.B. No. 1144

The purpose of this bill is to require that a substantial portion of mandatory minimum terms of imprisonment be completed before a person can be released into the community for furlough, conditional release, residential treatment or other similar programs.

Your Committee received testimony from the State Attorney General and Prosecutors and Police Chiefs of the City and County of Honolulu, and the Counties of Kauai, Maui and Hawaii in support of this bill.

Your Committee also received testimony from Harold Falk, Director of the Department of Corrections. He indicated that although his Department would conform with the requirements of this bill, at present time he is faced with a large prison population which would make it difficult for him to comply with a ninety percent provision. He also expressed that at present time, persons serve at least sixty percent of their minimum sentence before they are released into the community for furlough, conditional release, residential treatment or other similar programs.

In light of the above, in the interests of keeping this matter open for further discussion, your Committee passes this bill with an amendment changing the present ninety percent requirement to seventy-five percent. It has also amended the bill to make it clear that persons sentenced to a term of life imprisonment without the possibility of parole are not subject to release under these programs.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1144, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1144, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Chang and Nakasato.

SCRep. 909 Judiciary on S.B. No. 1117

The purpose of this bill is to increase the degree of protection afforded to a person who is the subject of involuntary commitment proceedings by encouraging a psychiatrist's evaluation of that person.

Section 334-60.3, Hawaii Revised Statutes, provides that a petition in support of commitment of a person for involuntary hospitalization may be accompanied by a certificate signed by a licensed physician who has examined the person within two days before submission of the petition. This bill would require that the certificate be signed by a psychiatrist.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1117, S.D. 1 as amended herein, and recommends that it pass be placed on the calendar for Third Reading in the form attached hereto as S.B. No. 1117, S.D. 2.

Signed by all members of the Committee except Senators Levin, Chang and Nakasato.

SCRep. 910 Judiciary on S.B. No. 1156

The purpose of this bill is to amend Section 853-4, Hawaii Revised Statutes, to preclude granting deferred acceptance of guilty pleas where the crime involved substantial bodily injury; or the defendant was previously convicted of a misdemeanor or petty misdemeanor. The purpose of this bill is also to delete the conditional discharge provisions of Sections 712-1255 and 712-1256, Hawaii Revised Statutes.

Your Committee received testimony from the Hawaii State Attorney General, and the prosecutors and police chiefs of the various city and counties in support of this bill.

This bill precludes the granting of a deferred acceptance of plea, pursuant to Chapter 853, Hawaii Revised Statutes, in cases where substantial bodily injury is involved. The provision precluding the grant of a deferred plea where the crime involves substantial bodily injury was not previously included in Chapter 853, as there is no previous definition in the Penal Code of an offense involving such injury. The bill also seeks to preclude the granting of a deferred plea in situations where the defendant is involved in a prior misdemeanor, or petty misdemeanor.

This bill deletes the conditional discharge provisions of Section 712-1255 and 712-1256, Hawaii Revised Statutes. The conditional discharge provision was enacted before the deferred acceptance of plea provisions of Chapter 853-4, Hawaii Revised Statutes. Your Committee believes that the subsequent enactment of the deferred acceptance of plea provisions

has eliminated the need for the conditional discharge provision. Further, there is confusion among attorneys and the courts regarding the seldom-used conditional discharge provisions. Your Committee believes that the concerns involving a conditional discharge are adequately addressed by the present deferred acceptance of plea provisions.

Your Committee believes that precluding a deferred acceptance of no contest plea based upon a prior petty misdemeanor conviction may not be fair to the offender who has only transgressed slightly in the past. Your committee has therefore deleted that provision, and has also made other amendments to make it clear that persons with prior felony and misdemeanor offenses will not be allowed to enter a deferred acceptance of no contest plea.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1156, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1156, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Chang, Holt and Nakasato.

SCRep. 911 Judiciary on S.B. No. 1794

The purpose of this bill is to permit police and persons who are injured or suffer damages in automobile accidents to have access to certain family court records.

Your Committee determined that the access given to police was extremely broad, and has deleted this provision.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1794 and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1794, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Aki and Nakasato.

SCRep. 912 Judiciary on S.B. No. 72

The purpose of this bill is to require that any claim submitted to the Medical Claims Conciliation Panel (MCCP) must include an affidavit from a licensed house care provider who has consulted on the case, saying that the provider's opinion as to why the known facts could be consistent with the finding of liability for a medical tort.

Under this bill, the affidavit shall be submitted by the claimant within sixty days of submitting the claim.

Your Committee received testimony from Dr. Maxwell A. Cooper, M.D. in support of this bill. The testimony of Dr. Cooper indicated that the proposed amendment would reduce the number of frivolous complaints which lack medical support. The amendment also addresses an issue raised by the 1988 annual report of the MCCP and Design Professional Conciliation Panel which presently states: "Presently, although the number of completely unwarranted cases may be statistically few, health care professionals who are ultimately vindicated must nonetheless bear the costs of defending against claims which are manifestly and palpably without merit."

Your Committee has amended this bill to provide for specific requirements concerning the affidavit. The amendments provide:

(d) Within sixty days of submitting a claim, the attorney for the claimant shall submit an affidavit which declares that the attorney has consulted with at least one health care provider or physician who is licensed in the State or any other state and who the attorney reasonably believes is knowledgeable in the relevant issues involved in this particular action, and the attorney has concluded that acts are consistent with the finding of liability for a medical tort. Pro se claimants shall be excused from this provision, but any attorney entering the case shall be required to submit this affidavit upon entering into the case. The name and all other identifying information about the health care provider consulted shall not be discoverable in any action arising from the injury which forms the basis of the claim.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 72, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 72, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Aki and Nakasato.

SCRep. 913 Judiciary on S.B. No. 89

The purpose of this bill is to repeal various provisions of the Hawaii Revised Statutes relating to jury commissioners.

This is a housekeeping bill to remove references to jury commissioners in the civil service statutes. This bill is made in light of the fact that jury commissions were abolished under the 1987 Session Laws of Hawaii, Act 355, Section 16.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 89 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 Levin, Aki and Nakasato.

SCRep. 914 Judiciary on S.B. No. 6

The purpose of this bill is to amend the State Tort Liability Act to (1) raise the attorney general's settlement authority from \$10,000.00 to \$25,000.00, (2) give the comptroller authority to settle cases under \$10,000.00, with the attorney

general's consent, and (3) require that the attorney general and the comptroller submit annual reports on the cases they have settled.

Your Committee received testimony from Warren Price, III, Esq., attorney general, and Laurence Lau, Esq., supervising deputy attorney general, litigation division, in support this bill. In the attorney general's testimony, he recommended deleting Section 4 of S.B. No. 6, S.D. 1, which would authorize the comptroller to award attorney's fees as part of settlements. The attorney general indicated that he did not believe this was necessary, because the people who go through the small claims and comptroller do so without attorneys and usually for the purpose of avoiding paying attorney's fees in the first place. Secondly, the comptroller's job will be easier if he does not have to deal with this issue. Third, if the legislature really wishes to authorize comptroller in the fashion provided in Section 4, then the technical amendments would have to be made because Section 4 of the bill talks about the comptroller making awards pursuant to Section 662-11, Hawaii Revised Statutes, but the rest of the bill makes the comptroller dispose of cases pursuant to Section 41D-3(d), Hawaii Revised Statutes.

In light of the above, your Committee has deleted Section 4 of S.B. No. 6, S.D. 1.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 6, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 6, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Chang, Holt and Nakasato.

SCRep. 915 Judiciary on S.B. No. 69

The purpose of this bill is to amend the Rules of Evidence relating to the relevancy (relevant evidence) to provide that the evidence relating to mediation or attempts to mediate a claim which was disputed is not admissible to prove liability for or invalidity of the claim or its amount.

Your Committee received testimony from Janice Wolf, Administrative Director of the Courts, in support of this bill. Her testimony emphasized that mediation is an integral part of the Judiciary's overall alternative dispute resolution (ADR) strategy, and that it has major applications in the Family District Courts, and complex public interest and public resource cases that come before the Circuit Courts. In her testimony, she stressed that confidentiality is essential because it encourages disputants to use the mediation tool.

At present time, a dozen states, including New York, California, Minnesota, and Oklahoma have enacted legislation that protects the confidentiality of mediation proceedings. In addition, the American Bar Association, the ADR Committee of the Young Lawyer's National Organization, and the National Institute for Dispute Resolution in Washington, amongst other groups, have passed confidentiality provisions as proposed in this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 69 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 Levin, Chang, Holt and Nakasato.

SCRep. 916 Judiciary on S.B. No. 1465

The purpose of this bill is to amend section 201E-224(c), Hawaii Revised Statutes, to clarify that a homeowner can file a legal action and to allow the filing of a class action suit.

Section 201E-224 enables the Housing Finance and Development Corporation (HFDC) to repurchase or to rent and repair a dwelling unit with a substantial construction defect, subject to certain conditions. It also permits the HFDC to file a legal action on behalf of a homeowner for claims resulting from a substantial construction defect.

This bill clarifies that the HFDC has the power to provide financial or other assistance to a homeowner to enable the homeowner to file his or her own legal action.

Your Committee finds that this will give the HFDC greater flexibility in dealing with problems relating to substantial construction defects where it is advisable that the homeowner, rather than the HFDC, file the legal action to determine the liability of other parties, or where the HFDC may have different interests and prosecution of the action would create a conflict or interest with the homeowner.

The bill has been amended to provide that a class action suit may be filed when there are at least two homeowners whose residences have substantial construction defects caused by the same or similar acts of omission. This would make it easier to use the class action device in litigation.

Your Committee finds that this resource will strengthen and clarify the rights of homeowners and the HFDC under Chapter 201E.

Your Committee on the Judiciary is in accord with the intent and purpose of S.B. No. 1465, S.D. 1 as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1465, S.D. 2.

Signed by all members of the Committee except Senator Levin.

SCRep. 917 Judiciary on S.B. No. 1158

The purpose of this bill is to update the provisions of Hawaii's laws on the interceptions of wire, oral, and electronic communications to conform with the federal Electronic Communications Privacy Act of 1986.

Your Committee made several small modifications in the bill in such areas as: (1) specifying the court which the law enforcement officials should appear before, (2) specifying how telephone pagers, cellular telephones, cordless telephones, etc. are to be treated, and (3) establishes a "probable cause" standard.

This bill addresses a number of areas: First, it creates categories of wire, oral, and electronic communications as opposed to the prior categories of wire, oral, and wireless communications.

Second, it makes criminal unauthorized access into electronic data stored in electronic communication services or remote computing services. Violation of this proscription is a class C felony. Access by law enforcement agencies must be done through either a search warrant or court order. Allowance is also made for the intended recipient of the stored data to challenge access to the data.

Third, it provides for the use of pen registers, trap and trace devices, and mobile tracking devices are being regulated for the first time. Pen registers are devices which are attached to a telephone line which enable identifying the telephone numbers of calls being dialed out. Trap and trace devices are devices which enable identifying the telephone numbers of incoming calls. Mobile tracking devices are homing devices which enable tracking mobile objects. Use of these devices requires prior court approval either by a court order or search warrant. Use of these devices without proper court authority is a class C felony.

Your Committee received testimony from the State Attorney General and Prosecutors and Police Chiefs of the City and County of Honolulu, and the Counties of Kauai, Maui and Hawaii in support of this bill.

The Attorney General testified that this bill was needed in light of the fact that Section III of the federal Electronic Communications Act of 1986 provided for a two-year grace period to enable the various states to enact laws which would conform to the requirements of the Act. That grace period ended on October 21, 1988. Any and all interceptions of communications to be legal and valid must comply with the federal standards in the Act after that date.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1158, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1158, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Chang and Nakasato.

SCRep. 918 Judiciary on S.B. No. 41

The purpose of this bill is to amend the eligibility requirements for candidates for State Senate and House of Representatives. This bill provides that residency, age, and voter status qualifications shall be satisfied at the time of filing of nomination papers.

This bill seeks to clarify an ambiguity in the present qualification requirements.

Your Committee received testimony from the Honorable Benjamin J. Cayetano, Lieutenant Governor of the State of Hawaii, stating that he had no objections to the proposed amendment. In his testimony, he stated that the ambiguity caused by the failure of Article III, Section 6 of the Hawaii Constitution to specifically state when the candidate must qualify has led to some confusion.

In a letter of opinion dated July 29, 1982, the Attorney General's office interpreted this provision in conjunction with *Hayes v. Gill*, 52 Haw. 251, 473 P.2d 872 (1970), appeal dismissed 41 U.S. 968 (1971), as requiring a candidate to be qualified in the appropriate district by the date of the general election. However, since 1987, changes to the law regarding voter registration have meant that a candidate must meet voter registration requirements by the registration deadline, thirty days prior to election.

The amendment proposed by this bill would require a candidate to be a qualified voter for the appropriate district at the time of filing of nomination papers.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 41 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 Cobb and Holt.

SCRep. 919 Judiciary on S.B. No. 989

The purpose of this bill is to include in the nuisance abatement law every place used for promotion of gambling, possession of gambling records, possession of gambling devices, cockfighting, or the promotion of a dangerous, harmful, or detrimental drug or intoxicating compound.

Your Committee heard supporting testimony from the Honolulu Police Department. Your Committee understands that this bill seeks to address the case of *Marsland v. Pang*, 5 Haw. App. 463, 701 P.2d 175 in which the Hawaii Intermediate Court of Appeals indicated that Section 712-1270 could not be used to abate gambling offenses.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 989 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 Cobb and Holt.

SCRep. 920 Judiciary on S.B. No. 998

The purpose of this bill is to conform the procedure for persons arriving in the State with firearms to that used for persons already in the State who seek a permit to purchase a firearm.

Your Committee heard supporting testimony from the Honolulu Police Department. This bill requires that every person arriving in the State who brings or by any manner causes a firearm to be brought into the State is subject to fingerprinting, photographing and is required to sign a waiver allowing the chief of police of the county or jurisdiction access to any records that may have a bearing on the mental health of the registrant.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 998 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 Cobb and Holt.

SCRep. 921 Judiciary on S.B. No. 105

The purpose of this bill is to repeal Section 803-38, Hawaii Revised Statutes, relating to the issuance of search warrants for munitions of war collected for insurrection, riot, or any other unlawful purposes.

Your Committee understands that this is a housekeeping bill, and seeks to eliminate the search and seizure provisions for munitions of war, which was originally placed on the books in 1894.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 105 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 Cobb and Holt.

SCRep. 922 Judiciary on S.B. No. 742

The purpose of this bill is to allow the family court to fine a minor for a violation other than theft in the third degree by shoplifting, if committed by an adult.

Under present law Section 571-48(1)(c), Hawaii Revised Statutes, the family court may impose a fine for a juvenile's law violation if it is equivalent to third degree theft (shoplifting). This bill removes the restriction, giving the court discretion to impose fines for any law violator in addition to any other sanction, if the court finds the manner under which the child has been adjudicated or involved a pecuniary game.

Your Committee received testimony from the Honorable Daniel G. Heely, senior judge of the family court of the first circuit in support of this bill. In his testimony, Judge Heely indicated the following examples in which the use of fines would be considered appropriate judicial disposition:

1. A youth is arrested and charged for a misdemeanor offense which is made prior to his eighteenth birthday. He is employed and an investigation discovers that he is not in need of supervision, extensive counseling or restraint.
2. A youth is charged with an offense and is scheduled to leave the State of Hawaii immediately after the court hearing. Investigation reveals that it is not necessary to place the youth under the court's jurisdiction and community service cannot be ordered due to the youth's imminent departure.
3. A youth is employed and monetary sanctions would be more meaningful than the performance of community service.

Your Committee has amended S.B. No. 742 to expand the areas in which the family court may impose fines against a child who has been adjudicated, where the manner involved pecuniary game. This expands the court's discretion to impose fines, in areas other than merely third degree theft by shoplifting, if committed by an adult.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 742, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 742, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Chang and Holt.

SCRep. 923 Judiciary on S.B. No. 621

The purpose of this bill is to establish a uniform trades secrets act which provides for injunctive relief and damages caused by misappropriation of a trade secret. The bill also requires a court to preserve the secrecy of alleged trade secrets by reasonable means. Under this bill, a statute of limitations of three years is established after misappropriation is discovered or by reasonable diligence should have been discovered.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 621 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 Levin and Holt.

SCRep. 924 Judiciary on S.B. No. 630

The purpose of this bill is to require that the juvenile justice interagency board annually elect from among its members a chairperson who shall preside at meetings of the board.

This is a housekeeping measure to create a statutory mechanism for selecting a board chairman.

Your Committee received testimony from the Honorable Daniel G. Heely, chairperson of the juvenile justice interagency board, in support of this bill. In his testimony, he indicated that the statute will enable the eleven-member board appointed by the Governor to elect their own chair. At the present time, the chairperson is appointed by the Governor. The Governor's office indicated no opposition to the revision suggested by this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 630 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 Levin, Chang, Holt and B. Kobayashi.

SCRep. 925 Judiciary on S.B. No. 931

The purpose of this bill is to prohibit discrimination against otherwise qualified handicapped persons solely by reason of handicap in programs or activities receiving State financial assistance, and defining a handicapped individual.

Your Committee received testimony in support of this bill from the Commission on the Handicapped, the Governor's Committee on Aids, National Centers for Independent Living, John C. Lewin, M.D., Director of the Department of Health, State Planning Council on Developmental Disabilities and the Protection and Advocacy Agency of Hawaii.

Your Committee amended this bill to clearly define applicability. In such regard, this bill is only meant to be applicable to government agencies, and private social service agencies which receive assistance from the State in the form of contracts, purchase of services, or rents. It does not apply to corporations and businesses of general concern. By this, the provisions of this bill are not intended to extend to a company which supplies office supplies to a State agency, etc. In making this amendment, your Committee recognizes the hardship which may be imposed upon a small business concern in its attempt to comply with its provisions.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 931, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B.No. 931, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Chang and Holt.

SCRep. 926 Judiciary on S.B. No. 914

The purpose of this bill is to add quality assurance committees to the protection against discovery provided by Section 624-25.5, Hawaii Revised Statutes.

Your Committee received testimony in support of the bill from physicians, clinics, hospitals, and members of quality assurance committees. On the other hand, your Committee was advised by persons representing the plaintiffs' bar that this section has been abused to keep injured persons from discovering the extent to which a hospital or clinic was aware of the problem which caused the injury.

While your Committee wishes to take every reasonable step to encourage quality assurance committees as a valuable tool in the improvement of health care, a blanket prohibition against discovery may be inappropriate and against public policy. Therefore, your Committee has inserted language into this bill limiting the definition of records which are to be covered by the discovery prohibition.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 914, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 914, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Chang and Holt.

SCRep. 927 Judiciary on S.B. No. 734

The purpose of this bill is to amend 641-11, Hawaii Revised Statutes provisions concerning criminal appeals to reflect the fact that the Hawaii Rules of Appellate Procedure currently gives such appeals.

Your Committee received testimony from Janice Wolf, Administrative Director of the Courts, in support of this bill.

Presently, Chapter 641, Hawaii Revised Statutes grants the right of any party aggrieved by a judgment of a Circuit Court criminal matter an appeal to the Supreme Court "in the manner and within the time provided by the Hawaii Rules of Criminal Procedure." However, the Statute does not conform with the Hawaii Rules of Court.

In 1984, all provisions regarding rules for appealing a lower court decision were placed in the Hawaii Rules of Appellate Procedure. This Bill will bring the Statute in line with the Hawaii Rules of Court.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. 734 and recommends that it pass Second Reading and placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin and Holt.

SCRep. 928 Judiciary on S.B. No. 64

The purpose of this bill is to delete a provision on adoption which could result in an adoption taking place without a parent's consent.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 64 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 Levin, Holt and Nakasato.

SCRep. 929 Judiciary on S.B. No. 113

The purpose of this bill is to extend immunity from civil liability to ethics committees.

Section 663-1.7, Hawaii Revised Statutes, currently provides exemptions from civil liability to members of certain bodies, such as peer review committees. This bill would extend the list of exempted persons to include members of ethics committees.

Your Committee heard supporting testimony from the Healthcare Association of Hawaii, Director of Health and from the Medical Coalition for Tort Reform. The Hawaii Academy of Plaintiffs' Attorneys testified that it does not oppose the bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 113, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Levin and Holt.

SCRep. 930 Judiciary on S.B. No. 761

The purpose of this bill is to increase the penalties for driving under the influence of intoxicating liquor.

Your Committee has amended this bill by deleting some of the mandatory consecutive jail terms, which were deemed harsh for first-and-second-time offenders.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 761, as amended, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 761, S.D. 1.

Signed by all members of the Committee except Senators Levin, Cobb and Holt.

SCRep. 931 Judiciary on S.B. No. 632

In November 1988, the Hawaii Supreme Court rendered a decision in State v. Rowley, which invalidated rules adopted by the Board of Land and Natural Resources governing the State Parks System on the grounds that the public hearing notice provisions of section 91-3, Hawaii Revised Statutes, as interpreted by the Court in the 1982 decision of Costa v. Sunn, had not been complied with when they were originally adopted in 1971 and when they were subsequently amended and reformatted to comply with the administrative rules format required by the Legislature in 1981. In other words, the Court gave a retrospective application to the Costa v. Sunn ruling. The decision has caused a great deal of uncertainty as to the validity of many existing State rules and regulations.

In order to avoid case by case challenges to the validity of existing State rules on the basis of faulty hearing notices, agencies of the State or counties will need to readopt their administrative rules at great expense to the taxpayers. To avoid this consequence and to eliminate the confusion generated by the Rowley decision, the purposes of this bill are to:

- (1) Expressly ratify and validate all administrative rules and rule amendments and repeals that were filed pursuant to section 91-4, Hawaii Revised Statutes, before the effective date of this Act, to the extent that those administrative rules and rule amendments and repeals shall be considered to be free from any noncompliance with the statutory procedural requirements for the adoption, amendment, or repeal of administrative rules;
- (2) Provide clarifying statutory wording that will expressly enable agencies to publish notices that generally describe the subjects involved or the purposes to be achieved by a proposed rule with a description of where copies of the proposed rule are available for detailed public inspection or copying, instead of including in the notice a statement of the substance of the proposed rule; and
- (3) impose a two-year limitations period on challenges to the validity of any adopted administrative rule adoption, amendment, or repeal on the basis of noncompliance with the procedural requirements for rule adoption, amendment, or repeal.

The Departments of the Attorney General, Human Services and Land and Natural Resources testified in support of the bill.

Common Cause Hawaii expressed concerns that this bill would ratify and validate all existing state rules and regulations. Additionally, it expressed concerns about the changes this bill would make to the public hearing notice requirements in section 91-3, Hawaii Revised Statutes and the statute of limitations this bill would create for challenges to any adopted administrative rule, amendment or repeal on the basis of noncompliance with the procedural requirements for rule adoption, amendment or repeal.

Common Cause testified that the provisions of the bill may allow departments and agencies to become careless with their rule-making procedures and may place an unwarranted burden upon the public to participate in the rule-making process.

Your Committee, upon consideration of these concerns, has made amendments to address these concerns.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 632, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 632, S.D. 1, and placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin Chang and Holt.

SCRep. 932 Judiciary on S.B. No. 1798

The purpose of this bill is to repeal the provision requiring the family court to exercise exclusive original jurisdiction in all proceedings to appoint a guardian of the person of an adult.

This bill allows any responsible parent aggrieved by a final order (child support) to obtain judicial circuit in which the person resides within 30 days of the filing of the order. It also requires that a copy of the income withholding order to be filed in the office of the clerk of the circuit court in the circuit where the order was issued. Provides civil service exemption to child support enforcement hearing officers.

Your Committee received testimony from the Honorable Daniel G. Heely, Senior Judge of the Family Court of the First Circuit in support of this bill. From his testimony, the amendments were made to this bill. In light of the fact that there is no "Chief Clerk of the Family Court", documents are filed with the Chief Clerk of the Circuit Courts.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1798, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1798, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Cobb and Holt.

SCRep. 933 Judiciary on S.B. No. 743

The purpose of this bill is to amend the child support enforcement law to repeat provision allowing the child support enforcement agency to forward the request (from another state for enforcement of a support order by income withholding) and support order to the family court for filing.

Your Committee received testimony by Catherine Jeanne Carman, Administrator of the Child Support Agency of the Hawaii State Attorney General. From the testimony, it is your Committee's understanding that the federal government mandates collection of support arrears and welfare debt. The addition to the bill gives the Administrative Process the authority to order payment. If enacted, this bill could increase collections and be in compliance with Federal regulations.

Your Committee on Judiciary 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 except Senators Levin, Chang and Holt.

SCRep. 934 Judiciary on S.B. No. 2001

The purpose of this bill is to adopt the Uniform Custodial Trust Act in Hawaii.

This bill establishes the Uniform Custodial Trust Act to allow a person to create a custodial trust of property by transfer (in a manner consistent with law); naming an individual (who may be the transferor or another), as beneficiary in which the transferee is designated as custodial trustee under the Act. The bill allows a person to create a custodial trust of property by declaration, naming an individual other than the declarant as beneficiary, in which the declarant as titleholder is designated as custodial trustee under ACT. Title to custodial trust property is in the trustee, and the beneficial interest in property is in the beneficiary. This bill prohibits the termination of a trust by the transferor. It provides exception. Allows trust to be created upon the occurrence of a future event. It also provides for the general management duties of the custodial trustee, including the requirement that a trustee must register or record the instrument transferring title to custodial trust property if appropriate.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2001, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2001, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin and Holt.

SCRep. 935 Judiciary on S.B. No. 744

The purpose of this bill is to clarify the law to applied in the family courts, in cases involving uncontested divorces.

Your Committee received testimony from the Honorable Daniel G. Heely, Senior Judge for the Family Court of the First Circuit. He provided testimony from which the following amendments are made:

§580-5, Hawaii Revised Statutes as follows:

[Upon the hearing of] For every complaint for annulment, divorce, or separation, the court shall require exact legal proof upon every point, notwithstanding the consent of the parties.

Justification:

The purpose of the statutory amendment should be to delete reference to a requisite hearing. As currently drafted, the bill's language may affect additionally the standards re proof and may further permit the dispensing of hearings for uncontested annulments and separations, which is not the intent of this bill.

§580-42, Hawaii Revised Statutes, (Irretrievable breakdown) as follows:

(a) If both of the parties by complaint or otherwise have stated under oath or affirmation that the marriage is irretrievably broken, or one of the parties has so stated and the other has not denied it, the court, after hearing, shall make a finding whether the marriage is irretrievably broken. The Court, in its discretion, may waive a hearing on an uncontested divorce complaint and admit proof of affidavit.

Justification:

Clarify the circumstances under which the Court may waive a hearing. The bill's present language may be interpreted to permit the Court to waive a finding that the "marriage is irretrievably broken" in uncontested divorce cases. This is contrary to the bill's intent.

§380-45, Hawaii Revised Statutes (Decree) as follows:

If after a full hearing, the court is of the opinion that a divorce ought to be granted from the bonds of matrimony a decree shall be signed, filed and entered, which shall take effect from and after such time as may be fixed by the court in the decree. The court, in its discretion, may waive a hearing on an uncontested divorce complaint and admit proof by affidavit. In case of a decree dissolving the bonds of matrimony, such time so fixed shall not be more than one month from and after the date of the decree.

Justification:

Same as #2.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 744, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 744, S.D. 1, and placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Levin, Chang and Holt.

SCRep. 936 Judiciary on S.B. No. 1151

The purpose of this bill is to reduce the quantities required for conviction of serious drug convictions to give law enforcement a much need tool on its continued war on drugs.

This bill changes the offense of first degree promotion of a dangerous drug to include one ounce or more of a dangerous drug.

This bill changes the second degree promotion of a dangerous drug to include the possession of one-eighth of an ounce or more of any dangerous drug.

This bill includes in the first degree promotion of a harmful drug the possession of fifty or more capsules, tablets or dosage units of a harmful drug or marijuana, possession of one-eighth of an ounce or more of harmful drugs or marijuana, the distribution of twenty five or more capsules, tablets or dosage units, or the distribution of less than one-eighth of an ounce of harmful drugs or concentrates.

This bill includes in the second degree promotion of the harmful drug, the possession of twenty-five or more capsules, tablets or dosage units, and the possession of less than one eighth of an ounce of harmful drugs or marijuana.

This bill provides that third degree promotion of a harmful drug shall be the possession of ten or more capsules, tablets or dosage units of harmful drugs or marijuana. This bill also provides that the third degree promotion of harmful drugs will be class C felony.

Your Committee received testimony from the Hawaii State Attorney General, the prosecutors and police chiefs of the City and County of Honolulu, the Counties of Kauai, Maui and Hawaii, in support of this bill.

S.B. No. 1154 as originally drafted would create a gap under Section 712-1246, Hawaii Revised Statutes because the bill's elevation of promoting the harmful drug in the third degree to a felony would leave someone who possesses less than ten capsules or dosages without being charged with a crime.

Your Committee makes the following amendment:

§712-1246A Promoting a harmful drug in the fourth degree. (1) A person commits the offense of promoting a harmful drug in the fourth degree if he normally possesses less than ten capsules or tablet or dosage units containing one or more of the harmful drugs.

(2) Promoting a harmful drug in the fourth degree is a misdemeanor.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1151 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 Levin, Cobb and Holt.

SCRep. 937 Education on S.B. No. 896

The purpose of this bill is to establish the Hawaii Teacher Standards Board within the Department of Labor and Industrial Relations to certify teachers in the Department of Education (DOE) paid under Collective Bargaining Unit 5.

The Board would be comprised of eleven tenured teachers appointed by the Governor with the advice and consent of the Senate from lists of nominees furnished by the union. The Board would do the following:

- (1) Establish educational and training standards for teacher certification;
- (2) Establish a schedule of fees;
- (3) Issue certificates; and
- (4) Administer the teacher certification special fund.

Additionally, this bill would prohibit anyone from serving as a DOE teacher without a certificate beginning with the 1990-1991 school year; require the Board of Education (BOE) to establish procedures for considering requests for revocation, suspension or reinstatement of certificates; grandfather currently certified teachers; provide penalties of up to \$1,000 in fines and imprisonment; and appropriate \$150,000 for fiscal year 1989-1990 for start-up costs.

Your Committee finds that the Hawaii Teacher Standards Board would be useful in promoting the highest quality education in our public schools.

Your Committee, upon further consideration, has amended this bill to incorporate changes which are mutually acceptable to the DOE and the Hawaii State Teachers Association. It is your Committee's intention to request a sunrise review of the Board pursuant to Chapter 26-H, Hawaii Revised Statutes, and that this bill, after passing Second Reading, should be recommitted to your Committee on Education for further consideration. This bill, as amended, is intended to assist the Legislative Auditor in pursuing the sunrise study by clearly reflecting the intentions of your Committee regarding the Hawaii Teacher Standards Board.

Major amendments to this bill are as follows:

- (1) The Board is placed within the Department of Commerce and Consumer Affairs rather than the Department of Labor and Industrial Relations;
- (2) The Board would consist of six teachers, two BOE representatives, the Superintendent of Education as an ex officio voting member, a representative from the University of Hawaii College of Education, and a representative from the community, all appointed by the Governor for staggered terms and confirmed by the Senate except for the Superintendent of Education;
- (3) Duties of the Board would also include selection and administration of a professional teacher exam, approval of pre-service teacher education programs, revocation of certificates, certificate appeals, and establishment of alternative certification programs;
- (4) The maximum penalty would be \$500 without imprisonment; and
- (5) Certification, fees, and penalties would become effective after July 1, 1992.

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

Your Committee on Education is in accord with the intent and purpose of S.B. No. 896, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 896, S.D. 1, and be recommitted to the Committee on Education for further consideration.

Signed by all members of the Committee except Senator Levin.

SCRep. 938 Agriculture on H.B. No. 1867

The purpose of this bill is to authorize the department of agriculture to sell real property acquired through its agricultural loan program in order to recover loan proceeds for the agricultural loan revolving fund.

Your Committee finds that the department of agriculture acquires secured property through its agricultural loan division when borrowers are unable to meet the terms of the loan. Currently, these acquired properties fall under the definition of "public lands" and thus, are under the jurisdiction of the department of land and natural resources, complicating the recovery for the agricultural loan program.

Your Committee further finds that the department of agriculture is not a land holding agency and that it should have the necessary authority to sell these acquired properties to recover funds for the agricultural loan revolving fund.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1867 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 Aki.

SCRep. 939 Energy and Natural Resources on H.B. No. 1337

The purpose of this bill is to appropriate \$34,000 for fiscal year 1989-1990 for the purchase of ten stream flow gauges and ten rainfall gauges to be installed in windward Oahu.

Testimony in support of this bill was received from the Chairperson of the Board of Land and Natural Resources and from the Honolulu Board of Water Supply.

Your Committee finds that the installation of these stream flow and rainfall measuring devices will provide important information and data needed to improve the monitoring and decision making process related to water resource management for Oahu.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 1337 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 940 Energy and Natural Resources on H.B. No. 875

The purpose of this bill is to appropriate the sum of \$808,473 to restore Department of Land and Natural Resources operating funds for fiscal year 1988-1989, which were diverted to prepay a federal loan for the Molokai Irrigation Project that is currently managed by the Department of Land and Natural Resources.

Testimony in support of this bill was received from the Chairperson of the Board of Land and Natural Resources.

Pursuant to the federal Budget Reconciliation Act of 1987, the State was afforded the opportunity to repay the balance of the construction loan for the Molokai Irrigation Project at a discount, and subsequently did so. Your Committee finds that early repayment of this federal loan provided a substantial savings to the State. Consequently, in order to meet the deadline of the repayment program, the Department expended funds from its current operating budget at the expense and curtailment of its 1988-1989 program activities. This bill would permit the Department to resume and complete its scheduled fiscal year activities.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 875 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 941 Energy and Natural Resources on H.B. No. 1832

The purpose of this bill is to increase the annual expenditure limit placed on the use of funds from the "special land and development fund" for the maintenance of lands under the control and management of the Board of Land and Natural Resources from \$200,000 to \$500,000, and to allow the Department of Land and Natural Resources to exceed the \$500,000 limit with the prior approval of the Governor.

Testimony in support of this measure was received from the Chairperson of the Board of Land and Natural Resources.

Current law authorizes the Board of Land and Natural Resources to expend the sum of \$200,000 per year out of the special land and development fund for the incidental maintenance of lands under the jurisdiction of the Board. The funds are used for the repair of sidewalks, the removal of fallen trees or trees posing a danger to structures, the clearing of streams, the eradication of marijuana, and other uses associated with the maintenance of state lands.

Your Committee further finds that past experience has demonstrated that the \$200,000 yearly spending allowance is often inadequate, thereby placing limits on the Department's ability to keep up with its maintenance duties. An increase in the allowable spending limit from the special land and development fund would greatly assist the Department in its efforts to maintain and improve state lands.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 1832 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 942 Agriculture on H.B. No. 1

The purpose of this bill is to appropriate \$30,000 or so much thereof as may be necessary for the promotion of dendrobium orchids during the fiscal year 1989-1990. This appropriation is to be matched dollar-for-dollar by the dendrobium orchid industry.

Your Committee finds that with past fiscal support and state encouragement, Hawaii's dendrobium orchid growers experienced sales of more than \$5 million, which is a twenty-six percent increase in sales from 1986. The industry also has achieved an increase of eighty-five percent in out-of-state sales from 1987.

Despite such promising statistics, your Committee heard testimony from the University of Hawaii College of Tropical Agriculture and Human Resources that a preliminary market research report identified the need for more aggressive promotion of Hawaii's dendrobium orchids. The study shows that while Mainland wholesalers and retailers are aware of Hawaiian dendrobium orchids, they lack knowledge on how to care for and use them. The market study suggests that any further promotional efforts should be aimed at providing educational materials that would show Mainland dendrobium orchid users the strengths and advantages of the flower.

Your Committee also heard supporting testimony from the Board of Agriculture as the appropriation would enable the dendrobium industry to expand its markets while maintaining the ones already established.

Your Committee has amended the bill by adding language requiring the Department of Agriculture to make a detailed report to the next Legislature on the expenditures made in the promotion of dendrobium orchids.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 943 Education on H.B. No. 1851

The purpose of this bill is to authorize the State Librarian to appoint a special assistant. The bill amends the civil service exemption law to include the special assistant and one secretary for the special assistant as exempt employees.

Your Committee received supporting testimony from the State Librarian and the Hawaii State Teachers Association and finds that there is a need for this position to carry out a wide range of duties including special projects, legislative interrelation, public information dissemination, and coordination of projects with certain area, state, and national organizations.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1851, 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 Levin.

SCRep. 944 Corrections on H.B. No. 911

The purpose of this bill is to require all state community correctional facilities to provide sex abuse education and treatment programs for incarcerated persons needing such programs and to appropriate \$200,000 for each year of the 1989-1991 fiscal biennium for this purpose.

Your Committee heard testimony in support of this measure from the Department of Corrections, the Department of Health, the American Civil Liberties Union of Hawaii, and others. One concern expressed by several of the testifiers, however, is that even more funding is needed than is currently provided by this bill.

Upon consideration your Committee agrees that more funding is needed and has therefore amended this bill by increasing the appropriations to \$360,500 for each fiscal year of the biennium. Your Committee has further amended this bill by including an appropriation for the Halawa Correctional Facility in these new figures. There was no such appropriation in previous versions of this bill. Your Committee has also amended this bill by substituting the word "sums" for the word "sum" in Section 3 of the bill.

Your Committee finds that sex abuse education and treatment programs are an important component in the rehabilitation of sex offenders and that such programs should be offered in state correctional facilities.

Your Committee on Corrections is in accord with the intent and purpose of H.B. No. 911, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 911, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 945 Energy and Natural Resources on H.B. No. 213

The purpose of this bill is to appropriate the sum of \$120,000, for the creation of a State of Hawaii oceanbook by the Sea Grant College Program.

The creation of such a book would provide valuable information for professionals and the general public and would enable the people of Hawaii to make well-informed decisions about the future uses of the ocean resources of the State.

Testimony in support of this bill was received from the Director of the Sea Grant College Program at the University of Hawaii.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 213, 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. 946 Energy and Natural Resources on H.B. No. 22

The purpose of this bill is to appropriate funds for the 1990 World Hydrogen Energy Conference.

This bill appropriates funds to be used to attract demonstration hydrogen projects which would be featured in the 1990 World Hydrogen Energy Conference (WHEC) to be held in Hawaii.

Your Committee heard supporting testimony from the Department of Business and Economic Development and the Hawaii Natural Energy Institute.

Your Committee has amended the bill so that the sum appropriated shall be expended by the Department of Land and Natural Resources and to reflect that should the conference produce any profits, the revenues shall be returned to the State.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 22, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 22, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 947 Energy and Natural Resources on H.B. No. 366

The purpose of this bill is to appropriate funds to continue and expand the Community Geothermal Technology Program.

The Community Geothermal Technology Program has proven that certain industries can be more economically operated by utilizing previously wasted geothermal heat and its by-products. This program has afforded individuals, small businesses, and research institutes the opportunity to investigate the direct use of geothermal energy and its by-products.

Your Committee finds that by involving the general community in geothermal commercialization efforts, the program has promoted an acceptance and understanding of the importance of this inherent energy resource. Your Committee further finds that the program's expansion would foster new industries for Hawaii in the area of geothermal resource management.

Your Committee heard supporting testimony from the Department of Business and Economic Development, the Department of Health, the Natural Energy Institute, and the Natural Energy Laboratory of Hawaii.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 366, 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. 948 Housing and Hawaiian Programs on H.B. No. 1556

The purpose of this bill is to clarify and correct Hawaii's ohana zoning laws by permitting second dwelling units in rural districts pursuant to county ohana zoning ordinances.

This bill proposes to correct what appears to be an unintended consequence of the latest 1988 amendment (Act 252) to Section 46-4(c) Hawaii Revised Statutes (HRS), the ohana zoning statute. When Section 46-4(c), HRS was originally adopted in 1981, it contained a superiority clause which overrode all other laws, ordinances, or rules. When the 1988 amendment was made, this superiority clause was deleted. The effect of this change is that Section 46-4(c), HRS no longer supersedes Section 205-2, HRS which establishes density in "Rural Districts" at one dwelling per one half acre. Therefore, an additional ohana dwelling unit can no longer be built on a "Rural District" lot of less than one acre because of the density provision in Section 205-2, HRS.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of H.B. No. 1556 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 Cobb.

SCRep. 949 Agriculture on H.B. No. 5

The purpose of this bill is to make an appropriation of \$50,000 for fiscal year 1989-1990 for the Department of Agriculture to establish a program to use trained dogs in the detection of illegal plants and animals at ports of entry in the state.

Under the current inspection program, airline passengers are asked to fill out a state agriculture declaration form if they are carrying any plants or animals. Declared items are then inspected at ports of entry when passengers arrive in the islands. Passengers, suitcases and declared items are visually scrutinized for illegal material as they disembark from the carriers.

Your Committee heard testimony concerning the U.S. Department of Agriculture's beagle brigade, which uses trained beagles to sniff out and detect prohibited plant materials and animal products. This method has shown to be effective in detecting illegal plants and animals.

Your Committee finds it is necessary to strengthen the plant quarantine inspection program by using trained dogs to detect illegal plants and animals. Trained dogs accompanied by trained quarantine inspectors will increase the ability of the state's inspection program to detect and restrict entry of prohibited plants and animals into the state.

Your Committee has amended the bill by allowing the department the option of bringing a trainer to Hawaii to initiate a training program for their inspectors and dogs rather than sending its inspectors to San Francisco to be trained. Having the training done locally would also preclude the necessity of quarantining the dogs.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 5, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 5, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 950 Agriculture on H.B. No. 1907

The purpose of this bill is to allow the Director of Health to provide grants to enforce litter laws and to conduct public education programs, as funds are available.

Your Committee received testimony from the Department of Health supporting the intent of this bill. While litter has been effectively reduced by over fifty percent during the past ten years, much more work is needed, particularly in terms of more effective enforcement and public education.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1907, 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. 951 Agriculture on H.B. No. 1217

The purpose of this bill is to appropriate the final matching funds for the planning, design and construction of a facility for the Center of Applied Aquaculture.

During the Regular Session of 1988, the Legislature appropriated \$1,000,000 out of the general fund to provide the initial matching state funds needed to secure \$6,375,000 in federal funds from the United States Department of Agriculture.

Your Committee received testimony in support of this bill from the Department of Land and Natural Resources, the Hawaii Institute of Marine Biology and the Oceanic Institute. The Oceanic Institute reported that the State and the University of Hawaii generally agree on the Center's purpose and functions, and is now in the process of developing the expenditure plan.

The Legislature appropriated the initial \$1 million for the Center of Applied Aquaculture in 1988, delineating specific concerns in the implementation of the project. The Legislature continues to express those significant concerns regarding the: 1) expenditure of funds; 2) the legislative intent; 3) expenditure flexibility; and 4) implementation based on an active working relationship between the Oceanic Institute, Department of Land and Natural Resources, and the University of Hawaii through a memorandum of understanding for cooperation.

Your Committee has amended the bill by allowing the funds to be expended for facilities at the Oceanic Institute or elsewhere in the State. Your Committee has left the amount to be appropriated at \$1, pending the receipt of information from private contributors and further discussion.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1217, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1217, H.D. 3, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 952 Agriculture on H.B. No. 6

The purpose of this bill is to appropriate funds for the continued promotion of fresh Hawaii-grown pineapple.

The bill requires a dollar-for-dollar matching contribution by the pineapple industry.

The pineapple industry has long been an important part of Hawaii's economy. As the second largest agricultural industry, it provides year-round employment for Hawaii residents and generated an annual payroll of \$91.6 million in

1988. It has also been used to promote Hawaii's image, thereby encouraging tourism and the purchase of other island products.

The per capita consumption of fresh pineapple in the United States is low, which may indicate that many consumers have little or no experience with the purchase, handling, and preparation of fresh pineapple. A function of promotion is to educate new consumers so they will become regular, repeat customers.

Your Committee has amended the bill to include Western Canada as another area targeted for promotion. Your Committee has further amended the bill by deleting the funding for fiscal year 1990-1991 and requiring the industry to submit a detailed report to the next legislature on the result of its promotional effort. The report should also include the percentage of increased sales and the share of the Hawaiian pineapple market garnered as a result of the appropriation.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 6, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 6, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 953 Agriculture on H.B. No. 692

The purpose of this bill is to allow the Department of Agriculture to transfer funds among the agricultural products revolving fund, the agriculture loan revolving fund and the aquaculture loan revolving fund.

Your Committee finds that recent provisions for the transfer of moneys between the agriculture and aquaculture loan revolving fund has resulted in a more efficient use of resources and that this efficiency can be further improved by including the agricultural products revolving fund for mutual transfer of moneys.

Your Committee heard testimony in support of this measure from the Board of Agriculture and has amended the bill to set a \$1,000,000 ceiling on the amount of money which is transferable for each revolving fund within the calendar year.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 692, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 692, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 954 Agriculture on H.B. No. 4

The purpose of this bill is to appropriate funds to the Department of Agriculture for the purpose of promoting and conducting marketing related activities of Hawaiian grown coffee.

In addition, the bill requires a dollar-for-dollar matching contribution by private contributions.

Your Committee has amended the bill by increasing the amount appropriated in Section 2 from \$60,000 to \$100,000 and deleting Section 3, appropriating \$40,000 for administrative services in its entirety.

Your Committee finds that State money should be used for the promoting and marketing-related activities of Hawaii grown coffee. By deleting the appropriation for administrative services, your Committee does not intend to preclude the use of State matching funds for coordinating administrative services. However, if in the future the industry requires an administrator, that position should be paid for by the industry and not the State.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 4, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 4, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 955 Agriculture on H.B. No. 1205

The purpose of this bill is to delete the requirement that in advertisements for eggs, the size of the typeface used in designating grade, size, geographic origin, and shell treatment must be at least one-half the size of the typeface used to designate the price.

Your Committee heard testimony in support of this bill from the Board of Agriculture and the Asagi Hatchery which stated that the original law was meant to protect the local table egg industry from imported eggs that might be marketed as local eggs. The law currently requires all imported eggs be labeled, not just those destined for the table.

Additionally, the testimony indicated that eggs are the only commodity which requires designations of grade, size, etc. to be in a typeface one-half the size of the typeface used to designate the price. Attempts by persons in advertising to understand and comply with these designation requirements have been futile. Almost every supermarket in Hawaii has been cited for violation of these requirements.

Although your Committee agrees that advertising designations must be a part of required consumer information, your Committee finds that the present law is too restrictive and should be regulated by department rules.

Your Committee made technical nonsubstantive amendments to conform the bill to recommended drafting format.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1205, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1205, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 956 Judiciary on Gov. Msg. No. 140

Recommending that the Senate consent to the nomination of STEVEN H. LEVINSON as the Eighth Judge of the Circuit Court of the First Circuit, for a term of ten (10) 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 Cobb.

SCRep. 957 Judiciary on H.B. No. 254

The purpose of this bill is to increase the use of the Hawaii Election Campaign Fund by raising the maximum amount available to candidates for all offices from \$50 to \$250.

At the hearing held March 14, 1989 on this bill, favorable testimony was received from two members of the Rainbow Coalition. The Campaign Spending Commission stated that it had no opposition to the bill, and suggested that §11-219, Hawaii Revised Statutes, be changed to increase the amount of private contributions needed to qualify for the increased public funding proposed by this bill.

Based on the testimony, your Committee finds that few candidates take advantage of the public campaign fund, and that it has been accumulating a surplus since its inception. It does not appear that this proposal will place the fund in any jeopardy.

Upon review of the bill, your Committee determined that an amendment to increase the amount available to candidates under Section 11-221(c) requires a corollary increase to the amount available under section 11-218(b). Your Committee has amended the bill to reflect this necessary change. It has also incorporated the amendment to section 11-219 suggested by the Campaign Spending Commission.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 254, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 254, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Cobb.

SCRep. 958 Judiciary on H.B. No. 1348

The purpose of this bill is to afford District Court and District Family Court judges the same retirement benefits now available to justices of the Supreme Court and judges of the Intermediate Appellate and Circuit Courts.

Your Committee previously received testimony from the Judiciary on companion bill S.B. 840. That testimony stated that as full-time judges, the judges of the District Court and District Family Court are held to the same standards as judges of the other courts. However, on the question of retirement benefits, the District Court and District Family Court judges do not receive the same retirement benefits.

Judges sitting in District Court receive retirement benefits from the State of 2-1/2 percent or less; whereas, all other judges receive 3-1/2 percent. This bill affords District Court and District Family Court judges the same rights and benefits as judges of Circuit and Appellate Courts.

Your Committee has eliminated the distinction drawn in the bill between class A and class C members. It also deleted the expressed retroactive service credit provision.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1348, H.D. 1, as amended, and recommends that it pass Second Reading in the form attached as H.B. 1348, 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 Cobb.

SCRep. 959 Judiciary on H.B. No. 694

The purpose of this bill is to appropriate funds from the general revenues of the State to satisfy claims for legislative relief, judgments against the State, or settlements and miscellaneous claims.

Your Committee received testimony from the Attorney General on this bill during a hearing held March 17, 1989. The Attorney General requested that the following items be included in the bill:

**JUDGMENTS AGAINST THE STATE
AND SETTLEMENT OF CLAIMS:**

Hasbrouck v. State
Civil No. 898-155(K), third Circuit

Amount of Settlement:	23,000.00
No interest	
Kauai v. Spencer, et al.	
Civil No. 89-0084-01, First Circuit	
Amount of Settlement:	85,000.00
No interest	
Robinson v. Ariyoshi et al.	
Civil No. 74-32, U.S.D.C.:	2,835,945.70
Amount of Judgment:	
2,335,945.70	
Post judgment interest:	
500,000.00	
MISCELLANEOUS CLAIMS:	
Hawaiian Dredging & Construction Co.	500,000.00

In his oral testimony, the Attorney General made it clear that his office does not willingly come to the legislature for the appropriation in the Robinson v. Ariyoshi case, but is forced to do so by the actions of the federal district court. The Attorney General stressed that this fee award is on appeal to the U. S. Ninth Circuit Court of Appeals, and will be strongly contested by the State of Hawaii. The Attorney General also stressed that the funds appropriated will remain in escrow pending the outcome of the necessary appeals, and will revert to the treasury upon reversal of the district court's order.

At the Attorney General's request, your Committee reviewed letters to and from counsel for McBryde Sugar Company reflecting the State's efforts to avoid having to appropriate funds in the Robinson v. Ariyoshi case at this time. The correspondence was made a part of your Committee's records regarding this bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 694, H.D. 2, as amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 694, 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 Cobb.

SCRep. 960 Judiciary on H.B. No. 1844

The purpose of this bill is to establish an adult protective services program within the Department of Human Services to assist adults who are victimized because they are physically or mentally impaired and are therefore dependent on others.

Your Committee received substantial testimony concerning companion bills S.B. 470 and S.B. 1876. Your Committee amended S.B. 470 to reflect concerns raised by the testimony, and those amendments have also been included in this bill.

In response to concerns about the bills' impact on privacy and search-and-seizure protections, changes were made to: (1) clarify the circumstances under which the Department or a guardian ad litem may obtain the dependent adult's records without a court order; (2) restrict the situations in which the Department's employees may force entry into homes; and (3) amend §571-84, Hawaii Revised Statutes, to make Family Court records of dependent adult abuse proceedings confidential.

At the suggestion of the Family Court, amendments were made to delete the implied authority of Department employees to require that a police officer enforce the domestic abuse laws, and to reduce the possibility that this law would be used by unscrupulous medical practitioners to obtain authorization for major medical treatment under the allowance for "emergency medical services".

Although the Family Court expressed reservations about the cost and feasibility of extensive court involvement in these cases, your Committee received testimony from the Department of Human Services indicating that the estimated number of cases in this area is 100 per year, and that very few will require any judicial intervention. On that basis, your Committee has not inserted any appropriation for additional Family Court staff. It is also the Committee's understanding that the Department of Human Service's executive budget request includes sufficient funds to implement this program.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1844, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1844, 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 Cobb.

SCRep. 961 Judiciary on H.B. No. 1871

The purpose of this bill is to extend the existence of the Hawaii criminal justice data interagency board through June 30, 1993.

Your Committee previously received testimony on companion bill S.B. 1801. On that basis, your Committee finds that the criminal justice data interagency board performs a beneficial function in promoting interagency cooperation in the development of a statewide criminal justice information retrieval and reporting system for the State.

Your Committee has amended this bill by appropriating funds to cover the travel expenses of neighbor island board members during fiscal years 1989-1990 and 1990-1991, and by making other technical, nonsubstantive amendments.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1871, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 1971, 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 Cobb.

SCRep. 962 Judiciary on H.B. No. 1619

The purpose of this bill is to provide funds for the development of a coordinated youth gang response system, incorporating law enforcement and intelligence, training and awareness intervention, prevention and evaluation.

Your Committee finds that a comprehensive, coordinated approach is necessary to control the gang problem and will benefit the State.

Your Committee received substantial testimony about Senate Bill 1143, the companion to this bill. Based on that testimony, your Committee has amended the bill to direct that the Juvenile Justice Interagency Board (JJIB) attached to the Department of the Attorney General be required to create a long-term statewide master plan for dealing with youth gangs. The plan should define the nature and scope of youth gang activity, identify problems faced by various government agencies dealing with youth gangs, establish long-range goals, identify and provide guidance to social service program providers, and delineate a plan of action and milestones timetable for government agencies involved in the youth gang effort.

A report to the 1990 Legislature is mandated on the JJIB's progress in developing the master plan, and on expenditures made by the Department of the Attorney General to carry out this bill. At that time, the Legislature can determine if additional funding is required in fiscal year 1990-91.

This bill has also been amended to incorporate the amounts to be appropriated to the various agencies which will be addressing this problem. Finally, organizational and technical changes have been made to the bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1619, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1619, 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 Cobb.

SCRep. 963 Judiciary on H.B. No. 401

The purpose of this bill is to establish a special assistant to the State Attorney General as a permanent position in the Department.

Your Committee heard testimony from the Department of the Attorney General on companion bill S.B. No. 629, stating that the Attorney General, by virtue of his position in State Government, has memberships or interest in numerous national, regional, state and local organizations. A special assistant will monitor, coordinate, and in the event of a scheduling conflict, represent the Attorney General at various committee and organization meetings.

This bill will allow the Attorney General to more actively participate in, and contribute to, these various committees and organizations. Further, the special assistant will coordinate all of the Attorney General's non-legal responsibilities and function as a trouble shooter and special assignments person for the Attorney General. Finally, the special assistant will function as the legislative coordinator and the public information officer for the Department.

Your Committee further finds that the establishment of this position was recommended by the Legislative Auditor.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 401 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 Cobb.

SCRep. 964 Judiciary on H.B. No. 536

The purpose of this bill is to establish a mechanism for the licensure of private persons to serve process, who will function in addition to the current sheriffs, deputy sheriffs and police officers.

At the hearing held March 14, 1989 on this bill, your Committee received favorable testimony from the state Judiciary, the Hawaii State Bar Association, the National Federation of Independent Business, and oral testimony from the Hawaii Collectors' Association. Based on the testimony, your Committee finds that the Police Departments are often not available to serve process on private civil actions. Moreover, the Legislative Auditor's 1989 report to the Legislature on the management and financial audit of the Judiciary strongly recommended that the service of process be removed from the Judiciary, which should only be involved in training, qualifying and certifying process servers.

Allowing private process servers would alleviate the tremendous manpower demands currently placed upon the Office of the Sheriff, while promoting a healthy competition in the market which could culminate in more efficient process serving and lower cost to those who seek access to our legal systems.

The Judiciary and the Bar Association expressed concerns about the limitations on training placed in the bill. Your Committee agrees that the Judiciary should be allowed the flexibility to develop initial training criteria and modify them based on experience with the licensing program. Therefore, the limitation language has been deleted from the bill.

It was also noted that the bond amount for private process servers in the bill is below the amount currently used for deputy sheriffs. Your Committee finds no basis for this distinction, and has adjusted the bond amount to conform with current practice.

Finally, your Committee received a request in the Judiciary's written testimony for additional funds to implement this program. In the Judiciary's oral presentation, however, it was indicated that the licensing tasks could probably be handled by the new personnel requested for the Supreme Court clerk's office in the Judiciary budget request. Thus, no appropriation has been included in this bill.

A non-substantive clarifying amendment has also been made to the bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 536, H.D. 1, as amended, and recommends that it pass Second Reading in the form attached as H.B. No. 536, 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 Cobb.

SCRep. 965 Judiciary on H.B. No. 976

The purpose of this bill is to ensure the continued availability and cooperation of witnesses in criminal cases by increasing the fees and per diem payments for those witnesses.

More specifically, the bill increases the fee paid to witnesses from \$10 to \$20. The per diem allowance paid to witnesses traveling from one island to another island would be increased to \$55. The bill additionally includes out-of-state witnesses, who would receive a \$110 per diem payment. Per diem payments are to be computed on the basis of quarter-day time periods. Witness mileage fees are to be established pursuant to rules adopted by the Judiciary.

Based on the testimony received from the Honolulu Prosecuting Attorney's Office and the Office of the Public Defender at the hearing on this bill held March 14, 1989, it is your Committee's understanding that witnesses traveling between the islands are to have their air transportation costs covered, plus mileage for necessary ground travel. Your Committee found that this intent was not clearly stated in the bill, and has amended it to carry out its intent. Other technical, nonsubstantive amendments have also been made.

The Office of the Public Defender indicated that an appropriation may be required to carry out the proposed fee changes, but did not specify a required amount. Your Committee therefore defers the issue of whether an additional appropriation is required, and its amount, for consideration by the Committee on Ways and Means.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 976, H.D. 1, as amended, and recommends that it pass Second Reading in the form attached as H.B. No. 976, 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 Cobb.

SCRep. 966 Judiciary on H.B. No. 631

The purpose of this bill is to amend Section 11-15, Hawaii Revised Statutes, to provide for the registration of voters by the use of a self-subscribing oath prescribed by the chief election officer.

Your Committee received testimony from the Lieutenant Governor and others in support of companion bill S.B. 717. Based on that testimony, your Committee finds that the current notary requirement constitutes an obstacle to people who want to register, and that the elimination of the requirement would make the process of voter registration more convenient.

Another obstacle to participation in the electoral process is the requirement of in-person registration. The House deleted this important feature from the original draft of this bill, and your Committee has reinserted it in this draft. Your Committee amended the bill to insert an appropriation of \$250,000 during the 1989-91 fiscal biennium to carry out the purposes of this Act.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 631, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 631, 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 Cobb.

SCRep. 967 Culture, Arts and Historic Preservation on H.B. No. 1544

The purpose of this bill is to appropriate funds to transport to the Hawaii Maritime Museum the Lady Timarau or a replica of the historic boat that Florentino Das sailed on his voyage from Hawaii to the Philippines.

Your Committee heard favorable testimony from the Hawaii Maritime Center, the Philippine Consul General, and the Department of Education.

Your Committee finds that recognizing activities which demonstrate the spirit of modern-day maritime pioneers is in the best interest of our island State. Such feats of endurance reflect Hawaii's own path of discovery by cultures who endured hardships and unchartered waters to settle in the Hawaiian Islands.

Your Committee recognizes the unique role of the Hawaii Maritime Center in the preservation of Hawaii's diverse maritime heritage and has amended the bill to include an appropriation to assist the Hawaii Maritime Center in preserving Hawaii's maritime history.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 1544, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1544, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 968 Culture, Arts and Historic Preservation on H.B. No. 1233

The purpose of this bill is to establish conditions for the matching and reversion of funds for the State of Hawaii Endowment Fund used for the operation of the Honolulu Symphony.

Your Committee finds that this bill clarifies the process for receiving matching funds to the State of Hawaii Endowment Fund. The enactment of this bill will assist the trust administrators of the Honolulu Symphony in alleviating any problems incurred in carrying out the intent of endowment fund legislation.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 1233, 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. 969 Culture, Arts and Historic Preservation on H.B. No. 1156

The purpose of this bill is to appropriate funds to the Office of Information for a pilot program to establish the scope of a permanent, year-round State Capitol tour and information service program.

Your Committee finds that interest in the State Capitol tour has expanded beyond the resources of the Sergeant-At-Arms Office of the House of Representatives which presently conducts these tours. The demand created by residents, schools, and visitors to Hawaii indicates a need to expand these services and to develop a more comprehensive, year-round tour and information program.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 1156, 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. 970 Culture, Arts and Historic Preservation on H.B. No. 30

The purpose of this bill is to establish a Hawaii historic preservation special fund to enhance and preserve elements of our past that should be integrated into our daily living.

This bill would authorize the Department of Land and Natural Resources to contract the day-to-day management of the fund to a public or private agency. Benefits of this delegation include: the minimizing of bureaucratic procedures, the establishment of a more efficient system for providing financial assistance to public and private agencies involved in preservation activities, and the ability to solicit donations, grants and gifts from the private sector.

Testimony in support of the bill was received from the Office of Hawaiian Affairs and the Historic Hawaii Foundation, and the Waikiki Residents Association.

Your Committee finds that Hawaii's historic resources reflect our rich multi-cultural heritage and create a sense of place that is unique to Hawaii. The preservation of this heritage is an invaluable resource that has many benefits for our people. The establishment of this special fund supports the intent of the State's historic preservation program as established in Chapter 6E, Hawaii Revised Statutes, and would provide ongoing funding needed to preserve, restore and maintain our historic heritage for preservation activities not covered by section 6E-9.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 30, 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. 971 Culture, Arts and Historic Preservation on H.B. No. 460

The purpose of this bill is to provide funds for the continuation of moving image preservation activities.

Your Committee finds that moving images are a significant form of material culture and historical documentation. Unfortunately, these records have not received adequate protection and preservation. This bill provides funding to continue the preservation activities already initiated.

Your Committee has amended Section 2 to include a \$100,000 appropriation for fiscal year 1990-1991 to further effectuate the purpose of this bill.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 460, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 460, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 972 Housing and Hawaiian Programs on H.B. No. 1905

The purpose of this bill is to enable the Department of Hawaiian Home Lands (hereafter referred to as "Department") the authority to issue revenue bonds to finance its growing capital improvements programs.

This bill also grants additional powers to the Department to:

- (1) Undertake and carry out the development of any Hawaiian home lands available for lease with the approval of the Governor;
- (2) Undertake and carry out the development of available lands as a developer for homestead, commercial, and multipurpose projects, with the approval of the Governor;
- (3) Designate by resolution of the Commission all or any portion of a development or multiple developments undertaken with the approval of the Governor; and
- (4) Exercise the powers granted under Section 39-53, Hawaii Revised Statutes, including the power to issue revenue bonds from time to time as authorized by the Legislature.

Your Committee received supporting testimony from the Office of Hawaiian Affairs and the Department. The Department also suggested the bill be amended as discussions with the Attorney General's Office indicate Congressional approval is not necessary in order for this bill to take effect.

Your Committee has amended the bill by:

- (1) Substituting the word "issued" for the word "issue" on page 4, line 4 (page 4, line 7 of the bill as amended).
- (2) Deleting the language in section 3, page 5, line 9, and inserting a severability clause that is more appropriate to the Department's situation and conforms with previous legislation.
- (3) Deleting the language in section 5 requiring Congressional approval in order for the act to take effect.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of H.B. No. 1905, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. NO. 1905, 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 Cobb.

SCRep. 973 Housing and Hawaiian Programs on H.B. No. 1862

The purpose of this bill is to transfer the Housing Finance and Development Corporation (HFDC) from the Department of Business and Economic Development to the Department of Budget and Finance for administrative purposes. The measure also proposes to include the Director of Finance as an additional member of the HFDC's Board of Directors.

The issuance of housing revenue bonds, the administration of State loans from the Treasury to fund housing programs, and the timely and prudent investment of State housing funds are just some of the many fiscal activities of the HFDC which require the attention of the Director of Finance. These activities could be better coordinated if the HFDC were placed within the organizational framework of the Department of Budget and Finance, and if the Director of Finance were included on the HFDC's Board of Directors.

Your Committee heard testimony in support of this bill from the Department of Budget and Finance, the Department of Business and Economic Development and the Housing Finance and Development Corporation.

Your Committee finds that the bill will help to expedite the processing of administrative approvals, particularly as they relate to the financing of the HFDC's projects and programs.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of H.B. No. 1862 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 Cobb.

SCRep. 974 Housing and Hawaiian Programs on H.B. No. 1292

The purpose of this bill is to provide an appropriation for the planning, design, construction, purchase, or acquisition of teacher housing on Lanai, and in Ka'u, Waimea, and Kohala, Hawaii.

Your Committee received testimony in support of this bill from the Department of Education, Hawaii Housing Authority (HHA), and the Hawaii State Teachers Association. Teacher housing units on Lanai, and in Ka'u, Waimea, and Kohala, Hawaii are in need of major repair and in most cases replacement. Appropriate, adequate, and decent teacher housing is an attractive incentive for Department of Education recruitment purposes, especially in geographically remote areas.

Your Committee has amended the bill by increasing the amount of the appropriation to \$1,255,500 due to new costs involved in construction and rehabilitation originally unaccounted for.

Your Committee notes that House Standing Committee Reports No. 322 and No. 868 both direct HHA to use a portion of the funds appropriated by this bill to purchase units already constructed on Lanai. HHA has testified that the units referred to have been presold and are unavailable. It is the intent of this Committee to allow, rather than require HHA to purchase or attempt to purchase units already constructed on Lanai where it is possible and financially reasonable to do so.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of H.B. No. 1292, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1292, 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 Cobb.

SCRep. 975 Housing and Hawaiian Programs on H.B. No. 450

The purpose of this bill is to appropriate funds for the publication of an educational brochure pertaining to leasehold arrangements in the State.

This bill would implement one of the five recommendations made by multi-family lessees and landowners who participated in a mediated forum on leasehold issues, conducted in response to Senate Concurrent Resolution No. 97, adopted in 1988.

Your Committee received testimony in support of this bill from the Housing Finance and Development Corporation, the Hawaii Association of Realtors, the Kamehameha Schools/Bernice Pauahi Bishop Estate, the Hawaii Independent Condominium and Cooperative Owners, and small landowners and forum participants.

The subject of leasehold ownership in Hawaii is a very complex issue, and your Committee believes that production of this brochure will be beneficial to real estate professionals as well as the general public.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of H.B. No. 450, H.D. 2 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Cobb.

SCRep. 976 Housing and Hawaiian Programs on H.B. No. 18

The purpose of this bill is to provide the Hawaiian Home Lands Commission with additional revenues for infrastructure improvements on Hawaiian home lands.

Currently, the list of native Hawaiians entitled to use and occupy Hawaiian Home lands for residential purposes is long and growing. However, homes cannot be built on Hawaiian home lands until the lands are developed to provide for basic infrastructure. Accordingly, the department's highest priority is the implementation of its CIP program so that unimproved leased lots are developed and additional new lots can be awarded.

Your Committee heard testimony in support of this measure from the Department of Hawaiian Home Lands, the Office of Hawaiian Affairs, and the Building Industry Association of Hawaii and finds that using revenue bonds as the method of financing will accelerate the progress of the homesteading program and increase the funds available for infrastructure improvements. Your Committee further finds that this bill does not replace current priorities indicated in the Executive Biennium Budget.

Your Committee has amended Section 2 of the bill to appropriate the funds obtained through the issuance of revenue bonds.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of H.B. No. 18, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 18, 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 Cobb.

SCRep. 977 Tourism, Recreation and Planning on H.B. No. 80

The purpose of this bill is to appropriate funds for the expansion of visitor industry training and educational programs in growing resort areas on all islands.

Specifically, the bill appropriates \$175,000 for fiscal biennium 1989-1991 for expansion of management and professional level programs on the neighbor islands through the University of Hawaii's School of Travel Industry Management; \$175,000 for fiscal biennium 1989-1991 to continue expansion of visitor industry education and training programs on the neighbor islands by the University of Hawaii community colleges; and \$150,000 for fiscal biennium 1989-1991 for visitor

industry education programs on Oahu through the University of Hawaii community colleges. All sums would be expended by the Department of Labor and Industrial Relations.

Your Committee received supporting testimony from the Director of Business and Economic Development, the Director of Labor and Industrial Relations, the President of the University of Hawaii, the Chamber of Commerce, and the Chairman of the Tourism Training Council and finds that the training which would be supported by this measure is necessary to allow our residents to compete for visitor industry employment at all levels and in areas targeted for industry-wide growth.

Considering the fact that each of the sums appropriated by this measure would be expended in higher education facilities, your Committee has amended this bill by changing the expending agency to the University of Hawaii.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of H.B. No. 80, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 80, 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 Cobb.

SCRep. 978 Tourism, Recreation and Planning on H.B. No. 79

The purpose of this bill is to appropriate \$150,000 to the Office of State Planning for a study on the State's carrying capacity to the year 2010 in light of visitor and resident population increase projections.

Particular attention would be paid to the neighbor islands, and the study would include such areas as infrastructure demand (including utilities, land use, and zoning), and social, economic, cultural, environmental, and safety issues.

Your Committee received supporting testimony from the Director of Business and Economic Development, the Director of the Office of State Planning, and the Executive Director of the Hawaii Hotel Association and finds that competent projections of Hawaii's visitor and resident population as of the year 2010 - 11.6 million and 1.4 million respectively - clearly warrant a study of the kind contemplated by this measure.

Your Committee on Tourism is in accord with the intent and purpose of H.D. No. 79, 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 Cobb.

SCRep. 979 Human Services on H.B. No. 782

The purpose of this bill is to fund an older adult legal services coordination program to be developed by the Executive Office on Aging.

Your Committee recognizes that access to legal assistance for older adults is limited. Many older adults may not recognize that the answers to their particular problems or inquiries have a legal basis. Furthermore, these older adults may be intimidated by the complex and confusing legal system. These problems are further magnified for older incapacitated adults who may not be able to seek the help and counsel needed to protect their interests.

Your Committee finds that the limited affordable legal resources currently available do not allow for adequate responses to the present demand for casework, education, and other preventative measures. Furthermore, the demand for these types of services are expected to increase as the older adult population continues to grow. A comprehensive legal services program will help ensure access for older adults who require this type of counsel or assistance.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 782, 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 Cobb.

SCRep. 980 Human Services on H.B. No. 762

The purpose of this bill is to fund a statewide respite program for family caregivers to be expended by the Executive Office on Aging.

Your Committee finds that many elderly people prefer to remain in their home environment as long as possible even when illness requires constant attention. Many family members are willing to give of their time and energy to provide the required care to enable their relatives to remain at home. However, the care required can often lead to burnout, particularly when the caregiver has no respite. When this occurs, it may become necessary to place the elderly relative in an institution at greater cost and often in a place in which the person is not comfortable.

Your Committee received favorable testimony from various agencies and suggests particular attention be paid to testimony received from the Executive Office on Aging in recommending that "this respite program include a strong evaluation component designed to measure utilization, cost, and impact of the services."

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 762, 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 Cobb.

SCRep. 981 Human Services on H.B. No. 1824

The purpose of this bill is to compensate certain persons or their providers of services pursuant to Chapter 351, Hawaii Revised Statutes.

Your Committee received testimony supporting the intent of this bill from the Criminal Injuries Compensation Commission of the Department of Corrections.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1824, 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 Cobb.

SCRep. 982 Human Services on H.B. No. 361

The purpose of this bill is to amend the laws relating to social health care services.

This bill would amend Section 346-64(b), Hawaii Revised Statutes, by redefining "non-medicaid recipient" to mean an individual whose income falls between a minimum income limit of 100 percent of the medical assistance community income limit and a maximum of 300 percent of the medicaid income limit.

Your Committee received favorable testimony from the Department of Human Services, the Department of Health, the Commission on the Handicapped, the State Council on Developmental Disabilities, the Hawaii Centers for Independent Living, and the American Association of Retired Persons.

Your Committee finds that redefining the term "non-medicaid recipient" would allow the originally intended target group to benefit from personal care services.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 361, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Cobb.

SCRep. 983 Human Services on H.B. No. 913

The purpose of this bill is to increase the monthly payments to recipients residing in adult residential care homes.

The bill proposes to replace the \$60 across-the-board level of care (LOC) payment with a graduated schedule of payments based on the level of care and type of facility. For Type I facilities, which are limited to a maximum of five residents, the level of care payments are increased to the following minimum amounts: \$140 for LOC I, \$210 for LOC II, and \$290 for LOC III. For Type II facilities, which allow six or more residents, the level of care payments are increased to the following minimum amounts: \$248 for LOC I, \$210 for LOC II, and \$290 for LOC III.

In addition, this bill would require the Department of Health to adopt rules to set standards pertaining to quality assurance in adult residential care homes.

Your Committee finds that adult residential care homes play a major role in providing Hawaii's elderly and disabled with a less restrictive alternative to institutionalization, and believes that the increases proposed in this bill are justified and long overdue.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 913, H.D. 2 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Cobb.

SCRep. 984 Human Services on H.B. No. 1895

The purpose of this bill is to provide state-funded public assistance to inmates in the custody of the Department of Corrections requiring medical care.

Your Committee heard testimony from the Department of Corrections, the Department of Human Services and the Commission on the Handicapped. All testimony indicated that the Department of Corrections' health care budget is quickly exhausted by inmate medical costs. The testimony supported this bill as a method for controlling costs and increasing medical services to inmates.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1895, 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 Cobb.

SCRep. 985 Higher Education on H.B. No. 1912

The purpose of this bill is to establish a University of Hawaii libraries special fund for the deposit of library fines, fees, and other revenues. Presently, these proceeds are credited to the general fund.

Your Committee finds that a sound rationale exists for allowing the University libraries to maintain these proceeds. Books that are overdue or lost create additional work for the library staff in terms of checking bookshelves, preparing and mailing notices, and handling collections. This bill would allow the fund to pay for the student staff necessary to perform these additional tasks. Any moneys not expended could be used to support or enhance other library services, such as the on-line public access catalog, document delivery services, and data base searches.

Your Committee notes that a very similar measure, H.B. No. 2391, S.D.1, passed the legislature last year. That bill provided for the creation of a University of Hawaii libraries revolving fund to allow for the retention of fees and fines. The bill was vetoed by the Governor due to concern about the appropriateness of a revolving fund. This bill, H.B. No. 1912, which was part of the administration's legislative package, changes the type of fund from a revolving fund to a special fund in recognition of that concern.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1912 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 986 Higher Education on H.B. No. 1195

The purpose of this bill is to provide increased operational latitude for the implementation of the University of Hawaii's technology transfer and economic development program by authorizing the deposit of specific categories of monies into the Discoveries and Inventions Revolving Fund.

Your Committee received supporting testimony from the University of Hawaii and finds that the bill permits the Discoveries and Inventions Revolving Fund to receive funding from sources other than legislative appropriations. In addition, the bill provides clear authorization to expend revolving funds for the purpose of supporting University programs that facilitate economic development through education and research. Your Committee also finds that the bill provides the capability to pursue new program initiatives.

Your Committee is concerned that the legislature has been required to provide increased general fund support to university programs that secure federal fund commitment which require state matching funds without the prior concurrence of this body. Therefore, your Committee has amended the bill by deleting the authority to receive federal funds.

Your Committee is willing to consider granting such authority when the issue of prior legislative concurrence for state matching fund requirements can be addressed. In the interim, your Committee believes that the University of Hawaii, in partnership with private organizations such as the Pacific International Center for High Technology Research, should utilize the services of the Research Corporation of the University of Hawaii to actively pursue available federal program funding.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1195, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1195, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 987 Higher Education on H.B. No. 1196

The purpose of this bill is to allow University student organizations and student activity programs to purchase certain items without the approval of the Board of Regents or its designated representative.

Presently, student organizations and activity programs that purchase items such as flowers, leis, refreshments or prizes are required to seek the approval of the University Vice President for Finance and Operations.

This bill will allow student organizations and activity programs to make such purchases without prior approval. Student organizations and activity programs, however, will still be subject to University policies regarding the expenditure of funds.

Your Committee has amended the bill to clarify the language of the proposed change to the current law and to restrict the total annual expenditure for such purchases to ten percent of an organization's or program's available funds.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1196, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1196, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 988 Culture, Arts and Historic Preservation on H.B. No. 38

The purpose of this bill is to initiate the cultural revitalization of Downtown Honolulu by appropriating funds for improvements to the Hawaii Theatre, Kamehameha V Post Office, and Iolani Palace.

This bill would have the Legislative Auditor conduct an examination of the Iolani Palace for the purpose of evaluating ways of providing increased public access to the palace. This bill would also provide appropriations for a grant-in-aid to the Hawaii Theatre Center to continue its efforts in restoring the Hawaii Theater and for the development of plans for the use of the Kamehameha V post office as an art gallery.

Your Committee heard supporting testimony from the Department of Land and Natural Resources, the State Foundation on Culture and the Arts, and the Friends of Iolani Palace.

Your Committee finds that Downtown Honolulu is a rich historic and cultural resource that is seldom utilized by residents and visitors. Honolulu's growth as a city is mirrored in the historic buildings and artifacts that are found in the Downtown area. Downtown Honolulu has served as a gateway for many immigrants who have come to Hawaii in search of a better life. Our rich heritage is reflected by such landmarks as Iolani Palace, Hawaii Theatre, and the Kamehameha V Post Office.

Your Committee finds that other communities across the nation are revitalizing their downtown areas, transforming them into attractive, livable spaces that are economically self-sufficient.

Your Committee has amended the bill by deleting Sections 4 and 5 and by inserting a new Section 4 to read:

"SECTION 4. There is appropriated out of the general revenues of the State of Hawaii, the sum of \$50,000, or so much thereof as may be necessary for fiscal year 1989-1990, for the development of plans for the use of the basement of Iolani Palace as a gallery area. The sum appropriated shall be expended by the department of land and natural resources for the purposes of this Act."

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 38, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 38, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 989 Culture, Arts and Historic Preservation on H.B. No. 295

The purpose of this bill is to provide ancient trail and highway sites with added measures of protection during the process of any land use changes under the jurisdiction of state and county agencies.

This bill mandates state and county agencies to require all permits proposing any actions on lands exhibiting any evidence of an ancient trail or highway site, to contain a comprehensive description of the trail or highway site and to receive the approval of the State Historic Preservation Program before any action is taken. This bill also provides that agencies with jurisdiction over lands with such sites require the permit applicants to verify, mark, protect, and preserve these areas.

Your Committee received favorable testimony from the Department of Land and Natural Resources, Native Hawaiian Legal Corporation, Office of Hawaiian Affairs, and Kamehameha Schools/Bernice Pauahi Bishop Estate.

Your Committee finds that ancient trails and highways are of inestimable value to the understanding and appreciation of the richness of the Hawaiian culture. The historical significance of these sites transcend our concept of economic value and preservation of these sites is vital to the recognition and acknowledgement of the many contributions made by Hawaii's native culture to the evolution of our State.

Your Committee finds that these historic and cultural resources require special protection, sensitivity, and respect and believes that this bill will preserve and protect the integrity of these ancient sites for the education and enjoyment of future generations as part of our heritage.

Your Committee has amended the definition of "ancient highway" or "ancient trail" in Section 2, on page 1, lines 16 to 18 to read:

"'Ancient highway' or 'Ancient trail' means any identifiable linear road, course, footpath, or corridor as defined in section 264-1 and the Highways Act of 1892, and which has not been subsequently improved by paving by the government."

Your Committee further amended the bill by rewording the bill for purposes of clarity and replaced references to "state historic preservation program or officer" with "department" to conform with Chapters 198D and 6E.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 295, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 295, H.D. 1, S.D. 1, and be referred to the Committee on Tourism, Recreation and Planning.

Signed by all members of the Committee.

SCRep. 990 Culture, Arts and Historic Preservation on H.B. No. 1157

The purpose of this bill is to amend Section 9-3, Hawaii Revised Statutes, to require the State Foundation on Culture and the Arts to establish an individual artist fellowship program and an exhibit program to display the works of artists residing in Hawaii.

Your Committee finds that Hawaii is blessed with resident artists of exceptional talent and the establishment of an individual artist fellowship program will assist in nurturing this talent as well as recognize the outstanding contributions that these artists make to the cultural fabric of our State.

Your Committee amended the bill to incorporate qualifying standards for the selection of applicants for an artist fellowship.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 1157, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1157, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 991 Culture, Arts and Historic Preservation on H.B. No. 32

The purpose of this bill is to establish a Division of Historic Preservation within the Department of Land and Natural Resources and to provide funds and personnel necessary to carry out this reorganization.

Your Committee finds that protecting Hawaii's historic resources is critical to maintaining Hawaii's unique sense of place. Chapter 6E, Hawaii Revised Statutes, clearly states that the policy of the State is "to provide leadership in preserving, restoring, and maintaining historic and cultural property, to ensure the administration of such historic and cultural property in a spirit of stewardship and trusteeship for future generations." Currently, the responsibility for the implementation of a historic preservation program in Hawaii exists as a section under the Division of State Parks within the Department of Land and Natural Resources.

Your Committee feels that the immense responsibilities inherent in a program of such magnitude requires that the program be elevated to a division status with appropriate funding to facilitate a more aggressive commitment to historic preservation.

Your Committee has amended the bill to further delineate the responsibility given to the Department of Land and Natural Resources last year as the result of Act 265, Session Laws of Hawaii 1988, by inserting a new paragraph (10) to Section 6E-3 relating to the duties of the historic preservation program to read:

"(10) Coordination of the evaluation and management of burial sites as provided in section 6E-43;"

The bill has also been amended to delete Section 3 of the bill as received by your Committee as the substantive amendment to Section 6E-5, Hawaii Revised Statutes, proposed in that section of the bill as introduced was deleted in the House Draft 1 version of the bill.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 32, H.D. 2 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 32, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 992 Government Operations on H.B. No. 475

The purpose of this bill is to increase the maximum amount available for personal loans under the State's program for disaster relief, from \$5,000 to \$15,000, and the maximum amount available for a commercial loan under the State's program for disaster relief, from \$25,000 to \$50,000.

Your Committee heard supporting testimony from the Department of Defense and the Department of Business and Economic Development (DBED). The DBED stated that these higher maximum loan amounts are necessary to offset increases in the costs of living and doing business that have occurred since the loan program's inception in 1961.

It is the intent of your Committee that the State's disaster relief loan program be supplementary to analogous programs offered by the federal government. Your Committee finds that if the State's loans are not supplementary, the federal government will deduct locally available support before approving their loans.

Your Committee is in accord with the intent and purpose of H.B. No. 475, 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 Cobb.

SCRep. 993 Government Operations on H.B. No. 626

The purpose of this bill is to appropriate funds for improving tsunami preparedness in Hawaii, including, but not limited to, the manufacture and installation of uniform statewide signs and symbols designating evacuation routes.

Your Committee received supporting testimony from George Curtis, a researcher for the Joint Institute for Marine and Atmospheric Research, from the Department of Defense and from the Kauai Civil Defense Agency, and finds that signs and symbols need to be strategically placed in tsunami inundation zones to properly direct the public in the event a tsunami warning should occur.

Your Committee has amended the bill to:

- (1) Insert the amount of \$50,000 as the appropriation to improve tsunami preparedness statewide;
- (2) Delete the words "to include but not be limited to" in line 4, limiting the scope of expenditure to the purchasing and installing of uniform signs and symbols; and

- (3) Make non-substantive changes for purposes of clarity.

Your Committee has further amended the bill by adding a new section which appropriates \$110,000 for continued mapping and preparedness, including the purchase of twelve deployable gauges and the training of volunteer observers.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 626, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 626, 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 Cobb.

SCRep. 994 Government Operations on H.B. No. 1797

The purpose of this bill is to delay the repeal of Act 321, Session Laws of Hawaii 1986, from June 30, 1989 to June 30, 1994, to continue administrative flexibility for the Department of Education (DOE) and the University of Hawaii (UH) and to authorize the Governor to suspend certain provisions of Act 321, as that Act pertains to the DOE, upon a determination that such suspension is required to ensure the economic and efficient management of the State's financial resources.

Act 321 granted administrative flexibility to both the DOE and the UH for certain fiscal operations pertaining to the acquisition of goods and services, pre-audit of payments, payroll, disbursing, fund accounting, and business and accounting forms. Act 321 also provided for periodic review and an automatic repeal on June 30, 1989. (Not to be confused with Act 320, SLH 1986, which granted flexibility relating to budget execution.)

Your Committee has amended this bill by deleting its substance and inserting language from S.B. No. 1856, S.D. 1, which provides for similar continued administrative flexibility for both the DOE and the UH. Your Committee also notes that recommendations made by the Legislative Auditor in Report No. 89-18, entitled "Evaluation of the Administrative Flexibility Legislation Affecting the Department of Education and the University of Hawaii, Acts 320 and 321, Session Laws of Hawaii 1986, Final Report," have been incorporated into this bill.

As amended, this bill:

- (1) Extends for another five years the administrative flexibility granted to the DOE and the UH under Act 321, SLH 1986;
- (2) Keeps the payroll function with the Department of Accounting and General Services instead of allowing it to be transferred to the DOE and the UH;
- (3) Requests the Legislative Auditor to make another evaluation of the administrative flexibility legislation, including an evaluation of the progress of educational assessment activities at the DOE and the UH for consideration by the legislature in 1994; and
- (4) Requires the DOE and the UH to provide reports on the progress of their respective educational assessment activities to the legislature during the first week of each of the next five legislative sessions.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 1797, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1797, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Cobb.

SCRep. 995 Government Operations on H.B. No. 1756

The purpose of this bill is to allow an exemption from the vehicular tax imposed by Chapter 249, Hawaii Revised Statutes, for vehicles leased by police officers, the State, or the counties.

The present statute provides a tax exemption for motor vehicles owned by the State, counties, and police officers, but does not provide an exemption for leased vehicles. This bill would expand the exemption to include vehicles or motorcycles leased for six months or longer by the State or any county, and vehicles or motorcycles leased for six months or longer by police officers that are actually used for official business.

Your Committee has amended the bill to extend, to twelve months, the period that vehicles must be leased in order to qualify for the exemption. The exemption ends when the lease ends or, in the case of police officers, when the vehicle is no longer regularly used for official business. Your Committee has further amended the bill to make non-substantive changes for purposes of clarity.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 1756, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1756, 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 Cobb.

SCRep. 996 Government Operations on H.B. No. 1114

The purpose of this bill is to appropriate \$100,000 for Christmas decorations for various State buildings and landmarks.

Your Committee received supporting testimony from the Department of Accounting and General Services and the Department of Land and Natural Resources. Your Committee finds, however, that the decorations would be appreciated by a greater number of persons at other locations and has amended the bill to:

- (1) Add the Hawaii State Library;
- (2) Add the Kamamalu Building;
- (3) Add the Kekuanoa Building as appropriate locations for such decorations; and
- (4) Delete the eternal flame as an inappropriate location for such decorations;

Your Committee has also amended the bill to:

- (1) Replace the specific dollar amount with a blank, as the funding decision should be made by the Committee on Ways and Means. However, your Committee received testimony that the City and County of Honolulu expended \$44,519 for the 1988 City Christmas Tree Lighting Program.
- (2) Clarify that the funds are for "the purchase of external Christmas decorations".
- (3) Delete the words "and landmarks" from lines 4 and 5.
- (4) Correct the spelling of "Iolani Palace".

Your Committee received testimony from the American Civil Liberties Union (ACLU) suggesting that the bill specify that the Christmas decorations be secular in nature, to avoid possible constitutional challenges such as the challenge to the cross at Camp Smith. Your Committee is confident that the State will only purchase and display permissible decorations and, therefore, has not amended the bill to impose the limiting language suggested by the ACLU.

Your Committee can envision future Christmas celebrations in the Capitol district that combine beautiful decorations with choral performances, musical tributes, open air plays, and other festivities in celebration of aloha, peace, and harmony.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 1114, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1114, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Cobb.

SCRep. 997 Education on H.B. No. 124

The purpose of this bill is to make it a petty misdemeanor for a person to enter or remain unlawfully on school premises.

Under present law, such illegal activities are considered violations. This bill would place such offenses under the Penal Code and subject the offender to a fine, imprisonment, or both.

Your Committee finds that under section 708-813(c), Hawaii Revised Statutes, failure to leave school premises after reasonable warning or request by school authorities or a police officer is classified as criminal trespass in the first degree, a misdemeanor. However, the kinds of misbehaviors contemplated by this measure are unlikely to occur during hours when school authorities or police officers would be present. Therefore, it is appropriate to make provision for such misbehaviors in the Penal Code in order to provide some measure of deterrence against vandalism, theft, burglary, and drug trafficking which may take place on unsupervised school property.

Your Committee has amended this bill by deleting Section 1. Your Committee finds that the proposed amendment to the definition of "enter or remain unlawfully" might be redundant in light of the provisions of section 708-813(c), or could result in the same violation being considered both a misdemeanor and a petty misdemeanor. Your Committee intends that there should be two different offenses related to entering or remaining unlawfully on school premises: (1) a misdemeanor when the person refuses to leave after being told to do so by a competent authority; and (2) a petty misdemeanor when there is no one present to tell the trespasser to leave.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 124, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 124, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 998 Education on H.B. No. 1135

The purpose of this bill is to add a new section to chapter 707 of the Penal Code establishing the offense of terroristic threatening of an educational worker as a class C felony.

Your Committee finds that it is imperative that our school campuses be as safe as possible. This bill criminalizes threats to cause bodily injury to an educational worker or the educational worker's immediate family, or serious damage to the worker's property or the property of the worker's immediate family. "Educational worker" would be defined as any

administrator, specialist, counselor, teacher (as defined in section 296-1, Hawaii Revised Statutes), or employee who is employed by the Department of Education.

Your Committee received testimony from the Prosecuting Attorney of the City and County of Honolulu and finds that the Penal Code already provides for the crime of terroristic threatening against a public servant. Therefore, your Committee has amended this bill by deleting the substance and inserting an amendment to section 707-716 (Terroristic threatening in the first degree) which clarifies and expands the definition of "public servant" to include educational workers. Under this amendment, educational workers would include administrators, specialists, counselors, teachers, other employees of the Department of Education, or volunteers as defined in section 90-1, in school programs, activities, or functions that are established, sanctioned, or approved by the Department, or a person hired by the Department on a contractual basis and engaged in carrying out an educational function.

Your Committee believes that this bill, as amended, will make our school environments safer by deterring terroristic threatening of educational workers and better enable prosecuting attorneys to obtain convictions for such offenses.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1135, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1135, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 999 (Joint) Education and Labor and Employment on H.B. No. 1351

The purpose of this bill is to provide that whenever an exceptional child undertakes to perform work for a private employer as part of the child's instructional program, the State is deemed to be co-employer for the purposes of workers' compensation coverage.

Your Committees received supporting testimony from the directors of several state agencies, private citizens, and others, and find that this bill would encourage employers to participate in work programs which provide special training for exceptional children and would not affect workers' compensation benefits currently payable under the Workers' Compensation Law.

Your Committees have amended this bill by clarifying that an exceptional child shall be as defined under section 301-21, Hawaii Revised Statutes, and providing that the State shall be the responsible employer, rather than the co-employer, for the purposes of workers' compensation coverage.

Your Committees on Education and Labor and Employment are in accord with the intent and purpose of H.B. No. 1351, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1351, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 1000 Education on H.B. No. 1793

The purpose of this bill is to provide funds for one or more temporary libraries during the time the main library is being repaired and renovated.

Your Committee received supporting testimony from the State Librarian and finds that this appropriation is needed to ensure that many volumes currently available only through the main state library remain accessible to the general public while the main state library is closed.

Your Committee has amended this bill by changing the appropriation from \$1 to \$2.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1793, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1793, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1001 Agriculture on H.B. No. 257

The purpose of this bill is to support and provide funding for macadamia nut orchard soil erosion research.

Soil erosion is classified as nonpoint source pollution and contributes to the degradation of nearby water quality. As macadamia nut orchards mature, developed canopies prevent sunlight from reaching the soil surface. As a result, vegetation in the form of ground cover will not grow and after heavy rains, large volumes of soil are lost each year. This soil, and the pesticides transported with it, degrade our coastal water quality.

Your Committee received testimony in support of this bill from the Hawaii Farm Bureau Federation, the University of Hawaii College of Tropical Agriculture and Human Resources and the Department of Health.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 257, H.D. 2 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1002 Agriculture on H.B. No. 723

The purpose of this bill is to amend the tree farm law to provide that any property of not less than 10 acres, in agricultural districts pursuant to §205-2 and conservation districts zoned for commercial use, is eligible for classification as a tree farm property if it is suited for the raising of commercial tree species and other forest products.

Current law requires that tree farms be at least 30 acres in size. Specifically, this bill would (1) require tree farms to be managed according to a management plan, which shall provide for the development, maintenance, and harvest of trees and other forest products while exercising conservation techniques to prevent the erosion of soils, (2) require the Board of Land and Natural Resources to adopt rules for procedures, conditions and fees for establishing tree farms, and (3) repeal provisions relating to real property tax exemptions, yield tax payments and returns, determination of marketability, and declassification.

Your Committee finds that this bill is in accordance with state policy and is an appropriate vehicle to encourage the raising of commercial tree species and other forest products.

Your Committee further finds that repeal of the real property tax provisions is appropriate in view of the constitutional amendment adopted in 1978 transferring jurisdiction over real property taxes to the respective county governments.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 723, 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 Hagino.

SCRep. 1003 Agriculture on H.B. No. 1850

The purpose of this bill is to provide an appropriation of State funds into the water pollution control revolving fund and to allow the Director of Health to make grants, loans, or a combination of grants and loans to the counties.

Your Committee heard supporting testimony from the State Department of Health, the County of Kauai Department of Public Works, the Honolulu City Council, and the University of Hawaii Environmental Center.

Your Committee finds that the \$63 million in federal capitalization grants, which will be appropriated through 1994, is not enough to finance improvements to wastewater treatment plants in the State. Department of Health estimates show that in order to protect Hawaii's coastal waters from degradation, \$1.4 billion will be needed for wastewater treatment plants.

Your Committee further finds that this bill will provide funding mechanisms to aid political subdivisions in the construction of wastewater treatment facilities and is necessary to protect the public health and safety.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1850, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1004 Agriculture on H.B. No. 23

The purpose of this bill is to establish a state recycling commission within the Department of Business and Economic Development to formulate an industry recycling action plan to reduce the amount of solid waste sent to landfills.

Your Committee has amended this bill by deleting the substance and inserting the provisions of S.B. No. 1572, S.D. 2, which was previously approved by your Committee and the Senate. Under this bill, as amended, the Department of Health would be authorized to establish a new recycling and solid waste management program to instill a new ethic relating to conservation of resources, reduce the amount of solid wastes generated, and incorporate recycling programs into solid waste management systems throughout the State. Chapter 340A, Hawaii Revised Statutes, would be amended to provide the statutory authority necessary to establish and implement the program.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 23, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 23, 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 Hagino.

SCRep. 1005 Health on H.B. No. 845

The purpose of this bill is to establish a statewide interdisciplinary program of early intervention services for infants and toddlers with special needs and their families.

The Department of Health would be the lead agency for coordinating federal and state funding and executing purchase of service agreements pursuant to Chapter 42, Hawaii Revised Statutes. A Hawaii Early Intervention Coordinating Council would be established comprised of fifteen members representing parents, public and private agencies, and the legislature, which would advise the Director of Health, advise and assist the Department in preparation of applications, and prepare annual reports to the Governor on the status of early intervention programs.

The bill also appropriates \$1 for fiscal year 1989-1990 to the Department of Health, Children with Special Health Needs Branch, Zero-to-three Hawaii Project, to provide case management services for infants and toddlers and their families and to establish a central directory of services for the target group.

Your Committee received supporting but qualified testimony from state agencies and others and finds that early intervention services are of great importance in achieving the State's overall goals and objectives relating to health. However, your Committee also finds that the Department of Health is actively involved in many of the activities provided in this measure, and has therefore amended the bill to authorize rather than mandate the Department to develop the program.

Your Committee has also clarified the definition of "environmental risk," provided that a quorum for the Coordinating Council shall be eight rather than seven members, added an appropriation of \$493,511 for fiscal year 1989-1990, and made some grammatical and technical changes which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 845, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 845, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1006 Health on H.B. No. 583

The purpose of this bill is to provide for the award of court costs, including reasonable attorney's fees, to a health care professional who prevails in a tort action initiated by another health care professional for defamation, damage to reputation, or other loss based on information provided by the defendant relating to a professional review proceeding, if the action was found to be frivolous, unreasonable, without foundation, or in bad faith.

Your Committee finds that for a peer review proceeding to be truly effective, participants must be free to involve and express themselves without fear of reprisal. This bill would provide a substantive safeguard against unwarranted tort actions among health care professionals and is therefore a positive step in improving the peer review process.

Your Committee has amended this bill by clarifying on line 9 that the bill refers specifically to medical peer review proceedings.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 583, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 583, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 1007 Health on H.B. No. 1231

The purpose of this bill is to convert ten temporary positions in the case management coordination program that is administered by the public health nursing branch of the Department of Health for Maui, Kauai, and rural Oahu to permanent civil service status.

The positions to be converted include five registered professional nurses, four paramedical assistants, and one clerk typist. Presently, there are two permanent public health nurses and ten limited-term appointment staff members providing case management coordination program services on Maui, Kauai, and rural Oahu.

Your Committee received testimony in support of this measure from the Department of Health, the Kokua Council for Senior Citizens of Hawaii, the Hawaii Nurses' Association, the American Association of Retired Persons, and several private citizens who are recipients of the case management coordination program. Your Committee finds that with the rapid increase of the elderly population and the growing need for long-term care, the case management coordination program is a successful and beneficial alternative approach in delivering comprehensive services to the elderly.

Your Committee amended the bill by replacing the word "each" with "the" on page 1, line 1.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1231, H.D.2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1231, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Menor.

SCRep. 1008 Health on H.B. No. 1847

The purpose of this bill is to enhance the ability of the Department of Health to protect the public from HIV infection, AIDS Related Complex (ARC), and AIDS by amending the conditions under which medical records and information may be gathered by the Department.

Under this bill, release of confidential records protected under Section 325-101, Hawaii Revised Statutes, could be made in order to enable the Department to comply with federal reporting requirements, as long as the Department ensures that personal identifying information from the records are protected from public disclosure. The bill also allows physicians or other private parties to release such records to the Department in order to protect the health and well-being of the general public.

Under current law, only specific medical or epidemiological information contained in medical records may be released. This bill would enable the Department to identify infected individuals and pursue partner notification, trace contacts, or undertake other measures to protect the public health. It would also help to eliminate duplicate case reports which arise when patients move from doctor to doctor.

Your Committee received supporting testimony from the Director of Health, the Governor's Committee on AIDS, HMSA, the ACLU of Hawaii, and others, and finds that the Department of Health needs this increased access to medical information in order to effectively discharge its reporting obligations and protect the public from the spread of HIV infection, ARC, and AIDS.

Your Committee has amended this bill by providing that persons aggrieved by violations of the confidentiality law shall be entitled to recover up to \$10,000 for each violation plus reasonable court costs and attorneys' fees from the violator. Your Committee finds that the penalty provision for violation of the informed consent law expressly provides for the recovery of attorneys' fees; therefore, it is consistent with the intent of the law to allow such recovery under the laws governing release of confidential information. Also, persons with AIDS are often not in a financial position to retain counsel and the maximum statutory damages now provided would be insufficient to cover the cost of legal fees.

Your Committee has further amended this bill by clarifying in Section 325-16(b)(6) that a treating physician must determine whether a patient is capable of giving consent to HIV testing and make an effort to obtain such consent before ordering an HIV test without the patient's consent.

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

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1847, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1847, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Menor.

SCRep. 1009 Health on H.B. No. 241

The purpose of this bill is to allow the parties to a medical tort suit to bypass the court annexed arbitration program and institute litigation after submitting the claim to the medical claim conciliation panel.

This bill also reduces the tolling period of the statute of limitations for claims before the panel from eighteen months to twelve months.

Currently, the parties in medical tort cases must go through three steps in the resolution process: (1) file a claim with the medical claim conciliation panel, (2) submit the matter to arbitration if the claim has a probable jury award value equal to an amount for which arbitration is mandatory under Section 601-20, Hawaii Revised Statutes, and (3) institute litigation in court. Your Committee finds that the elimination of mandatory arbitration at the option of either the plaintiff or defendant will reduce delays in resolving medical tort claims.

Your Committee has made the following amendments to the bill:

- (1) Deleted unnecessary language referring to probable jury award value for which arbitration is mandatory in subsection (a) of the proposed new section and adding language to clarify that in order to bypass arbitration the medical claim conciliation panel must have rendered a decision or have been unable to reach a decision within the twelve month time period prescribed in Section 671-18, Hawaii Revised Statutes;
- (2) Deleted subsection (b) of the proposed new subsection as unnecessary to effectuate the intent of the bill;
- (3) Deleted Section 3 of the bill which would have reduced the time period during which the statute of limitations is tolled for medical claim conciliation panel cases; and
- (4) Made technical changes which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 241, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 241, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Menor.

SCRep. 1010 Health on H.B. No. 917

The purpose of this bill is to expand and extend the "Operation Nightingale" program.

Operation Nightingale was established by the 1988 legislature as a two-year pilot program to help graduates of domestic or foreign nursing schools pass state licensing examinations. This bill would extend the program through the 1990-1991 fiscal year and expand the target group to include registered nurses who have not recently worked in that profession but who wish to return to active duty. In addition, the Department of Health would be granted maximum flexibility in providing or contracting with nursing education programs to provide alternative programs which would help Hawaii residents enter the nursing profession, and refresher and specialty courses for licensed nurses wishing to work in shortage areas such as obstetrics, surgery, intensive care, and emergency room care.

Your Committee received supporting testimony from the Director of Health and Healthcare Association of Hawaii and finds that in view of the nursing shortage, the Department of Health should be given maximum flexibility in preparing residents of Hawaii to enter the nursing profession or upgrade their skills. This bill would provide that flexibility until such time as sufficient data is available to appropriately evaluate Operation Nightingale.

Your Committee has amended this bill by deleting references to qualified nursing education programs and by making nonsubstantive 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. 917, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 917, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Menor.

SCRep. 1011 Health on H.B. No. 1416

The purpose of this bill is to address the need for mental health outpatient services for adolescents by establishing adolescent day treatment programs on Molokai, Hawaii, Maui, and Kauai.

Your Committee heard supporting testimony from the Director of Health, the Commission on the Handicapped, the Office of Children and Youth, the National Association of Social Workers, the Mental Health Association in Hawaii, and the Hawaii Mental Health Consumer Council. Your Committee finds that the establishment of outpatient services in the form of adolescent day treatment programs will enable adolescents experiencing severe emotional problems to receive intensive psychiatric day treatment, as well as psychological, social, and educational services. It is the understanding and intention of your Committee that the Department of Health use the funds appropriated by this bill to provide centers on the islands of Molokai, Maui, Kauai, and in East and West Hawaii.

Your Committee has amended this bill by inserting the substantive parts of H.B. No. 1623, which appropriates monies to establish a secured short-term residential facility for the appropriate evaluation, planning, and disposition of adolescents. Specifically, the insertions were: (1) the purpose clause, (2) Section 2, which details interagency collaboration to develop the facility and authority for an interagency working agreement, if needed, and (3) the appropriation for the facility.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1416, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1416, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Menor.

SCRep. 1012 Health on H.B. No. 839

The purpose of this bill is to clarify the protections against discrimination provided by chapter 489, Hawaii Revised Statutes, by including dentists' and physicians' offices within the definition of "place of public accommodation" as provided in section 489-2.

Chapter 489 was enacted by the legislature in 1986 to protect the interests, rights, and privileges of all persons within the State with regard to access and use of public accommodations by prohibiting unfair discrimination on the basis of race, sex, color, religion, ancestry, or handicap. Although dispensaries, clinics, hospitals, convalescent homes, and institutions for the infirm are specifically mentioned in the statute, the statute is silent regarding dentists' and doctors' offices. This bill would clarify that the public policy relating to discrimination in public accommodations includes medical and dental offices and that medical and dental service and treatment decisions should be made solely on the basis of the eligibility and appropriateness of the client for the type of service provided and the qualifications of the provider.

Your Committee received supporting testimony from the Director of Health and others and finds that this measure is necessary to resolve any lingering questions as to whether dentists or physicians are entitled to discriminate against certain individuals in the context of their private offices.

After further consideration, your Committee finds that the issue of discrimination in public accommodations requires even further clarification. Therefore, your Committee has amended this bill to include within the definition of "place of public accommodation" the office of any person licensed by the State to provide services. Your Committee believes that this amendment will send a clear message to the community that unfair discrimination against our residents will not be tolerated in any establishment which serves the public under a privilege granted by the State.

Your Committee has also made a technical change which has no substantive effect.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 839, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 839, S.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Senator Menor.

SCRep. 1013 Health on H.B. No. 1382

The purpose of this bill is for the State to opt out of part A of the Federal Health Care Quality Improvement Act of 1986 and to extend the civil liability protections provided in section 663-1.7, Hawaii Revised Statutes, to persons who assist or provide information for peer review committees or hospital or clinic quality assurance committees.

Hawaii's laws already protect members of peer review committees and hospital or clinic quality assurance committees from civil liability. However, your Committee also finds that there is a need to provide protection for physicians and other individuals who attend the proceedings of hospital or clinic quality assurance committees and for staff and witnesses who assist or participate in peer review committees or hospital or clinic quality assurance committees. This bill would promote more effective peer review and quality assurance processes as it will encourage cooperation by participants who might not otherwise come forward without protection.

After further consideration, your Committee finds that proceedings of quality assurance committees are an integral part of the total peer review process. Therefore, your Committee has amended this bill by adding the substance of S.B. No. 914, S.D. 1, which would protect the proceedings and records of hospital or clinic quality assurance committees from discovery. Such records would be limited to recordings, transcripts, minutes, summaries, and reports of committee meetings and conclusions contained therein. Quality assurance committee would be defined as a committee established by the board of trustees or administrative staff of a licensed hospital or clinic whose function is to monitor and evaluate patient care and identify and correct deficiencies in patient care delivery.

In addition, your Committee has deleted the language in Section 1 which states that sections 663-1.7 and 624-25.5 already provide protection and incentives for physicians engaging in effective professional peer review, and deleted the word "expert" on page one, line nine. Your Committee finds that such incentives need to be statutorily provided and that protection of participants in peer review and quality assurance committee proceedings should be extended to all witnesses, not just expert witnesses.

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

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1382, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1382, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Menor.

SCRep. 1014 Health on H.B. No. 1917

The purpose of this bill is to create a medical services excise tax credit; to make adjustments in the State's taxable income tables and in miscellaneous provisions of tax law; and to delete outdated tax tables from the statutes.

The Hawaii Revised Statutes currently contain no medical services excise tax credit. This bill would provide for such a credit to each resident individual taxpayer who files an individual income tax return for a taxable year and who is not claimed or is not otherwise eligible to be claimed as a dependent by another taxpayer for federal or Hawaii state individual income tax purposes. The excise tax credit would be equal to four percent of qualified medical expenses paid by the resident during the taxable year. Residents over age 64 would be able to claim double the tax credit. Caps would be imposed on the credit.

Your Committee heard supporting testimony from the Department of Taxation, the American Association of Retired Persons, and the National Association of Retired Federal Employees, and opposing testimony from the Legislative Tax Bill Service. Your Committee has considered only the portion of this bill that concerns the tax on medical services and finds that a tax credit on medical services is highly desirable. The credit would have a number of desirable effects including encouraging people to obtain needed medical care, including preventive care; providing some relief to those suffering from catastrophic illnesses; and giving a small boost to those least able to bear the costs of necessary health care.

Your Committee further finds that the tax should not be capped for three reasons: (1) the elimination of the cap will not impact the State's economic well-being in any significant way; the Department of Taxation estimates the maximum difference would be \$7,000,000 at most (\$15,000,000 with the cap, up to \$22,000,000 without a cap); (2) the individuals with the highest medical bills are precisely those who should have the tax credit; and (3) this bill contains a "drop dead" clause at the end of 1991, and the need for a cap can be reconsidered at that time.

Your Committee has amended this bill by deleting Section 1 and substituting Section 1 of S.B. 1846, S.D. 1, which (1) provides an excise tax credit equal to four percent of qualified medical expenses paid by a qualified resident individual during the taxable year, (2) defines "qualified medical expenses" and specifies items which do not qualify, (3) authorizes preparation of necessary tax forms, and (4) provides an annual filing deadline for tax credit claims.

Finally, your Committee has amended this bill by inserting Section 1 of S.B. 397, S.D. 1, which provides an income tax credit not to exceed \$1,000 for part of the cost of materials and installation of a roof to replace a water catchment system which was contaminated by lead.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1917, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1917, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Menor.

SCRep. 1015 Health on H.B. No. 1906

The purpose of this bill is to establish a State health insurance program to provide health insurance coverage for persons currently without such coverage.

Although Hawaii has the only statutorily mandated prepaid health care program in the nation, as well as a broad-based Medicaid program, there remains a significant group of uninsured or underinsured individuals. This bill would establish a means through which all Hawaii residents would have access to health insurance coverage regardless of age, income, employment status, or any other factor.

Your Committee finds that it is in the best interest of the State to provide for the health and well-being of all of its citizens, including access to health insurance coverage which will provide basic medical services necessary to sustain a healthy life. Your Committee intends that the Department of Health will consider the possibility of allowing coverage developed under this program to extend to all licensed health care providers.

Your Committee has amended the bill by:

- (1) Changing all references of "gap groups" to "gap group individuals" and amending this definition by deleting the itemized references of several distinct groups which should be served by the program;
- (2) Amending proposed section -3 relating to the statement of goals of the insurance program by deleting paragraph (1) which made an assurance that all children from birth through age seventeen have comprehensive inpatient and outpatient coverage one of the goals; renumbering the remaining paragraphs appropriately; adding language to new paragraph (1) to include outpatient primary and prevention care in the insurance coverage desired; and rewording new paragraph (5) to indicate that the insurance coverage should be affordable rather than less expensive than existing comparable existing health insurance;
- (5) Giving the Department of Health authority to utilize funds to directly purchase services provided that such a purchase is effective and cost efficient in meeting the goals of the program;
- (6) Allowing the Director of Health to establish procedures to exclude or remove persons who drop their individual or group coverage to obtain insurance from the program;
- (7) Requiring the Department of Health to report to the regular legislative sessions of 1990 and 1991 regarding program activities, expenditures, needed resources, and other pertinent information instead of the 1991 and 1992 sessions;
- (8) Providing an additional penalty for any violation of rules and policies governing this program to require reimbursement of any benefits wrongfully obtained; and
- (9) Appropriating funds to be expended by the Department of Health to carry out the purposes of this bill, contingent upon certain conditions.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1906, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1906, 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 Menor.

SCRep. 1016 Consumer Protection and Commerce on H.B. No. 9237

The purpose of this bill is to appropriate \$32,064 for fiscal biennium 1989-1991 to establish a permanent condominium association clerk position in the professional and vocational licensing division, Department of Commerce and Consumer Affairs, and \$15,000 for fiscal year 1989-1990 for a computer system and office accoutrements for the registration of condominium associations.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs, the Hawaii Association of Realtors, and Hawaii Independent Condo and Co-op Owners and finds that there is a need to update voluminous data and records on condominiums which have been accumulating since 1961. This bill will enable the Department to computerize this material and better discharge its duties relating to condominiums.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 937 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 and Chang.

SCRep. 1017 Consumer Protection and Commerce on H.B. No. 1537

The purpose of this bill is to adopt the most current version of the Uniform Limited Partnership Act.

Hawaii's current law reflects the version of the Uniform Limited Partnership Act adopted in 1916. Since then, that Act has been updated and adopted in other states in 1976 and again in 1985. This bill would amend the antiquated Hawaii law to be in conformance with the provisions of the contemporary Uniform Limited Partnership Act up to and including the amendments of 1985, with some changes to make it consistent with administrative procedures and requirements of the Department of Commerce and Consumer Affairs. In all, the bill encompasses the creation, certification, powers, liabilities, and dissolution of limited partnerships, both foreign and domestic, including forms of certification, fees for filing documents and issuing certificates, and obligations of general and limited partners under a limited partnership agreement.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs.

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. 1537, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1537, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Cobb, Hagino and A. Kobayashi.

SCRep. 1018 Consumer Protection and Commerce on H 231.B. No. 231

The purpose of this bill was to extend the provisions of Act 2, First Special Session Laws of Hawaii 1986, from October 1, 1989 to October 1, 1991.

The bill would also continue in effect the insurance rate reductions required under Act 2 and clarify the practice of pleading unidentified defendants.

Your Committee received testimony on this bill from insurers, the Chamber of Commerce, the Office of the Attorney General, and the Department of Commerce and Consumer Affairs and finds that insufficient time has elapsed since the tort reform provisions of 1986 were enacted to enable accurate measurements regarding their effectiveness in lowering the cost of liability insurance and making such insurance generally more available. Therefore, your Committee has amended this bill by deleting Section 2 which would have mandated continued rollbacks in liability insurance premiums through September 30, 1991.

Your Committee, however, has left intact the extension of Act 2 to October 1, 1991 in the belief that an additional two years will yield enough data to enable the legislature to make an informed and appropriate decision regarding liability insurance rates. Your Committee has also left intact the amendment to chapter 657, Hawaii Revised Statutes, which allows unidentified defendants to be included in an action.

Your Committee has further 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. 231, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 231, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Cobb, Hagino and A. Kobayashi.

SCRep. 1019 Consumer Protection and Commerce on H.B. No. 1538

The purpose of this bill was to assist Hawaii corporations in their efforts to retain the most qualified individuals on their boards of directors.

Specifically, the bill lists criteria which a director may consider in corporate decision-making which would exempt the director from civil liability on account of his decisions or actions. The criteria are:

- (1) The interests of the corporation's employees, customers, suppliers, and creditors;
- (2) The economy of the State and the nation;
- (3) Community and societal considerations; and
- (4) The long-term as well as short-term interests of the corporation.

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

Your Committee has further amended this bill by inserting the substance of H.B. No. 742, H.D. 1, with nonsubstantive technical amendments. As amended, this bill would strengthen and clarify four areas of law relating to corporate restitution, consumer protection and civil remedies.

First, the bill provides a mechanism to toll the statute of limitations for bringing an action under Chapter 480, Hawaii Revised Statutes (Monopolies; Restraint of Trade). Under current law, all enforcement actions under this chapter must be commenced within four years after the cause of action accrues. This bill will toll the running of the statute of limitations in cases where respondents have removed themselves from the State, filed a petition for relief under the Bankruptcy Code, or have had criminal actions brought against them.

Second, this bill codifies the general holding of *Eastern Star, Inc., S.A. v. Union Building Materials Corp.*, 6 Haw.App. __, 712 P.2d 1148 (1985), which imposes personal liability on individual directors, officers, or other agents of a corporation where the corporation has been adjudged responsible to pay restitution to injured persons and where the directors, officers or agents participated in any of the acts which caused the injuries. However, it should be noted that this bill provides that the court may impose personal liability on corporate actors where the actor authorized, ordered, had done or participated in the unlawful act or practice which caused the injury. In such cases, liability would be joint and several.

Third, this bill consolidates and clarifies the authority of the Office of Consumer Protection to seek an injunction in all cases where it is empowered to sue. Current law extends only to cases involving persons practicing a licensed discipline without a license.

Fourth, the bill clarifies the proposition that the Attorney General's authority in consumer protection matters is coextensive with the authority of the Director of the Office of Consumer Protection, eliminating an apparent incongruity in the law. Such concurrent jurisdiction is currently allowed in the area of unfair competition and unfair or deceptive practices.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1538, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1538, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Cobb, Hagino and A. Kobayashi.

SCRep. 1020 Consumer Protection and Commerce on H.B. No. 1540

The purpose of this bill is to exempt charitable gift annuities provided by a nonprofit educational foundation of a public educational institution from the insurance laws of the State.

The bill defines charitable gift annuity as a contract under which an individual transfers property to a charity, such as the University of Hawaii Foundation, conditioned upon the right to receive a specific sum of money for life.

Your Committee finds that charitable gift annuities should be exempt from the definition of insurance for the following reasons:

- (1) Donors purchasing charitable gift annuities will increase their gifts;
- (2) Other states have passed legislation similar to this, and in order to compete on an equal footing with other state university foundations, the University of Hawaii Foundation needs the same insurance exclusion;
- (3) The typical charitable gift annuity is smaller than other deferred gifts, but this bill would make the benefits of deferred giving available to more people. Deferred giving would no longer be an option just for the wealthy;
- (4) In recent years, gift revenues to charities have leveled. The availability of the charitable gift annuity option will allow the University of Hawaii Foundation to meet the needs of a group of its donors and attract their support;
- (5) Although this measure removes the initial sale of charitable gift annuities from regulation by the insurance commissioner, charitable gift annuities will still be under the commissioner's authority; and
- (6) This measure should be revenue neutral for the State since the average gift is very small, only a portion of the contract will qualify as a deductible amount, and the donor may not elect to itemize deductions for income tax purposes.

Your Committee has amended this bill by specifying that the charitable gift annuity must be purchased from an insurer authorized to sell life insurance in the State.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1540 and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1540, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Cobb, Hagino and A. Kobayashi.

SCRep. 1021 Agriculture on H.B. No. 958

The purpose of this bill is to appropriate \$8,500,000 to the agriculture emergency loan revolving fund and to authorize the department of agriculture to issue a loan of that amount to the Hilo Coast Processing Company (HCPC).

The loan authorized under this bill would provide HCPC with emergency funding to purchase a power plant and related assets in order to fulfill its contractual obligations to the Hawaii Electric Light Company. The intent of the bill is to maintain and improve the company's ability to produce and manufacture sugar, sugar cane by-products, and generate power.

Hilo Coast Processing Company is owned by Mauna Kea Agribusiness, a C. Brewer subsidiary, and the United Cane Planters Cooperative. The loan is necessary because Mauna Kea Agribusiness alone, lost \$5 million in 1988 and expects to lose another \$5 million in 1989. Despite several actions designated to reduce costs, such as salary freezes since 1987 and renegotiation of the power agreement with Hawaiian Electric Light Company in 1988, growers continue to find it difficult to remain in business.

The loan is needed to purchase power generating equipment that is owned by a group of banks. The lease payments amount to \$1,900,000 per year. By purchasing the power plant and related assets with the proceeds from the loan, HCPC will be able to reduce its annual cash burden by \$1 million per year. The loan would be fully covered by the equipment and land which will be used as collateral.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 958, 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. 1022 Tourism, Recreation and Planning on H.B. No. 81

The purpose of this bill is to appropriate \$135,000 for fiscal year 1989-1990 and \$98,600 for fiscal year 1990-1991 to establish an International Tourism Consulting Center in the Department of Business and Economic Development.

The Center's responsibilities would include but not be limited to providing assistance in the marketing and promotion of Hawaii's professional skills and expertise in tourism and coordinating the resources of Hawaii's educational institutions in providing tourism-related research and training services to the Pacific and Asian Region.

Your Committee received supporting testimony from the Director of Business and Economic Development and the Executive Director of the Hawaii Hotel Association and finds that since Hawaii has the most developed and sophisticated tourism plant in the Pacific region, it is appropriate that we should assume a position of leadership in the field and share our expertise with our Pacific and Asian neighbors who aspire to develop their own tourism industries.

Your Committee has amended this bill by placing the Center in the Office of State Planning, which shall be the expending agency, and by clarifying that the Center shall also develop long-range plans to preserve and maintain the State's expertise and leadership in international tourism development.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of H.B. No. 81, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 81, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1023 Tourism, Recreation and Planning on H.B. No. 1778

The purpose of this bill is to appropriate funds to be expended by the Department of Land and Natural Resources for planning and restoration of the sandy beach between the Waikiki Aquarium and Fort DeRussy.

Your Committee received supporting testimony from state and county agencies and private organizations and finds that many areas along Waikiki Beach have lost or are losing their sand. Periodic sand replenishment and other measures are needed to restore and maintain Waikiki Beach as a key attraction for residents and visitors.

Upon further consideration, your Committee has amended this bill by designating the Department of Transportation, which has done this kind of work in the past, as the expending agency for this project. Your Committee has further amended this bill by inserting the amount of \$1,112,500 as the appropriation provided that any expenditures from this appropriation shall be matched on a dollar-for-dollar basis by the City and County of Honolulu.

Your Committee has also corrected the spelling of Fort DeRussy.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of H.B. No. 1778, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1778, 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 Cobb.

SCRep. 1024 Tourism, Recreation and Planning on H.B. No. 1549

The purpose of this bill is to appropriate \$700,000 for fiscal biennium 1989-1991 to be expended by the Waikiki Convention Center Authority to carry out the purposes of chapter 206X, Hawaii Revised Statutes, including the hiring of necessary staff.

Your Committee received testimony from several sources supporting this appropriation. However, the Authority testified that they require \$817,000 for the fiscal biennium for the project development phase of the convention center. Your Committee has amended this bill accordingly. Your Committee has also made technical changes which have no substantive effect.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of H.B. No. 1549, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1549, 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 Cobb.

SCRep. 1025 Tourism, Recreation and Planning on H.B. No. 977

The purpose of this bill is to add a new section to chapter 237, Hawaii Revised Statutes, exempting from the general excise tax amounts received by hotel operators from the hotel owner as reimbursement of sums paid by the operator for employee wages, salaries, payroll taxes, insurance premiums, and benefits.

The term "operator" is defined as any person who, pursuant to a written contract with the owner of a hotel, operates or manages the hotel for the owner.

Your Committee finds that this bill is intended to eliminate double taxation of payroll costs paid by hotel owners to hotel operators and to protect the benefits of existing hotel employees.

Your Committee has amended this bill by clarifying that the above amounts are not taxable under section 237-24 rather than exempt. Your Committee has further amended the bill by deleting the reference to "reimbursements for sums paid"

on line 7 and inserting "in amounts equal to and which are disbursed" in order to more specifically describe the amounts which are not taxable.

Your Committee has further amended this bill by adding the substance of H.B. No. 876 which proposes to eliminate the annual renewal and payment of fees for general excise tax licenses and provide for a one-time \$50 licensing fee for all new and current licensees and nonprofit organizations. These provisions would eliminate the need for the Department of Taxation to send renewal notifications, permit computerization of license information, eliminate collection of delinquent accounts, and discourage taxpayers from cancelling their licenses or registrations during an inactive year and requesting reinstatement the following year.

Section 1 of this bill, as amended, would take effect on July 1, 1989; sections 3, 6, and 7 would take effect on July 1, 1990; and sections 2, 4, and 5 would take effect on January 1, 1990.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of H.B. No. 977, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 977, 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 Cobb.

SCRep. 1026 (Joint) Corrections and Judiciary on H.B. No. 920

The purpose of this bill is to consolidate all state public safety functions and employees, including those of the Department of Corrections, the Office of the Sheriff, and the Judiciary among others, into a new Department of Public Safety to ensure better organization and coordination of public safety functions, allow for standardized training, and establish a "career ladder" for public safety employees.

This bill provides for the establishment of the Department of Public Safety as of the effective date of this Act. The Department of Public Safety will assume some of its responsibilities on July 1, 1991, but will not become fully operational until January 1, 1992. The Attorney General is required to develop appropriate interim plans and attend to other administrative details to facilitate the transition.

Upon consideration, your Committees have amended this bill to:

- (1) Replace the Attorney General as the entity responsible for coordinating the transition with a management team specially selected by the Governor for that purpose;
- (2) Appropriate \$400,000 for operating costs of the management team;
- (3) Leave the Hawaii Criminal Justice Data Center and the Criminal Justice Data Interagency Board under the authority of the Attorney General;
- (4) Leave enforcement of parking and traffic regulations at the University of Hawaii under the authority of the Board of Regents;
- (5) Leave enforcement of parking regulations on State lands under the authority of the State Comptroller; and
- (6) Expedite the date by which the Department of Public Safety is to be fully operational by advancing appropriate dates one year.

Your Committees have also amended this bill by making other nonsubstantive changes for the purpose of clarity and conformance with recommended drafting style.

As amended, this bill provides that the consolidation of public safety functions and State employees will take place in two phases. On July 1, 1990, the functions and authority exercised by:

- (1) The Department of Corrections relating to adult and juvenile corrections and the respective intake service centers;
- (2) The Judiciary relating to the Office of the Sheriff and the Judiciary's security personnel;
- (3) The Department of the Attorney General relating to state law enforcement officers;
- (4) The Hawaii Paroling Authority; and
- (5) The Criminal Injuries Commission;

shall be transferred to the Department of Public Safety.

On January 1, 1991, the second phase of the transition shall transfer the functions and authority exercised by:

- (1) The Department of Land and Natural Resources relating to enforcement of the conservation and resources program;
- (2) The Department of the Attorney General relating to its narcotics enforcement division; and
- (3) The Department of Transportation relating to enforcement of various State laws;

to the Department of Public Safety.

Your Committees find that establishment of a Department of Public Safety will improve employee morale by providing appropriate training and opportunities for career advancement, maintain appropriate separation of powers as mandated by the State Constitution, and help to ensure public health, safety, and welfare.

Your Committees on Corrections and Judiciary are in accord with the intent and purpose of H.B. No. 920, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 920, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senator Cobb.

SCRep. 1027 Human Services on H.B. No. 66

The purpose of this bill is to make an appropriation to the Executive Office on Aging for the expansion of the long-term care ombudsman program.

This bill will provide a sum of \$70,393 for each year of the 1989-1991 fiscal biennium for the establishment of one permanent position for the long-term care ombudsman program.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 66, H.D. 2 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1028 Human Services on H.B. No. 47

The purpose of this bill is to increase the present \$45 food tax credit to \$60 per qualified exemption for taxable years which begin after December 31, 1988 and end before January 1, 1991.

Section 235-55.8, Hawaii Revised Statutes, currently provides that a resident taxpayer who files an individual income tax return for a taxable year may claim the existing food tax credit, provided the taxpayer is not eligible to be claimed as a dependent by another taxpayer, and has physically resided in the State for more than nine months of the taxable year. The taxpayer may claim a food tax credit of \$45 multiplied by the number of qualified exemptions to which the taxpayer is entitled.

Your Committee heard supporting testimony from the Founders Group, Kokua Council; the National Association of Retired Federal Employees; and other senior citizens who support the increased food tax credit, citing its benefit to those on fixed incomes. Your Committee also heard testimony from the Department of Taxation, which opposes passage of H.B. No. 47 because of its substantial financial impact to the Administration and prefers support for passage of H.B. No. 1917, and from the Tax Foundation, which prefers tax rate revision rather than a flat tax credit.

Your Committee finds that an increased food tax credit is a viable alternative to a general excise tax exemption on food purchases and will provide financial assistance to Hawaii's residents, particularly to those in the lower income tax brackets where food costs constitute a larger proportion of income. Your Committee further finds that twenty-eight states presently provide exemptions from sales taxes for sales of food.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 47 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 Cobb.

SCRep. 1029 Human Services on H.B. No. 69

The purpose of this bill is to establish the child care task force and the position of early childhood education/child care administrator within the Office of Children and Youth.

There is no single solution to the child care issue which encompasses infant care, before and after school care and care for sick children. This bill would (1) establish a childhood education/child care administrator position in the Office of Children and Youth, (2) establish a two-year pilot project to establish the goals for a statewide early childhood education/child care system, (3) establish a child care task force to advise the early childhood education/child care administrator on child care matters, and (4) appropriate various sums for the purposes of this bill.

Your Committee heard supporting testimony from the Director of the Office of Children and Youth, the Commission on the Status of Women, the Director of Business and Economic Development, the Superintendent of Education, Working Women of Hawaii, People Attentive to Children (PATCH), the Hawai'i Women's Political Caucus, the Director of Human Services, the Director of Health, the Hawaii Association for the Education of Young Children, and others. Your Committee finds that the purposes of this bill are of great importance and supports this bill as amended.

Your Committee has amended this bill by:

- (1) Adding new Sections (5 and 9) which provide for a dependent child care plan for State employees, with programs and services coordination duties in the Office of Children and Youth;
- (2) Deleting duties of the administrator in paragraphs (4), (5), and (6) in Section 2 of both drafts, adding the duty of developing a state plan for child care, and expanding the scope of the administrator's duty to include

promotion and facilitation of the development of child care plans and programs by governmental employers as well as private sector employers;

- (3) Providing funds (in Section 7) to develop and annually update a state strategic plan for child care;
- (4) Adding in Section 8 (Section 6 of the HD 2) a provision for child care assistance payments for children aged six weeks to four years;
- (5) Restoring funding (in Section 10) for the second year of the school-aged child care partnership grants to the counties and extending funding of the resource lending center to a second year;
- (6) Changing the phrase "start-up grants for Head Start" to "development grants for child care programs" and extending the funding to the second year (in Section 11);
- (7) Adding to the provisions of Section 9 in the H.D. 2 two new provisions: (a) raising child care payment eligibility from 94 to 100 percent of the poverty standard and the child care payment amount to \$277 per month per child, and (b) increasing the number of licensing workers in all counties;
- (8) Expanding the membership of the child care task force to include additional relevant government departments (in Section 4);
- (9) Amending all appropriation sections, other than those where the Office of Children and Youth is the expending agency, to indicate that the Departments of Business and Economic Development, Human Services, Health, and Labor and Industrial Relations shall expend the funds in cooperation with the Office of Children and Youth, thus making that office, in effect, the coordinating agency for all child care programs; and
- (10) Making minor language and technical changes which have no substantive effect. Your Committee has amended this bill in part by deleting Section 5 through 11.

Your Committee has amended the appropriations in this bill extensively. The net effect of the amendments is as indicated:

<u>Total Funding</u>	<u>FY 1989-1990</u>	<u>FY 1990-1991</u>
Governor's Initiative	5,532,870	6,673,610
HB 69, HD 2	2,616,420	4,130,627
HB 69, HD 2, SD 1	5,783,802	7,061,927

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 69, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 69, 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 Cobb.

SCRep. 1030 Human Services on H.B. No. 360

The purpose of this bill is to encourage foster children to continue their education beyond secondary school by extending the period during which they are eligible for foster board allowances, provided that age and accredited institution requirements are met.

The bill also appropriates \$150,000 to the Legislative Auditor for a study of the entire system of out-of-home placement.

Your Committee received testimony supporting the intent of the bill from the Department of Human Services, the Office of Children and Youth, Child and Parent Advocates (CAPA), Hale Kipa, and two graduate students at the University of Hawaii School of Social Work. Your Committee also concurs with the suggestion that the Office of Children and Youth should assist the Auditor in defining the parameters of the study.

Your Committee has amended the bill by changing the word, "child", to "person" where it is more appropriate; reducing the period of eligibility to age twenty, and indicating the participation of the Office of Children and Youth in the Legislative Auditor's comprehensive study.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 360, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 360, 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 Cobb.

SCRep. 1031 Human Services on H.B. No. 390

The purpose of this bill is to exclude any restitution made to Japanese-Americans interned during World War II, as income or resources in the determination of public assistance eligibility.

Your Committee received testimony in support of the bill from the Department of Human Services, the Honolulu Chapter of the Japanese American Citizens League, and an individual whose mother is an eligible recipient. There was no testimony received which opposed H.B. No. 390. Additional information was transmitted subsequent to the hearing from the Department of Human Services which served to confirm the purpose of the bill.

Your Committee has amended the bill by extending the exemption to heirs of eligible individuals who receive restitution.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 390, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 390, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Cobb, Levin and Koki.

SCRep. 1032 Human Services on H.B. No. 1251

The purpose of this bill is to address the needs of the elderly housing residents of the State by extending a housing demonstration project.

Specifically, the project involves:

- (1) Direct services of professionally-trained resident assistants; and
- (2) Empowering tenants and housing complex managers to resolve differences without the aid of a full-time resident assistant.

Your Committee finds that a significant need exists for professional and knowledgeable assistants to provide social services and management skills to the elderly living independently in housing facilities. Testimony in support of the demonstration project was received from the Department of Human Services (HHA), the Executive Office on Aging, the Affordable Housing Alliance, Catholic Charities of the Diocese of Honolulu, and Founders Group of Kokua Council for Senior Citizens.

Your Committee recognizes that the Executive Office on Aging, in its report, Long Term Care Plan for Hawaii's Older Adults, states that "a vital component of the long term care continuum is planned older adult housing which features accommodations for support and health services".

Your Committee has amended the bill by requiring that an interim report on the demonstration project be presented to the next legislature.

Your Committee on Human Services is in accord with the intent and purpose of H.B. 1251, H.D. 1, as amended herein, and recommends that it pass Second reading in the form attached hereto as H.B. No. 1251, 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 Cobb.

SCRep. 1033 Human Services on H.B. No. 1822

The purpose of this bill is to transfer the functions, personnel, and property of the Hawaii State Coordinating Council on Deafness from the Department of Human Services to the Department of Health.

Your Committee received testimony in support of this measure from the Department of Human Services, the Department of Health, the Hawaii State Coordinating Council on Deafness, the Commission on the Handicapped, the Gallaudet University Center on Deafness, and the Aloha State Association of the Deaf.

Testimony indicated that the transfer to the Department of Human Services is appropriate because two organizations similar to the Hawaii State Coordinating Council on Deafness (HSCCD) that serve the disabled population are currently within the Department of Health. These organizations are the Commission on the Handicapped, which focuses on the general disabled population, and the State Planning Council on Developmental Disabilities, which focuses on the developmentally disabled. The transfer of the HSCCD, which serves the hearing-impaired community, will serve to strengthen all three programs by consolidating the focus of the needs of all disabled persons through better planning and coordination.

Your Committee amended the bill by inserting the language of S.B. No. 1397, which allows interpreter funds administered by the HSCCD to be used for programs and activities of the State and its political subdivisions that do not receive federal financial assistance, and permits payment of interpreter services to include transportation and per diem expenses when necessary.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1822, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1822, 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 Cobb.

SCRep. 1034 Culture, Arts and Historic Preservation on H.B. No. 31

The purpose of this bill is to require the counties to include information pertaining to historic sites on their respective real property tax maps.

Specifically, this bill would require real property tax maps to include: 1) historic sites listed in the Hawaii Register of Historic Places; 2) historic sites previously listed as historic sites but removed in 1980; and 3) historic sites listed on the National Register of Historic Places. This bill also mandates that the Department of Land and Natural Resources notify the current owners of sites which were removed in 1980, that the sites are proposed to be relisted on the Hawaii Register. Finally, funds are appropriated to maintain historic sites information on all county real property tax maps and to support the Department of Land and Natural Resources in its relistment activities.

Your Committee finds that the restoration of these historic sites is vital in ensuring that the State's public policy on historic preservation is enhanced and maintained.

Your Committee has amended the bill to exempt owners of districts from the relisting provisions of Section 3 of the bill.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 31, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 31, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1035 Culture, Arts and Historic Preservation on H.B. No. 543

The purpose of this bill is to repeal Section 103-8, Hawaii Revised Statutes, and to create a Works of Art Revolving Fund (Fund) into which would be deposited one per cent of all appropriations allotted for construction from the Executive Capital Improvements Act, the Supplemental Capital Improvements Act, the Judiciary Capital Improvements Act, and the Supplemental Judiciary Capital Improvements Act.

The Fund would be used to acquire, display, maintain, and store works of art.

Your Committee finds that this bill will facilitate the administration of the art in state buildings program presently authorized by Section 103-8, Hawaii Revised Statutes, and will enhance the ability of the State Foundation on Culture and the Arts to acquire, commission, and maintain art works for state projects.

Your Committee has amended the bill to clarify that the one per cent allocation for the Fund only applies to appropriations for the construction of state buildings and not to all state construction projects.

Your Committee has also amended the bill by adding a new section that would establish a Works of Art Endowment Fund into which would be deposited one per cent of all appropriations allotted for renovations of a state building costing at least \$100,000. The interest and income of this fund would be used in conjunction with the Works of Art Revolving Fund at the discretion of the Comptroller 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 H.B. No. 543, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 543, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1036 Energy and Natural Resources on H.B. No. 180

The purpose of this bill is to establish an Ocean Energy Conversion Development Fund (Fund) that would encourage the development of ocean thermal energy conversion projects with commercial applications.

Funding sources for the Ocean Energy Conversion Development Fund would include appropriations by the Legislature and funds from non-state sources. All projects funded would require matching amounts from non-state sources. Ownership of all equipment and facilities financed by the Fund would revert to the State upon termination of a project.

Favorable testimony was received from the Department of Business and Economic Development, the Natural Energy Laboratory of Hawaii, the FST Group Ltd. and Marine Development Associates, Inc.

Significant contributions to ocean thermal energy conversion research, development and demonstration projects have made Hawaii a world leader in this field. In order to encourage aggressive research and to advance commercialization, your Committee has amended the bill to include royalties and donations of equipment and services to be counted as matching funds.

Your Committee has further amended the bill by inserting a \$5 million dollar appropriation for the planning, design, and construction of a warm and cold pipeline for closed cycle ocean thermal energy conversion.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 180, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 180, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1037 Energy and Natural Resources on H.B. No. 405

The purpose of this bill is to amend Section 199-7, Hawaii Revised Statutes, to authorize the seizure of "natural resources" taken or used in violation of the provisions of Chapter 6E and Title 12, Hawaii Revised Statutes, or any rules adopted thereunder.

Your Committee heard testimony in support of this administration bill from the Department of Land and Natural Resources.

Current statutes do not contain provisions that authorize agents of the Department of Land and Natural Resources to execute their duties of managing, preserving and protecting natural resources by conducting searches and seizing archaeological artifacts, minerals, aquatic life, land plants and parts thereof. Further, there are no provisions for the forfeiture of such items. This bill provides the authority for searches, seizures and forfeiture and will enable the Department to more effectively perform its duties.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 405 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 1038 Energy and Natural Resources on H.B. No. 470

The purpose of this bill is to provide funds to the Office of State Planning to have the School of Ocean and Earth Science and Technology at the University of Hawaii conduct a two year study on coastal segments of south central and west Maui which are currently undergoing coastal erosion.

Testimony in support of this bill was received from the Director of the Hawaii Institute of Geophysics, the Interim Dean of the School of Ocean and Earth Science and Technology, the Director of the Office of State Planning, and the Environmental Center.

Previous beach erosion studies have been directed toward the island of Oahu. Your Committee feels that it is appropriate that new assessment activities be directed toward understanding the factors affecting the rapid erosion of beaches on Maui where few previous investigations have been made.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 470, 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. 1039 Energy and Natural Resources on H.B. No. 1266

The purpose of this bill is to appropriate funds for the development of solar energy technologies.

Your Committee finds that there is an immediate need to transfer an appropriate mix of solar energy technologies that could lead to decentralized power systems. Hawaii, which has an environment similar to many developing countries of the Pacific rim, could become the leader in comparative testing, education, and marketing of a myriad of solar technology possibilities. Hawaii could also lead the way for technology transfer and training in the field of renewable solar energy.

Your Committee further finds that the ongoing stages of research and development must be directed to practical applications of electrical power producing systems, particularly for implementation in rural communities that cannot be economically served by conventional electric grid systems.

Your Committee heard supporting testimony from the Department of Business and Economic Development and the Pacific International Center for High Technology Research (PICHTR).

Your Committee has amended the bill by deleting the word "and" on page 1, line 4 for the purpose of clarity.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 1266, H.D. 1, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1266, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1040 Energy and Natural Resources on H.B. No. 1575

The purpose of this bill is to increase the energy conservation tax credit for resident individuals and corporations from fifteen percent to twenty-five percent of the cost of all wind or solar energy devices, heat pumps, or ice storage systems placed in service in the State after December 31, 1989.

Your Committee heard supporting testimony from Hawaiian Electric Co., Inc. and an oral presentation from Pacific Resources, Inc.

Your Committee finds that the current low price of imported oil has adversely affected the competitive viability of solar water heaters, heat pumps, and other conservation and alternate energy conservation devices and that additional incentives in the form of higher state tax credits are needed to ensure that progress will continue toward the State's goal of reducing its dependence on imported oil.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 1575 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1041 Energy and Natural Resources on H.B. No. 1611

The purpose of this bill is to provide the State an opportunity to assist, through issuance of special purpose revenue bonds, both Chronar Corporation and Energy Conversion Devices, Inc., in the establishment of photovoltaic-panel manufacturing facilities in Hawaii, rather than limiting assistance to one or the other.

Your Committee heard testimony from the Department of Business and Economic Development and The Solar Electric Co., Inc. in support of this bill.

Your Committee finds that both candidate companies have the capability of constructing and operating successful photovoltaic-panel manufacturing facilities. Assisting both companies would offer a distinct economic advantage to the State by providing both immediate economic benefits and potential long term economic stability.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 1611 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1042 Energy and Natural Resources on H.B. No. 1821

The purpose of this bill is to strengthen the State's efforts to preserve resource value lands (land banking).

This bill would appropriate funds for the purposes of acquiring resource value lands and to create a regional state park interpretive program. The bill would also amend Chapter 173A, Hawaii Revised Statutes, to broaden the provisions for acquisition and management of resource value lands.

Testimony in support of this bill was received from the Department of Land and Natural Resources, the Office of Environmental Quality Control, the Conservation Council for Hawaii, and from supporters of the Ka Iwi Scenic Shoreline Park.

Your Committee finds that Hawaii's rapidly growing population and the demands which this growth places on the State's resources require the acquisition, preservation, and management of valuable lands for present and future generations.

Your Committee has amended the purpose of the bill by deleting the establishment of the regional park interpretive program, which restores the original intent of this administration bill. The amended purpose of this bill is to broaden the provisions of Chapter 173A to facilitate the acquisition and land banking of resource value lands.

Your Committee has made the following amendments to the bill:

- 1) Deleted Section 1, which required the Department of Land and Natural Resources to prepare a plan for the enhancement of recreational opportunities on resource value lands.
- 2) Added a new Section 1, which requires the Board of Land and Natural Resources to submit an annual report to the Legislature on planned acquisitions, acquisitions which occurred during the year, and remaining fund balances.
- 3) Deleted Section 2, which would have established the "Aina Hoomalu State Parks Program" or regional state parks interpretive program.
- 4) Amended Section 3 by renumbering it to Section 2, deleting the amendment to the title of Chapter 173A, and by deleting the amendment to Section 173A-1 that would allow for developmental and programmatic improvements to resource value lands.
- 5) Renumbered Section 4 to Section 3.
- 6) Deleted Section 5, which would have amended Section 173A-3, making it a requirement that the Department of Land and Natural Resources prepare a plan for the acquisition of resource value lands.
- 7) Renumbered Sections 6 and 7 to Sections 4 and 5.
- 8) Amended Section 8 by renumbering it to Section 6, and deleting the proposed amendment to Section 173A-8, regarding the regional state park interpretive program.
- 9) Deleted Section 9, which would have repealed Section 173A-6.
- 10) Renumbered Section 10 to Section 7.
- 11) Deleted Section 11, which would have appropriated into the fund for the environment for fiscal year 1990-1991, a sum equal to the unexpended or unencumbered funds remaining as of June 30, 1990 of the appropriation

made in H.B. No. 1818, or S.B. No. 1921, Regular Session of 1989 (Kapalama Military Reservation acquisition).

- 12) Renumbered Section 12 to Section 8.
- 13) Deleted Section 13, which would have directed the Department of Land and Natural Resources to afford priority consideration of the lands known as Big Beach on Maui and Coconut Island on Oahu in its acquisition of resource value lands.
- 14) Renumbered Sections 14 and 15 to Sections 9 and 10.

Your Committee has further amended the bill by reducing the proposed appropriations of \$10 million for fiscal year 1989-1990 and \$20 million for fiscal year 1990-1991 in Section 7 of the bill as amended to \$1 in each fiscal year.

Your Committee has also made technical, nonsubstantive amendments to the bill for purposes of clarity and style.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 1821, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1821, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1043 Energy and Natural Resources on H.B. No. 1872

The purpose of this bill is to clarify that government agencies may enter into multi-year energy performance contracts for energy efficiency improvements in State and county facilities.

The bill also specifies bidding and contracting procedures for these multi-year contracts.

Your Committee heard supporting testimony from the Department of Business and Economic Development and the Hawaiian Electric Company, Inc.

Your Committee finds that energy performance contracting affords government agencies the opportunity to pursue energy efficient improvements that may otherwise be overlooked. These are complex arrangements requiring the close scrutiny of all involved parties.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 1872, 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. 1044 Education on H.B. No. 258

The purpose of this bill is to establish a process whereby the Department of Education shall prepare each disabled student age fifteen and older for transition to adult life in the community, including timely transition to appropriate post-secondary training programs and services.

Specifically, the Department would prepare individual plans encompassing educational, vocational, recreational, leisure, financial support, community participation, home, family, and health service goals. The program would be established by a transition coordinator and carried out by transition specialists employed by the Department.

Your Committee received strong support for this bill from many segments of the community and finds that this bill will have the effect of bringing Hawaii into compliance with federal standards and laws and would be beneficial to our handicapped youngsters with special needs as they prepare to enter adulthood with maximum self-sufficiency.

After due consideration, your Committee has amended this bill as follows:

- (1) Clarified that the establishment and coordination of the transition program on the statewide level shall be done by the statewide transition specialist;
- (2) Clarified that the individuals who will assist the individual members of the target population are transition coordinators;
- (3) Provided an appropriation of \$59,408 for fiscal year 1989-1990 to be expended by the Department of Education for the statewide transition specialist position, a clerk for the statewide transition specialist, and necessary expenses;
- (4) Provided an appropriation of \$790,753 for fiscal year 1990-1991 for the statewide transition specialist and clerk, thirty transition coordinators, and expenses; and
- (5) Made several nonsubstantive language and other technical changes for the purposes of clarity and style.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 258, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 258, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1045 Education on H.B. No. 1826

The purpose of this bill is to create a state educational facilities improvement special fund to be invested with general excise tax revenues as of September 1, 1989 and each year thereafter through 1995, to be expended for capital improvements for the State's public education system. The fund would be terminated as of June 30, 1999.

Your Committee received supporting testimony from the superintendent of education, the department of accounting and general services, the state tax office, and others, and finds that the quality of the education available through any given system bears a close relationship to the quality of the system itself, especially its physical plants. Your Committee further finds that Hawaii's public schools require much repair and maintenance, and that there is a need for new schools to facilitate anticipated increased public school enrollments.

Your Committee has amended this bill by inserting the amount of \$90 million as the amount to be set aside each year in the special fund and 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. 1826, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1826, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1046 Higher Education on H.B. No. 1812

The purpose of this bill is to extend the period of flexibility for the University of Hawaii and the Department of Education regarding budget implementation for another five years.

During its 1986 session, the Legislature passed legislation to grant a degree of administrative flexibility to the two educational agencies in the areas of budget execution (Act 320), and fiscal operations (Act 321). This however, was done only on a three-year trial basis and lapses this year. This bill will extend the period of flexibility for another five years. The bill also has a safeguard measure allowing the Governor to suspend any allowance or exception of the University of Hawaii, when it impairs the Governor's ability to promote and ensure the economic and efficient management of the State's financial resources.

Your Committee received testimony from the University of Hawaii Board of Regents regarding the Legislative Auditor's Report No. 89-18 indicating their willingness to take appropriate follow-up action. The President of the University of Hawaii also stated that actions have been initiated to resolve several procedural issues relating to the implementation of Act 320, SLH 1986, and that the University intends to move quickly to implement the newly adopted Board of Regents policy on educational assessment.

Your Committee finds that the flexibility legislation has allowed for a more effective and efficient administrative operation resulting in better delivery of educational services to the public.

Your Committee has amended the bill by shortening the period of flexibility from five to three years and by adding a new Section 3 which requires the University of Hawaii to report to the next Legislature on its progress in implementing the newly adopted Board of Regents policy on educational assessment, as contained in the Educational Assessment and Accountability Plan: Technical Report, 1988.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1812 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1812, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Koki.

SCRep. 1047 Higher Education on H.B. No. 451

The purpose of this bill is to develop a masterplan to expand West Oahu College from a two-year undergraduate institution to a four-year liberal arts undergraduate institution.

Your Committee concurs with the Legislative Reference Bureau's Report entitled, "The Establishment of an Independent University of Hawaii at Hilo", prepared in response to House Resolution No. 119, H.D.1, adopted during the 1985 Legislative session. The report found that it would be constitutional for the State of Hawaii to establish a second state university, such as a separate University of Hawaii at Hilo. Perceived frustrations of the University of Hawaii at Hilo include the problems of the integration of its College of Agriculture, College of Arts and Sciences, and Hawaii Community College; the want of a clearly understood mission, goal, and reason for existence; the absence of a strong identity; poor faculty morale; cumbersome bureaucracy; and exclusion from participation in the federal land-grant. On the other hand, the University of Hawaii at Hilo benefits from being part of the University of Hawaii system in such areas as its budget; computer, research, library facilities and reputation.

Your Committee finds that a more decentralized higher education and administrative structure would improve the current situation. One way of accomplishing this objective is by having a separate president for the University of Hawaii at Hilo who would be more likely to press for local concerns. The University could then define its own mission and goals, determine its own policies and allocate its own funds. Accordingly, there would be higher morale because the destiny of the institution would be in the hands of the local University community.

Your Committee has amended this bill to combine both centralized and decentralized modes of governance for the University of Hawaii at Hilo by creating a new position of president of the University of Hawaii at Hilo. The president would be appointed by and report to the University of Hawaii Board of Regents. Your Committee has also added language to the findings and purpose section of the bill addressing the higher education structure and the University of Hawaii at Hilo. Other technical, non-substantive amendments have also been made for purposes of clarity and style.

Your Committee finds that the creation of this new position will not interfere with the flexibility in budgeting and fiscal administration granted to the University of Hawaii by Act 320 and Act 321, Session Laws of Hawaii 1986. Rather, your Committee believes that it may lead to greater flexibility and autonomy for the University of Hawaii system as the president of the University of Hawaii at Hilo is given greater responsibility for determining the goals and policies of the University of Hawaii at Hilo.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 451, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 451, 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 B. Kobayashi, Nakasato and Koki.

SCRep. 1048 Labor and Employment on H.B. No. 695

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining Unit 1 cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1989-1991.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1989.

Your Committee finds that since an agreement for the bargaining unit may not be reached in time to include the cost items in the 1989-1991 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 695, 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. 1049 Labor and Employment on H.B. No. 696

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining Unit 2 cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1989-1991.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1989.

Your Committee finds that since an agreement for the bargaining unit may not be reached in time to include the cost items in the 1989-1991 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 696, 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. 1050 Labor and Employment on H.B. No. 697

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining Unit 3 cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1989-1991.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1989.

Your Committee finds that since an agreement for the bargaining unit may not be reached in time to include the cost items in the 1989-1991 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 697, 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. 1051 Labor and Employment on H.B. No. 698

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining Unit 4 cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1989-1991.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1989.

Your Committee finds that since an agreement for the bargaining unit may not be reached in time to include the cost items in the 1989-1991 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 698, 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. 1052 Labor and Employment on H.B. No. 699

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining Unit 5 cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1989-1991.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1989.

Your Committee finds that since an agreement for the bargaining unit may not be reached in time to include the cost items in the 1989-1991 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 699, 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. 1053 Labor and Employment on H.B. No. 700

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining Unit 6 cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1989-1991.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1989.

Your Committee finds that since an agreement for the bargaining unit may not be reached in time to include the cost items in the 1989-1991 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 700, 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. 1054 Labor and Employment on H.B. No. 701

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining Unit 7 cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1989-1991.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1989.

Your Committee finds that since an agreement for the bargaining unit may not be reached in time to include the cost items in the 1989-1991 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 701, 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. 1055 Labor and Employment on H.B. No. 702

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining Unit 8 cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1989-1991.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1989.

Your Committee finds that since an agreement for the bargaining unit may not be reached in time to include the cost items in the 1989-1991 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 702, 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. 1056 Labor and Employment on H.B. No. 703

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining Unit 9 cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1989-1991.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1989.

Your Committee finds that since an agreement for the bargaining unit may not be reached in time to include the cost items in the 1989-1991 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 703, 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. 1057 Labor and Employment on H.B. No. 704

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining Unit 10 cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1989-1991.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1989.

Your Committee finds that since an agreement for the bargaining unit may not be reached in time to include the cost items in the 1989-1991 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 704, 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. 1058 Labor and Employment on H.B. No. 705

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining Unit 11 cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1989-1991.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1989.

Your Committee finds that since an agreement for the bargaining unit may not be reached in time to include the cost items in the 1989-1991 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 705, 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. 1059 Labor and Employment on H.B. No. 706

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining Unit 13 cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1989-1991.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1989.

Your Committee finds that since an agreement for the bargaining unit may not be reached in time to include the cost items in the 1989-1991 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 706, 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. 1060 Labor and Employment on H.B. No. 707

The purpose of this bill is to provide fund authorizations and appropriations for wage and other adjustments in fiscal biennium 1989-1991 for executive, judiciary, and legislative officers and employees excluded from collective bargaining.

Section 89C-2, Hawaii Revised Statutes, provides that the compensation, hours, terms, and conditions of employment, and other benefits for public officers and employees who are excluded from collective bargaining shall be adjusted by the chief executive of the State, the Board of Education, the Board of Regents, or the Chief Justice, as applicable. Further, Section 89C-5, Hawaii Revised Statutes, provides that any adjustments that constitute cost items shall be subject to appropriation by the Legislature.

Your Committee finds that since these adjustments may not be formulated in time to include the resulting cost items in the 1989-1991 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 707, 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. 1061 Labor and Employment on H.B. No. 708

The purpose of this bill is to expand the authority of the Hawaii Public Employees Health Fund board of trustees to contract for various types of dental, prescription drug, and vision care benefit plans.

The Attorney General's office has interpreted the present statutory language to mean that the board of trustees can contract for only one type of dental, prescription drug, and vision plan.

Upon further consideration, your Committee deleted the substance of H.B. No. 708, and inserted the substantive provisions of S.B. No. 1969, which provide for the establishment of public employer contribution amounts for State and county retirees who participate in employee organization health benefit plans.

S.B. No. 1969 is intended to rectify an existing inequity in the treatment of employee-beneficiaries and retirees under the public employees health fund (PEHF). Currently, PEHF makes a monthly contribution on behalf of employee-beneficiaries who opt to enroll in an employee organization's health plan. Most retirees, however, are excluded from the definition of the term "employee-beneficiaries." PEHF is therefore not required to make an analogous contribution on behalf of retirees who choose to enroll in an employee organization's health plan. This lack of "portability" makes it economically more difficult for retirees to enroll in non-PEHF health plans.

This bill mandates PEHF to make contributions on behalf of retirees who choose to enroll in an employee organization's health plan, thereby giving retirees the same opportunity as employee-beneficiaries to enroll in non-PEHF health plans.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 708, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 708, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1062 Labor and Employment on H.B. No. 924

The purpose of this bill is to provide lump sum payments to those former charter members of the Excluded Managerial Compensation Plan (EMCP) who retired, left State or county employment for other jobs, or transferred to positions covered by different pay plans, and did not receive back pay under Act 400, Session Laws of Hawaii 1988.

Act 400 authorized pay adjustments to correct situations wherein the pay of charter EMCP members had been exceeded by the pay of more recently promoted counterparts because of changes in the method of computing promotional pay increases. Act 400, however, did not address the problem of those employees who, for various reasons, were no longer a part of the EMCP.

Upon consideration your Committee has deleted the substance of this measure and inserted language derived from S.B. No. 1556, S.D. 2, which also addresses the problem of former EMCP members who did not receive the benefits of Act 400. This bill will allow those employees similarly situated, but technically not members of the EMCP as of the implementation date, to also enjoy the pay adjustments that were made to correct the inequities pursuant to Act 400. Your Committee has also amended this bill by adding language pertaining to computation of the pay adjustment rate in

Section 2 of the bill, and correcting the reference to the Constitution in Section 8 of the bill from "Article 5, section 8" to "Article VIII, section 5."

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 924, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 924, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1063 Labor and Employment on H.B. No. 962

The purpose of this bill is to provide a bonus effective July 1, 1989, and each July 1 thereafter, to those retirants and pensioners who have ten or more years of service. The bill provides for varying bonus amounts which are based on the number of years the person has been retired, with the largest bonus amount provided for those who have been retired thirty or more years.

Your Committee received testimony from the Coalition of Hawaii State-County Retirees which acknowledged that those persons who have been retired twenty or more years, in all probability, are already receiving a larger bonus than they would receive under the provisions of the bill and thus would not be receiving any increase. Accordingly, your Committee has amended the bill by adding language which would allow those old-timers to receive a pension increase of \$1.25 a month for each year of the retirant's or pensioner's credited service.

Your Committee has also amended the bill to change the bonus amounts as follows:

- (1) \$1.25 for persons retired a minimum of five years;
- (2) \$2.50 for persons retired a minimum of ten years;
- (3) \$4.50 for persons retired a minimum of fifteen years;
- (4) \$6.00 for persons retired a minimum of twenty years;
- (5) \$8.75 for persons retired a minimum of twenty-five years; and
- (6) \$10.50 for persons retired a minimum of thirty years.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 962, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 962, 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 A. Kobayashi.

SCRep. 1064 Labor and Employment on H.B. No. 1358

The purpose of this bill is to authorize the board of trustees of the Hawaii public employees health fund to provide and administer a long-term care insurance plan for employee-beneficiaries of the health fund and their spouses.

Your Committee finds that the financing of long-term care is the most critical issue facing Hawaii's elderly in this decade and agrees that it would be appropriate for the health fund to provide its employee-beneficiaries and their spouses the opportunity to participate in a long-term care insurance benefits plan as long as they assume responsibility for the cost of the benefits plan.

Your Committee has amended the bill by:

- (1) Adding the term "other" before the term "employee-beneficiaries" in the first line of paragraph (2) of the second new section to be added to chapter 87, Hawaii Revised Statutes, for clarification purposes;
- (2) Restoring the numbers in section 87-1, Hawaii Revised Statutes, since the deletion of the numbers would require amendments to several other sections in the Hawaii Revised Statutes which contain cross references to the definitions in section 87-1; and
- (3) Making technical, nonsubstantive changes for purposes of style.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 1358, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1358, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1065 Labor and Employment on H.B. No. 1378

The purpose of this bill is to add the term "group life benefit programs" to section 87-23, Hawaii Revised Statutes.

Under current law, the Public Employees Health Fund (Fund) makes a monthly contribution for each covered employee who participates in an employee organization's group life insurance program. These contributions, however, are specifically limited to "group life insurance programs", probably because life insurance was the most prevalent protection

available to public employees at the time the Fund was created. This bill would allow employee organizations to seek different, possibly more advantageous, kinds of life benefit protection for their members.

Your Committee heard testimony in support of this measure from the Hawaii Public Employees Health Fund and the Hawaii Government Employees Association. Your Committee finds that the present statute unintentionally and unnecessarily limits life benefit protection for public employees to group life insurance programs.

Your Committee has amended this bill by adding the word "a" before the phrase "group life benefit program" on page 1, line 7 and by specifying in Section 2 that statutory material to be repealed is bracketed.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 1378, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1378, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1066 Labor and Employment on H.B. No. 1802

The purpose of this bill is to amend the definition of "employee" in Section 87-1, Hawaii Revised Statutes, relating to the Public Employees Health Fund (PEHF) and to increase public employers' monthly PEHF contributions for retirees with less than ten years of service.

This bill will allow the State and counties to grant PEHF benefits to persons employed under contracts lasting for a period not to exceed one year where the appropriate State or county director of personnel services has certified that the service is special or unique or is essential to the public interest, and that, because of circumstances surrounding its fulfillment, personnel to perform the services cannot be obtained through normal civil service recruitment procedures.

Your Committee heard testimony in support of this measure from the Department of Budget and Finance and the City and County of Honolulu and finds that amending the definition of "employee" will allow deserving short term employees to be covered by the PEHF.

Your Committee has amended this bill to include legislative employees within the definition of "employee" to ensure that they are provided PEHF benefits pursuant to Act 90, Session Laws of Hawaii 1988. Your Committee has also amended this bill by making 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 H.B. No. 1802, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1802, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1067 Labor and Employment on H.B. No. 1806

The purpose of this bill is to give state employees the opportunity to participate in a wage and salary reduction program that qualifies as a cafeteria benefit plan under section 125 of the Internal Revenue Code of 1986, as amended.

Presently, there is no current program under state law that qualifies as a cafeteria benefit plan within the meaning of section 125 of the Internal Revenue Code. This bill would establish a qualifying cafeteria benefit plan, allowing participating state employees to reduce their before-tax compensation in return for payment by the State for the costs of eligible benefits. The plan would be an adjunct to the public employees health fund.

Your Committee finds that establishment of a cafeteria benefit plan will allow participating employees to take home more pay each pay period, and allows employers to design an array of flexible benefit programs or cafeteria plans, which provide both freedom of choice and tax savings to employees.

Your Committee has amended the bill by changing the effective date to January 1, 1990. This will provide the Department of Budget and Finance sufficient time to draft rules and regulations necessary to comply with the provisions of this measure. The bill has also been amended to make technical changes which have no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 1806, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1806, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1068 Labor and Employment on H.B. No. 1882

The purpose of this bill is to delete references to the Post Retirement Fund pursuant to Act 41, Session Laws of Hawaii 1988, which merged the Post Retirement Fund with the Annuity Savings Fund.

The bill also provides that contribution rates shall be reduced by one and eight-tenths percent for any service claimed that was rendered prior to July 1, 1961.

Upon further consideration, your Committee deleted the substance of H.B. No. 1882, H.D. 1, and inserted the substantive provisions of S.B. No. 1546, S.D. 1, which provides an alternative method of computing the post retirement allowances for retired members of the employees' retirement system (ERS) who are sixty-five years of age or older.

Senate Resolution No. 87, S.D. 1, 1986, requested the ERS Board of Trustees to study the present post retirement allowance to retirees and beneficiaries of the System and to propose recommendations to the legislature which would allow retirees to receive adequate protection against inflation.

The study included a review of ERS post retirement allowance provisions and the financing thereof, employee contributions, the Legislative Reference Bureau's Post Retirement Increases in the Employees' Retirement System of Hawaii, adjustment plans in other states, and an analysis of actuarial costs and other possible amendments to the ERS post retirement provisions.

S.B. No. 1546 is a result of this study, and proposes that the annual post retirement allowances payable on each July 1st be a percentage of the original benefit equal to the greater of 2.5 per cent or one-half of the percentage increase in the Honolulu consumer price index. The bill also provides that the maximum post retirement allowance shall not exceed four percent of the monthly pension, annuity, or retirement allowance as originally computed and paid.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 1882, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1882, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1069 (Majority) Labor and Employment on H.B. No. 1854

The purpose of this bill is to make salary adjustments for the Governor, Lieutenant Governor, cabinet and sub-cabinet officers, and certain other executive officers, and to provide for the establishment of a salary commission to regularly review salaries of elected and appointed officials of the State executive branch.

On November 22, 1988, Governor Waihee appointed a seven-member Executive Salary Commission to review executive compensation and salary relationships which were last adjusted in 1986. The Commission was charged to assure that salaries for executive employees were fair in comparison to employees within the State government system, as well as competitive with those executive appointees of other local and comparable government jurisdictions.

Your Committee finds that adequate compensation of executive branch officials will facilitate the recruitment and retention of the highest qualified individuals to public service, and allow the State government system to compete with the private sector. Your Committee further finds that the establishment of a salary commission will provide continual and systematic review of salaries of elected and appointed officials, thus maintaining the integrity of executive salary levels and relationships.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 1854, H.D. 2 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Solomon.
Senator Reed did not concur.

SCRep. 1070 Housing and Hawaiian Programs on H.B. No. 1876

The purpose of this bill is to authorize the Housing Finance and Development Corporation (HFDC) to carry out federal programs which are designated for implementation by housing development or housing finance agencies.

The bill also requires the HFDC to adopt any rules which may be necessary to carry out such federal programs, including an authorization to charge necessary administrative fees and to deposit those fees into an appropriate special fund administered by the HFDC.

The Housing Finance and Development Corporation testified in support of this measure, stating that the federal government often authorizes housing development or housing finance agencies to implement federal programs such as the federal low-income tax credit program and the mortgage credit certificate program. However, specific legislative authorization is usually required in order for the HFDC to implement an available federal program. As a result of this requirement, Hawaii usually lags behind other states in implementing federal programs which are often effective for only a limited time period. This bill will enable Hawaii to take full advantage of any new federal housing programs in a timely manner.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of H.B. No. 1876 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 Cobb.

SCRep. 1071 Housing and Hawaiian Programs on H.B. No. 1039

The purpose of this bill is to make an appropriation for the improvement, repair, and maintenance of various housing projects on the islands of Hawaii, Kauai, Maui, and Oahu which are managed or administered by the Hawaii Housing Authority.

Your Committee heard testimony in support of this measure from the Hawaii Housing Authority and finds that decreasing federal support and the State's recent commitment to provide affordable housing necessitates an increase of financial support for public housing projects. Your Committee further finds that timely repair and maintenance would be efficient and prudent, preventing unnecessary deterioration of the physical structures while increasing the pride and self-esteem of public housing residents.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of H.B. No. 1039, H.D. 2 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1072 Housing and Hawaiian Programs on H.B. No. 646

The purpose of this bill is to appropriate general funds for the 1989-91 biennium budget of the Office of Hawaiian Affairs (OHA).

Your Committee received testimony in support of this bill from OHA and held several meetings with its representatives on its funding requests. After careful examination, your Committee finds that OHA's need for funding to cover the costs of increased position counts and its various programs is necessary in order for OHA to achieve its objectives. Furthermore, the total amount appropriated in this bill is eleven percent less than the original amount requested by OHA.

Your Committee has amended the bill in the following manner:

1. By increasing the amounts appropriated from the general and special fund for all of OHA's programs. The total appropriation for the 1989-91 biennium has been increased from \$8,730,695 to \$15,417,558.
2. By increasing the amount to be used as a protocol fund in Section 5 from \$10,000 to \$15,000 for each fiscal year of the biennium.
3. By adding Section 7 which provides that \$158,520 will be used for a single definition campaign (OHA 100). The informational campaign will present the advantages and disadvantages of a Native Hawaiian beneficiary definition for OHA.
4. By adding Section 8 which provides that \$100,000 will be used for a Task Force for Hawaiian services (OHA 100). These monies will be used to develop a master plan to address necessary services to benefit the native Hawaiian and the Hawaiian population.
5. By adding Section 9 which provides that \$100,000 will be used for the Historic Preservation Task Force during the fiscal biennium (OHA 107). The Task Force will establish an official policy on historic preservation for OHA and develop a comprehensive package of proposed federal, state and county historic preservation legislation.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of H.B. No. 646, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 646, 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 Cobb.

SCRep. 1073 (Majority) Transportation on H.B. No. 1842

The purpose of this bill is to allow any department, with the approval of the governor, to transfer from any special funds, any moneys that are deemed to be in excess of their fiscal year requirements to the general fund or any other special funds. This bill also amends the law relating to the highway, airport, and harbor special funds to authorize the director of transportation to transfer all or any portion of excess funds from these special funds to the general fund.

Your Committee finds that this bill will provide the changes necessary to strengthen the financial administration of departmental funds and to allow flexibility in the management of resources. This bill will allow the director of transportation to transfer excess funds back and forth among the three special funds which fall under the jurisdiction of the department.

While it concurs with the general purpose of this bill, your Committee wishes to note that special funds very often carry strict covenants not only with bond holders, but also with the federal government. Your Committee finds in an earlier opinion the Federal Aviation Administration disapproved an authorization request submitted by the city of Burlington, Vermont, to transfer funds from its airport revenue fund to its general fund. The opinion, in effect, requires that all revenues generated by a public airport be expended for the capital or operating costs of the airport.

Your Committee has amended this bill to ensure that moneys from the airport revenue fund cannot be transferred to any other account to comply with federal law and regulations governing the use of moneys by public airports. Your Committee has amended this bill to create a transportation special use fund which shall function as the depository of those revenues generated from the sale of in-bond merchandise by the in-bond contractor from a facility located off-site of the airport. This will allow the director of transportation to transfer moneys from this fund to the airport revenue fund in the event that the airport revenue fund's total is less than one hundred fifty per cent of its total expenditures. The director may also transfer funds from the new fund to the state highway fund.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1842, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1842, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.
Senator George did not concur.

SCRep. 1074 Transportation on H.B. No. 574

The purpose of this bill is to allow property owners with less than twenty established parking stalls to remove an abandoned vehicle after posting a notice upon such vehicle stating that if it is not removed within twenty-four hours it will be towed away.

Your Committee has amended this bill by replacing all of its contents with those of S.B. No. 24, S.D. 1. The purpose of the amendment is to implement the changes recommended by the Committee on Derelict and Abandoned Vehicles, which was created pursuant to S.R. No. 101, S.D. 1 (1987), which were to:

- (1) Raise from \$100 to \$250 the appraised value of abandoned vehicles for which public auctions may be waived and the vehicle disposed of in the same manner as when a vehicle is put up for public auction and for which no bid is received;
- (2) Allow the sale of abandoned vehicles ten days after receipt of notice by the owner, rather than twenty days;
- (3) Allow the removal of abandoned vehicles from private property left unattended on private property for more than forty-eight hours; and
- (4) Allow the Director of Finance to appraise vehicles prior to disposal.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 574, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 574, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Levin.

SCRep. 1075 (Majority) Transportation on H.B. No. 351

The purpose of this bill is to redefine the penal code offenses of negligent injury. Current law provides that negligent operation of a motor vehicle causing specified types of bodily injury to another constitutes the offenses of negligent injury in the first and second degrees. This bill would amend these sections to provide that the bodily injury must occur while the operator of the vehicle is under the influence of drugs or alcohol.

Your Committee finds that this restriction on the application of these offenses is appropriate. H.B. No. 351, H.D. 1, places a reasonable restraint on the scope of these statutes. As, literally, all accidents arise out of negligence, criminal liability should be predicated on more than the mere negligence of the vehicle's operator and the fact that an injury occurs. The proposed amendments would also make these statutes consistent with sections 707-702.5, 707-703, and 707-704, Hawaii Revised Statutes, concerning negligent homicide in the first, second, and third degrees.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 351, 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 George did not concur.

SCRep. 1076 Transportation on H.B. No. 164

The purpose of this bill is to authorize the issuance of general obligation bonds for a grant-in-aid to the Hawaii Wing Civil Air Patrol for design and construction necessary to replace hangars and facilities at the Lihue, Honolulu International, and Kahului airports.

Your Committee finds this project necessary for the Hawaii Wing Civil Air Patrol to operate properly.

Your Committee has amended this bill by inserting specific appropriations for each of the following airports:

Lihue Airport (TRN 161)	\$500,000
Honolulu International Airport (TRN 102)	\$750,000
Kahului Airport (TRN 131)	\$500,000

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 164, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 164, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1077 Transportation on H.B. No. 148

The purpose of this bill is to amend Chapter 291C-103, Hawaii Revised Statutes, by adding a definition of the term "exhibition of speed" and to amend the penalty for violations thereof.

This bill would define "exhibition of speed" to mean the sudden acceleration of a vehicle resulting in the screeching of the vehicle's tires which is done to intentionally draw the attention of persons present toward the vehicle. The bill also changes the penalty for violations by substituting community service for "imprisoned not more than six months."

Your Committee received testimony in support of this bill from the Department of Transportation, the Office of the Public Defender, and the Chief of Police of the County of Kauai and finds that providing a definition for an exhibition of speed would greatly assist the police departments of each county in enforcing traffic safety in their respective jurisdictions.

Your Committee has amended the bill to make technical changes which have no substantive effect.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 148, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 148, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Chang.

SCRep. 1078 Transportation on H.B. No. 127

The purpose of this bill is to allow the Department of Transportation to explore low-cost transportation alternatives by emphasizing transportation systems management (TSM) programs.

Specifically, the bill provides for the planning, development, promotion, and coordination of programs including alternate work and school hours programs, bicycling programs, and ridesharing programs.

Currently, the majority of the State's citizens commute daily by private automobile, and at the present rate of growth and development, the State's transportation needs will soon exceed the capabilities of its existing highway system. Your Committee finds that traditional methods used in the past to address the State's transportation needs such as the creation of new roadways and expansion of existing roadways are no longer viable alternatives due to the high cost of construction, scarcity of available land, and other significant social, economic, and environmental concerns. Your Committee believes that transportation systems management techniques offer low cost solutions to traffic problems and have the potential to alleviate traffic congestion.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 127, 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. 1079 Transportation on H.B. No. 122

The purpose of this bill is to remove impediments to the participation in and promotion of ridesharing.

The existing statute exempts from liability employers who encourage participation in ridesharing. This bill would extend the exemption to include the State, counties, schools, community organizations, and rideshare coordinators.

Your Committee finds that participation in ridesharing can help to alleviate traffic congestion. Testimony in support of this measure was received from the Department of Education and the Department of Transportation.

Your Committee has amended the bill to include private non-profit organizations into the list of employers who are exempt from liability and by making technical changes consistent with recommended drafting style.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 122, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 122, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 1080 Transportation on H.B. No. 111

The purpose of this bill is to ensure the safety of persons riding in pickup trucks.

This bill would establish restrictions on the use of pickup truck cargo areas for the purposes of transporting passengers and also provides for an exemption from these restrictions for business persons and corporations.

Your Committee finds that the need for restrictions on the transportation of passengers in the cargo areas of pickup trucks is valid but that the formulation and implementation of the restrictions should rest with each respective county.

Your Committee has amended this bill by deleting the entire substance of the bill as received and substituting therefor a proposed new section in Chapter 291, Hawaii Revised Statutes, which would allow each county to enact ordinances or adopt rules regulating the transporting of passengers in pickup truck beds.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 111, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 111, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 1081 Transportation on H.B. No. 46

The purpose of this bill is to appropriate general revenue funds to the highway special fund to improve the highway infrastructure system of the State.

The State's highway special fund is supported by user-oriented revenues to build and maintain our highway system throughout the State. Your Committee finds that the lack of adequate revenues in the highway special fund has resulted in the department of transportation delaying or funding only a portion of many critical capital improvement projects.

Your Committee has amended this bill by changing the appropriation to \$47,722,000 for the 1989-1991 fiscal biennium. This total reflects the amount which the department of budget and finance had cut from the department of transportation's original budget request for capital improvement projects in 1989-1991.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 46, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 46, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1082 Legislative Management on H.B. No. 1258

The purpose of this bill as received is to appropriate the sum of \$50,000 for the legislative auditor to conduct a study of the other forty-nine states to determine how they provide public access to the legislative process and data through electronic means and how they administer automated systems in the legislative process. In addition, the bill provides for separate appropriations to each of the house of representatives, the senate, and the legislative reference bureau to coordinate efforts to improve public access to legislative information.

Your Committee has amended this bill by:

- (1) Combining these separate appropriations into one appropriation in the sum of \$500,000, to be expended by the legislative reference bureau to coordinate efforts with the senate and the house of representatives to improve public access to legislative information;
- (2) Deleting, on page 3, language beginning with the word "Administer" on line 19 and ending with the word "and" on line 21;
- (3) Adding new sections 4 and 5 to provide an appropriation of \$50,000 for the legislative auditor to study the administration and automated operations of the legislatures of the other forty-nine states; and
- (4) Renumbering the remaining sections consistent with these changes.

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

Your Committee on Legislative Management is in accord with the intent and purpose of H.B. No. 1258, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1258, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1083 Legislative Management on H.B. No. 1256

The purpose of this bill is to alleviate the financial burden often placed upon legislative employees by authorizing advances from the state general fund to pay legislative expenses pending the enactment of the legislative appropriations bill. This bill also appropriates funds to conduct an in-depth study to survey the administration and automated operations of the legislatures of the other states.

Your Committee finds that during the legislative session, hundreds of temporary employees, who demonstrate dedication and commitment by working long hours under tremendous pressure, are hired to support legislative activities. Unfortunately, these session employees do not receive any compensation until the legislative appropriation measure is passed at the beginning of each regular session. It takes several days to pass the new appropriations bill, and several days to process it after it is enacted, often causing delays in the payment of session staff. Your Committee finds that this bill will address this problem on a short term basis.

Your Committee has amended this bill by deleting the requirement that a study on the automated operations of other legislatures be conducted. Accordingly, the sum appropriated to conduct this study has also been deleted. Your Committee feels that the purpose of this bill should be focused on the issue of alleviating the problem of legislative employees' compensation.

Your Committee on Legislative Management is in accord with the intent and purpose of H.B. No. 1256, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1256, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1084 Transportation on H.B. No. 571

The purpose of this bill is to amend Section 291-4, Hawaii Revised Statutes, by mandating those convicted of driving under the influence of alcohol to reimburse or make restitution to the county in which the person was convicted for any expenses incurred for any blood tests that were administered.

Your Committee heard supporting testimony from the Department of Transportation, Police Department of the County of Kauai, and Mothers Against Drunk Driving (MADD).

Your Committee finds that approximately one percent of licensed drivers within the State of Hawaii are arrested for driving under the influence of alcohol, yet the cost of testing these offenders are borne by all taxpayers. Passage of this bill would correct that inequity and relieve the counties of this increasing financial burden.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 571, 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 Nakasato, Ikedo and Menor.

SCRep. 1085 Education on H.B. No. 481

The purpose of this bill is to amend section 298-4, Hawaii Revised Statutes, to require the Department of Education to establish and maintain kindergartens.

Under this bill, parents of children who will be five years old either by December 31 of the school year, or by one hundred twenty-five days after the start of a non-regular school year, would have the option of enrolling their children in kindergartens near their residences or keeping them at home until they reach mandatory school age as provided by section 298-9.

Your Committee finds that in this modern age kindergarten should be considered as part of the early childhood education continuum preparing children for primary school, intermediate school, and high school. This bill will ensure that parents who wish to send their youngsters to kindergarten will be able to do so, especially those who reside in isolated and rural areas where kindergarten services are virtually unavailable at the present time.

Your Committee has amended this bill by deleting from Section 3 the provision that this bill shall not be applicable to children who attain the age of six years on or before the end of the 1988-1989 school year. Your Committee wishes to note that this amendment will not affect the mandatory attendance requirement provided in section 298-9.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 481, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 481, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1086 (Majority) Education on H.B. No. 672

The purpose of this bill is to establish a Libraries Special Fund into which moneys collected as fines for overdue books and payments for lost or otherwise unreturned books and other materials would be deposited.

Moneys in the library fund would be used for the replacement or repair of lost, damaged, and stolen books, serials, periodicals, and other library materials.

Under current law moneys collected are deposited in the State general fund. This bill will allow the State Librarian to expend the funds directly rather than by legislative appropriation.

Your Committee received supporting testimony from the State Librarian and finds that a Libraries Special Fund would be an efficient and cost-effective means of maintaining up-to-date books and other literature in our public libraries. However, your Committee is concerned that this bill makes no provisions for the purchase of books or other library materials, allocation of revenues, or accountability for expenditures. Therefore, your Committee has amended this bill by deleting its contents and inserting the contents of S.B. No. 1839, S.D. 1. As amended, this bill would do the following:

- (1) Amend Section 312-4, Hawaii Revised Statutes, to provide for disposition of fines and related income generated pursuant to Section 312-3.5; and
- (2) Add a new section to Chapter 312 which would (A) establish the Libraries Special Fund into which would be deposited all money collected pursuant to section 312-3.5; (B) provide for allocations to each public library based on annual amounts determined by the State Librarian, in consultation with the Library Advisory Committee, and distributed in quarterly installments; (C) provide for allocations to be expended to purchase books or other library materials; and (D) require the State Librarian to submit annual reports to the Legislature and the Governor on the status of the Library Special Fund, including deposits and sources of revenues, allocations to each public library, descriptions and amounts of expenditures, and balances remaining as of each June 30.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 672, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 672, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.
Senator Levin did not concur.

SCRep. 1087 Human Services on H.B. No. 919

The purpose of this bill is to amend chapter 351, Hawaii Revised Statutes, relating to criminal injuries compensation.

The bill attempts to improve the current criminal injuries compensation process in several ways by: (1) conforming the language in the statutes with recent changes in State and federal law, (2) creating more efficiency in the operations of the commission, and (3) providing more timely awards to victims.

Specifically, the bill provides for the following:

(1) Adds definitions of "designated persons" and "resident", and clarifies the present definition of "victim". The definition of "designated persons" will provide clearer guidance to the commission in following the mandate of a provision passed last year. This provision requires that victims be notified of their right to have payments from their award given to a "designated person". A new definition of "resident" would facilitate the proposed expansion of the definition of "victim" to include any resident who is injured or killed in another state that does not have an eligible crime victim compensation program;

(2) Gives the commission administrator authority to conduct an investigation regarding the validity of applications made to the commission, and authorizes the administrator to determine proposed awards to be reviewed by the commission. This will ultimately speed up the claim process, and reduce the workload and time requirements of the commissioners;

(3) Creates a new appeals option for applicants who are dissatisfied with the commission's decisions by allowing appeals to the appropriate circuit court;

(4) Provides for the inclusion of full compensation to victims of motor vehicle crimes and domestic violence;

(5) Amends section 351-32, Hawaii Revised Statutes to conform with recent revisions made to the Hawaii Penal Code;

(6) Allows the commission to consider applications submitted beyond the eighteen month time limit upon a showing of good cause. This will allow for compensation in cases where circumstances beyond the victim's control prevented timely filing of an application with the commission; and

(7) Deletes current exclusions of certain types of compensation to victims who are related or residing with the perpetrator.

Your Committee believes that these amendments to chapter 351, Hawaii Revised Statutes will remedy many of the problems that currently exist in the application of this statute, and will provide victims the compensation they deserve.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 919, H.D. 2 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1088 Human Services on H.B. No. 61

The purpose of this bill is to appropriate \$200,000 for fiscal biennium 1989-1991 to fund a pilot short-term crisis intervention program which would provide basic and necessary community-based services to persons awaiting comprehensive case management program assistance.

The funds would be expended by the Executive Office on Aging, and would be used to provide for same-day placement of an aide in the patient's home and immediate provision of stop-gap services, for a maximum of three months.

Your Committee received supporting testimony from several public and private organizations and finds that the population of persons requiring comprehensive case management services is growing faster than the ability of the State and private agencies to provide them. This program would assist many such persons at the time when they most need help, before the problem is exacerbated to the extent of requiring institutionalization or long-term skilled nursing care. By the time they are securely in the care of a case management team their problems would be stabilized and subsequent care and treatment should be easier to give and less costly.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 61, H.D. 2 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1089 Human Services on H.B. No. 62

The purpose of this bill is to extend Medicaid eligibility for pregnant women and infants under age one by increasing the income standard to 185 percent of the Federal poverty level.

The bill would also expand Medicaid eligibility to children under six years of age living in families below the Federal poverty level and to older children as permitted under optional Federal Medicaid rules.

Testimony in support of the bill was received from the Department of Human Services, the Department of Health, the Office of Children and Youth, the Legal Aid Society, National Association of Social Workers, and organizations concerned with the provision of basic health needs to Hawaii's pregnant women and to Hawaii's children.

Testimony presented by the Department of Health indicated that, "for every dollar invested in prenatal care, another \$3.38 could be saved in the first year of the infant's life alone." In addition, "the same dollar also saves \$11.00 over the lifetime of the child by preventing disabling conditions that require special education services and institutionalization."

Your Committee, upon reviewing the statistical evidence, finds that this critical program needs to be implemented as soon as possible. Therefore, your Committee has amended this bill to provide for sufficient funding and enactment of departmental rules within 90 days of the effective date of this Act.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 62, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 62, 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 Cobb.

SCRep. 1090 Human Services on H.B. No. 64

The purpose of this bill is to establish a special fund to be known as the Long Term Care Service Development Fund to promote the establishment, reorganization, or expansion of profit and nonprofit businesses offering community-based long-term care services.

The bill also requests a study of methods by which the private sector can increase effective participation in provision of community-based care and provides for training and business plan development.

The testimony received in support of the bill recognizes the necessary partnership between the public and the private sector and encourages the expanded private sector role. This testimony includes that from the Department of Business and Economic Development, the Executive Office on Aging, the Department of Health, the American Association of Retired Persons, and retired public health nurse, Loretta Schuler. Hawaii Association of Adult Day Care Centers identifies this bill as a conscientious effort in providing alternatives to our older population.

Your Committee on Human Services finds that the bill requires an amendment to conform with the DBED Capital Loan Program because current law prohibits that program from making loans to nonprofit corporations.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 64, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 64, 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 Cobb.

SCRep. 1091 Human Services on H.B. No. 362

The purpose of this bill is to expand the eligibility criteria for comprehensive home services, including the Nursing Home Without Walls Program, by amending the definition of "non-Medicaid recipient."

Currently, a non-Medicaid recipient must have an income of at least two hundred percent but not more than four hundred percent of the current medical assistance community income limit to qualify for comprehensive home services. In addition, the individual must have a personal reserve of at least one hundred percent but not more than four hundred percent of the current medical assistance limit for personal reserve retention.

This bill would change the income limit to a minimum of one hundred percent and not more than three hundred percent of the medical assistance community income limit, and would repeal the minimum personal reserve requirement.

Your Committee received supporting testimony from the Director of Human Services and other public and private agencies and individuals and finds that this bill will correct the eligibility criteria for comprehensive home services and make this kind of assistance more available to the income gap group who need them but do not qualify under the current definition of "non-medicaid recipient."

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 362, H.D. 2 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1092 Human Services on H.B. No. 604

The purpose of this bill is to provide an additional rate of payment for persons receiving medical assistance to institutional providers of medical care.

Your Committee finds this additional rate is necessary due to the shortfall between Medicare and Medicaid payments and the cost of services rendered by medical institutions. These payments have been severely limited by the federal government, and as a result, there is an increasing disparity between federal reimbursement and actual cost of services rendered by medical institutions.

It is further noted that medical institutions in this State have made significant and continuing efforts to contain their costs. However, in light of diminishing reimbursements for medical services to medical institutions and escalating costs of quality medical care, a widening gap exists whereby medical institutions are forced to absorb the difference.

Your Committee received testimony from many institutional providers of medical services, Healthcare Association of Hawaii, Founders Group of Kokua Council, the Chamber of Commerce, and additional supportive testimony from the Hawaii Nurses Association.

Your Committee, in recognition of the multiplicity of factors which are involved in rising health care costs, and not wishing to compromise quality of care, has amended H.B. No. 604, H.D. 2, to include statutory recognition of the profession of nursing as an integral part of the health care delivery system.

Therefore, your Committee has amended H.B. No. 604, H.D. 2 to include a new subsection relative to retention of registered and licensed practical nurses; a severability section; and the following appropriations: \$11,000,000 for fiscal year 1989-1990 and \$13,500,000 for fiscal year 1990-1991.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 604, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 604, 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 Cobb.

SCRep. 1093 (Joint) Agriculture and Health on H.B. No. 54

The purpose of this bill is to improve the protection of the public health from unsanitary and infectious wastes.

In recent years, the handling and disposal of solid wastes in landfills and the handling, treatment, and disposal of infectious wastes have been increasingly inadequate. Two important strategies found to alleviate the problems associated with these wastes are the promotion of special sorting and handling of certain wastes that can be recycled and the development of new regulations relating to infectious medical wastes.

Your Committees find that the public needs to be able to place confidence in the State's system of handling and disposing of infectious wastes. Steps need to be taken to reduce the amount of waste now being deposited in landfills and prevent incidental exposure of the public to infectious wastes, especially at a time when hepatitis B and AIDS are major public health concerns.

Your Committees have amended this bill by:

- (1) Deleting the word "medical" on page 2, line 15 and as pertinent in section 1 of the bill; and
- (2) Expanding the scope of health care facilities that are subject to the regulation of infectious wastes.

Your Committees on Agriculture and Health are in accord with the intent and purpose of H.B. No. 54, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 54, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Senators Aki and Mizuguchi.

SCRep. 1094 Health on H.B. No. 1709

The purpose of this bill is to revise the statutes concerning testing for blood alcohol content, driving under the influence of drugs, and related statutes.

Chapter 321, Hawaii Revised Statutes, pertaining to the Department of Health, contains no provision for testing for the presence of drugs in the blood for the purposes of highway safety or traffic code enforcement. This bill would add a provision for such testing.

Section 286-151, Hawaii Revised Statutes, concerns implied consent of drivers of motor vehicles or mopeds to testing to determine the alcohol content of their blood. This bill would expand the coverage of this section to include drugs and their metabolic products, and would amend the testing options provisions of this section to include blood testing for the presence of drugs or refusal of testing.

Section 286-152, Hawaii Revised Statutes, concerns persons qualified to take a blood specimen. This bill would amend this section to encompass testing for drugs, and would require records of the chain of custody of blood specimens to be kept and those records and the test results to be turned over to the police upon written demand.

Section 286-154, Hawaii Revised Statutes, provides that the consent of a person incapable of refusal is not withdrawn by reason of incapacity or death. This bill would amend this section to allow a blood specimen to be withdrawn and tested upon the written request of a police officer, without regard to certain statutory prerequisites, except that reasonable grounds must exist to believe the person was driving under the influence.

Section 286-160, Hawaii Revised Statutes, allows other competent evidence on the question of whether a person was under the influence of intoxicating liquor. This bill would expand the section to encompass drugs.

Section 291-6, Hawaii Revised Statutes, allows certain persons to make tests and analyses as requested by a police officer to determine if a person was under the influence of intoxicating liquor. This bill would clarify that the focus is

whether the person was operating a motor vehicle while under the influence and would expand the section to encompass drugs. Also, this bill would require that the person be "authorized," not "qualified," and defines the term "authorized person."

Section 291-7, Hawaii Revised Statutes, concerns driving under the influence of drugs. This bill would amend this section by adding a provision clarifying that implied consent and test results collection provisions in the statutes apply to testing for drugs but that testing by breath sample does not. Also, this section would be amended to require a person sentenced under that part to make restitution for the expenses of blood tests.

Section 663-1.9, Hawaii Revised Statutes, concerns the exception to liability now extended to an authorized person withdrawing blood at the direction of a police officer. This bill would expand this section to include testing for drugs.

Your Committee has heard supporting testimony from the Director of Health; MADD; the State Attorney General and the prosecutors and police chiefs of the City and County of Honolulu and the counties of Kauai, Maui, and Hawaii; and the State Department of Transportation. Your Committee heard opposing testimony from the American Civil Liberties Union. Virtually all of those testifying offered amendments to this bill and your Committee has adopted several of the amendments. Your Committee finds that, to protect the public, there is a need to expand the scope of the statutes concerning implied consent, testing for blood alcohol content, driving under the influence, and related statutes, to include drugs. At the same time, it is necessary to protect personal liberties of the accused.

Your Committee has amended this bill by:

- (1) Replacing Section 1 with an amendment of Section 321-161, Hawaii Revised Statutes, expanding its scope to include testing for current impairment from drugs or their metabolic products;
- (2) Inserting in Sections 286-151, 286-154, and 663-1.9 the phrases "current impairment resulting from" [the presence of drugs or their metabolic products in the person's blood] followed by "or other bodily substances," and by substituting "probable cause" for "reasonable grounds," as appropriate;
- (3) Substituting in Section 291-6, Hawaii Revised Statutes, "analytical services" for "medical services;"
- (4) Amending Section 291-7, Hawaii Revised Statutes, to provide that the term "drug" refers to items listed on schedules I through V of chapter 329, rather than I through IV;
- (5) Amending Section 663-1.9, Hawaii Revised Statutes, by expanding the exception to liability for an authorized person withdrawing blood at the direction of a police officer to cover the disclosure of test results, and any resulting damages, as well;
- (6) Making conforming amendments in Sections 286-155 and 286-163, Hawaii Revised Statutes; and
- (7) By making technical and language changes which have no substantive effect.

Your Committee also has amended this bill by inserting the substantive provisions of Senate Bill No. 83, S.D. 1, which your Committee passed previously. The purpose of Senate Bill No. 83, S.D. 1 was to provide standards for substance abuse testing.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1709, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1709, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 1095 Health on H.B. No. 1845

The purpose of this bill is to allow flexibility for the Division of County/State Hospitals to operate and meet the needs of the community and to provide quality health care at a reasonable cost to the people of the State.

Chapter 27, Part III, Hawaii Revised Statutes, currently governs operation and maintenance of county and public hospitals and related public health and medical facilities, county hospital management advisory committees, administration of hospitals, personnel recruitment and retention for county/state hospitals, and the establishment of special funds for the operating expenditures of public hospitals and related public health and medical facilities transferred to the State. Chapter 323, Part I, Hawaii Revised Statutes, contains general provisions concerning hospital and medical facilities including transfers of hospitals to the State, gifts to public hospitals, and special funds, as well as providing for the establishment of the Hilo Hospital, the Kauai Veterans Memorial Hospital, the Samuel Mahelona Memorial Hospital, and the Maui Community Hospitals.

This bill would change the name of the Division of County/State Hospitals to the Division of Community Hospitals, combine all major statutory provisions affecting the Division of County/State Hospitals into one new chapter, and repeal the statutes no longer applicable. Also, this bill would provide the division with flexibility to operate and enter into business relationships with nonprofit corporations for any component of its facilities.

Your Committee heard supporting testimony from the Director of Health and finds that it supports this bill with some amendments.

Your Committee has amended this bill by (1) inserting a new section 1 which provides for reimbursement of the general fund by county/state hospitals each fiscal year from any moneys remaining in their special funds accounts; (2) amending the powers of the department by deleting a clause in paragraph (2) pertaining to arranging for the closure of existing public health facilities, by adding to the transactions powers in paragraph (4) the proviso that the transactions further the public interest, by deleting language in paragraph (5) requiring that business ventures provide services and perform activities complementary to the public interest if they do not further the public interest, and by deleting paragraph (6) of the powers section concerning the character of and necessity for the department's obligations and expenditures; (3) deleting the provision in the section on personnel recruitment that provides the amount of a monetary incentive is not to

exceed one month's salary; (4) in the section concerning administration of public health facilities, deleting the date from the provision on exempt status for administrators and providing that leave without pay may, rather than shall, be granted to an administrator in certain circumstances; (5) deleting the word "competitive" from the phrase "shall impose and collect competitive rates, rents, fees, and charges," and deleting the phrase "while maximizing the income-producing potential of the division's public health facilities" in the section concerning revenues; (6) deleting from the section concerning the establishment of special funds the phrase "transferred to the State pursuant to this chapter," which limits the facilities required to establish special funds; (7) by reenacting section 323-1, Hawaii Revised Statutes; and (8) by making minor language and technical changes which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1845, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1845, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1096 Health on H.B. No. 837

The purpose of this bill is to clarify the intent of section 333F-16, Hawaii Revised Statutes, relating to voluntary readmittance of a person to Waimano Training School and Hospital.

As the statute presently reads, persons admitted to Waimano Training School and Hospital prior to July 1, 1987 are wards of the Director of Health and the Director is authorized to voluntarily admit them. Such persons would be deemed to have met the criteria for admission. A parent, guardian, or other interested person may petition the Family Court to remove the Director as guardian of any person committed on July 1, 1987.

Under this language, it could be inferred that the legislature intended only persons specifically admitted on July 1, 1987 to benefit from such petitions. The language would also appear to create a presumption that all persons committed to Waimano Training School and Hospital prior to July 1, 1987 were properly admitted.

This bill would delete the second reference to July 1, 1987 and provide that persons admitted by the Director prior to July 1, 1987 shall have met the criteria for admission. The intended effect of these changes is to entitle the parent or guardian of any person committed to Waimano Training School and Hospital to petition the Family Court to remove the Director of Health as guardian. However, the presumption still remains that the original admission was proper if the person is readmitted.

Your Committee received supporting testimony from the Director of Health, the Commission of the Handicapped, the State Planning Council on Developmental Disabilities, and the Judiciary, and finds that it was the intent of the legislature to allow any parent or guardian to petition for removal of the Director as guardian and to protect individuals from unnecessary institutionalization by providing that the fact that a person was once a resident shall not guarantee readmission.

Upon further consideration, your Committee finds that the Director of Health should have sole authority to make the decision to readmit a former resident based on admission criteria. The more appropriate role for the guardian or parent is to apply to the Director for readmission. Therefore, your Committee has amended this bill by providing that a parent, guardian, or other person or agency having legal custody over a minor may request that the minor be readmitted upon written application to the Director. If the person is an adult, the person or a court-appointed guardian of the person may request that the adult be readmitted upon written application to the Director. The presumption that the person meets admission criteria because of previous admission is deleted and the Director would decide on the basis of current information and evidence whether the person is a proper candidate for readmission.

Your Committee has further amended this bill by clarifying in section 560:5-601 that the definition of "ward" includes persons whom the family court has placed under the guardianship of the Director of Health pursuant to section 333F-11. This amendment will allow the Department of Health to address the needs and rights of the wards of the Department relating to sterilization.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 837, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 837, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 1097 Health on H.B. No. 1492

The purpose of this bill is to establish a Hawaiian genealogy bank to be administered by the Department of Health to provide consistent and accurate records of Hawaiian genealogy.

Your Committee received testimony in support of this measure from the Department of Health. The Department testified that there has been a great demand during the last five years at its Vital Records Section of the Research and Statistics Office for records of Hawaiian genealogy. Further testimony indicated that the preparation of genealogy charts is very useful in determining blood quantum of applicants for Hawaiian home lands, the Kamehameha Schools, and other benefits for persons of Hawaiian ancestry.

Upon further consideration, your Committee deleted the substance of H.B. No. 1492 and inserted language to create an interagency task force to develop a plan for a Hawaiian genealogy project and address the issues of Hawaiian genealogy.

Your Committee finds that the creation of this task force will provide a comprehensive plan to allow Hawaiians and native Hawaiians greater and easier opportunity to establish their ancestry.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1492, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1492, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1098 Health on H.B. No. 650

The purpose of this bill is to extend immunity from civil liability to ethics committees.

Ethics committees are defined as committees appointed by the administrative staff of a licensed hospital, the medical staff or its representative whose function is to consult, educate, review, and make decisions regarding ethical questions including decisions on life sustaining therapy.

Current law provides immunity from civil liability to peer review and hospital or clinic quality assurance committees and persons who file complaints with or appear as witnesses before such committees.

Your Committee received supporting testimony from the Director of Health, Healthcare Association of Hawaii, and the Medical Coalition for Tort Reform and finds that committees addressing decisions relating to life-sustaining therapy and other difficult problems should not be encumbered by fear of civil liability. This measure will help to insure that there is full and free discussion within a facility's ethics committee and remove one obstacle which may be preventing members from serving on such committees.

Your Committee has amended this bill by clarifying the definition of "ethics committee" and by making technical changes which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 650, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 650, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 1099 Judiciary on H.B. No. 548

The purpose of this bill is to increase participation in the electoral process by raising the compensation of precinct officials.

Your Committee finds that precinct officials provide their friends, neighbors, and community with an invaluable service, which is difficult to adequately compensate as it is more of an expression of commitment to the electoral process than simply pay for services rendered. The last increase in compensation for precinct officials was in 1982, which raised the pay of the average precinct official from \$45 to \$60.

When your Committee received testimony on parallel bill S.B. 35, it was suggested that the provision in Section 11-76 concerning alternate precinct workers could be interpreted to mean that an alternate must stand by for both the primary and general election to receive the \$5.00 stipend. Your Committee has amended this bill to conform with S.B. 35, S.D. 2, which incorporates a change to make it clear that an alternate is paid a stand-by stipend for each election. Your Committee has also amended the bill by appropriating \$108,195 to be expended by the Office of the Lieutenant Governor for the purposes of this measure.

Your Committee has also amended this bill to address another matter which may affect the participation of the public in elections: campaign spending.

Based upon the testimony previously received by your Committee on this area, as well as the Committee's own research into the application of federal election laws in the state and local election campaigns, it appears necessary to enact state campaign contribution limitations. These limitations preclude all contributions by foreign nationals, and direct contributions by federally-chartered corporations and national banks.

Your Committee is convinced that the issue of foreign campaign contributions must be addressed now to avoid the erosion of public confidence in the democratic process in terms of foreign influence on state and local elections. This bill attempts to accomplish this goal by clearly defining which persons and entities are foreign nationals, and by prohibiting contributions from them.

Since the federal government may unquestionably limit the activities of federally-chartered corporations and national banks, the bill mirrors federal election law by prohibiting solicitation and receipt of direct contributions from those entities. However, your Committee wishes to stress that contributions by federal savings banks, savings and loans, and other federally-chartered institutions are permitted under this bill through the use of political action committees and other mechanisms as is currently the case under federal law.

While the contributions prohibited under this section are the same as those which the federal government contends are illegal in state or local elections under its laws and regulations, your Committee wishes to make it completely clear that this bill is not intended to demonstrate any acquiescence to that contention.

On the contrary, the Legislature wishes to send a signal that it does not necessarily recognize federal jurisdiction in this area, and is therefore free to create an independent Hawaii campaign contribution law. The changes enacted in this bill to the Hawaii campaign contribution law will create uniformity between federal, state, and local election requirements, thereby reducing the possibility of confusion by candidates and campaign organizations. It was for this reason that the office of the Lieutenant Governor submitted testimony in favor of these contribution limitations.

Although your Committee solicited and received testimony concerning various methods of verifying the legitimacy of campaign contributions it was unable to establish a simple but effective method in time for inclusion in this bill. Creation of appropriate regulations is therefore delegated to the Hawaii Campaign Spending Commission, based upon its expertise in the area of campaign contribution controls and reporting.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 548, H.D. 2, as amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 548, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Chang, Cobb and Nakasato.

SCRep. 1100 (Majority) Judiciary on H.B. No. 235

The purpose of this bill is to encourage open and fair elections. As received, the bill establishes a Fair Campaign Practices Commission, which receives, reviews, and issues findings on complaints of unfair campaign practices. The Commission will be placed within the Lieutenant Governor's Office for administrative purposes.

This measure represents an attempt to address concerns relating to the increased use of "unethical" or "unfair" campaign practices by creating a public forum in which candidates can receive a quick, unbiased hearing and resolution of complaints.

At the hearing on this bill held March 14, 1989, your Committee received testimony from law enforcement agencies expressing concern about their anticipated role in enforcing the fair campaign practices code under the bill's prosecution provisions. It was suggested that the prosecution provisions be removed, since this bill does not create any new criminal sanctions, and the Attorney General and county prosecutors already have authority to pursue criminal sanctions under other applicable election laws. Moreover, the prosecution provisions contained in this bill as presently drafted are ambiguous in terms of their intent and purpose. Therefore, your Committee has deleted these provisions from the bill.

Your Committee has amended the bill to require that the Fair Campaign Practices Commission adopt rules which will provide for the expedited hearing of complaints received less than seven days before an election. This will address the problem of last-minute "smears" which cannot be handled under the normal Commission procedures.

The bill has also been amended to limit the immunity of commission members and staff where malicious and unlawful actions are taken, to provide for enforcement of commission subpoenas, and to make technical revisions.

In addition, your Committee has added provisions to address two other major concerns in the area of campaign ethics: receipt of contributions and voluntary participation by government officers and employees.

Based upon the testimony previously received by your Committee in this area, as well as the Committee's own research into the application of federal election laws in state and local election campaigns, it appears necessary to enact state campaign contribution limitations. These limitations preclude all contributions by foreign nationals, and direct contributions by federally-chartered corporations and national banks.

Your Committee is convinced that the issue of foreign campaign contributions must be addressed now to avoid the erosion of public confidence in the democratic process in terms of foreign influence on state and local elections. This bill attempts to accomplish this goal by clearly defining which persons and entities are foreign nationals, and by prohibiting contributions from them.

Since the federal government may unquestionably limit the activities of federally-chartered corporations and national banks, the bill mirrors federal election law by prohibiting solicitation and receipt of direct contributions from those entities. However, your Committee wishes to stress that contributions by federal savings banks, savings and loans, and other federally-chartered institutions are permitted under this bill through the use of political action committees and other mechanisms.

While the contributions prohibited under this section are the same as those which the federal government contends are illegal in state or local elections under its laws and regulations, your Committee wishes to make it completely clear that this bill is not intended to demonstrate any acquiescence to that contention.

On the contrary, the Legislature wishes to send a signal that it does not recognize federal jurisdiction in this area, and is therefore free to create an independent Hawaii campaign contribution law. The changes enacted in this bill to the Hawaii campaign contribution law will create uniformity between federal, state and local election requirements, thereby reducing the possibility of confusion by candidates and campaign organizations. It was for this reason that the Office of the Lieutenant Governor submitted testimony in favor of these contribution limitations.

Although your Committee solicited and received testimony concerning various methods of verifying the legitimacy of campaign contributions, it was unable to establish a simple but effective method in time for inclusion in this bill. The creation of appropriate regulations is therefore delegated to the Hawaii Campaign Spending Commission, based upon its expertise in the area of campaign contribution controls and reporting.

Your Committee has also become aware of a law under which government employees and officials are not permitted to hand "any money or things of value on account of or to be applied to the promotion of any political object whatsoever" to another employee or official, even if the exchange is voluntary, takes place off State premises, and is during the persons' non-work time.

Given the substantial protections against coercion already available under the civil service and ethics laws, this provision is unnecessary and contrary to the intent of the legislature to allow full and free access to the political process by all eligible persons. Testimony was received previously on S.B. 1669, which addressed the same problem. Based on that testimony, your Committee has amended the bill to repeal this provision.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 235, H.D.2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 235, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Chang, Cobb and Nakasato.
Senator Reed did not concur.

SCRep. 1101 Judiciary on H.B. No. 1701

As originally introduced, this bill was intended to appropriate funds to agencies which service juvenile status offenders, law violators, and children-at-risk. (Standing Committee Report No. 394 (House Judiciary).) The House of Representatives amended the bill to make its purpose the creation of a single entity to provide and coordinate services to youth. (Id.)

Your Committee has reviewed the House proposal, and has serious questions about its constitutionality. The entity proposed is a corporation administratively attached to the legislature. The corporation is invested with direct service-delivery capability, oversight and control over executive branch agencies, and the quasi-judicial authority to issue subpoenas. This approach raises significant separation-of-powers questions.

Further, your Committee believes that additional research is necessary to determine if using a corporate form may pose problems with respect to its ability to acquire necessary records under state and federal confidentiality provisions, as well as jeopardize the continued availability of federal funds to carry out the services which are to be placed within the corporation. While your Committee received testimony at its March 17, 1989 hearing suggesting that some of these problems could be addressed by converting the proposed entity into a planning office or by deleting the separate entity altogether, your Committee believes strongly that a unified youth services program is required.

Therefore, your Committee has amended this bill to follow the approach previously taken in S.B. 783, which addresses the same subject area. Your Committee believes that some aspects of the House proposal bear further scrutiny for possible reincorporation into this bill.

As amended, the bill appropriates \$660,904 to the office of youth services and requires the office to develop operational and organizational plans that will serve as blueprints for the transfer of specific programs from the department of corrections, department of human services, department of health, and the family court. The bill requires that the plans be submitted to the legislature for consideration during the 1991 regular session and states the legislature's intent that the office of youth services encompass the types of functions that were addressed in the original version of S.B. 783, except for the detention facilities function.

Your Committee has also amended this bill to incorporate the important funding provisions contained in S.B. No. 915 for juvenile offender services. As noted in the bill, funds for ocean/wilderness programs and training are to be used by the office of youth services upon its establishment.

The bill also provides for the expansion of the membership of the juvenile justice interagency board to include the police chiefs and prosecutors of all counties to assure broad-based representation.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1701, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1701, H.D. 2, S.D. 1 and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Chang, Cobb and Nakasato.

SCRep. 1102 Judiciary on H.B. No. 1717

The purpose of this bill is to carry out the mandate of Article VI, Section 3, of the Hawaii State Constitution by establishing a judicial salary commission. The commission is empowered to review and recommend salaries, with reports submitted to the legislature, governor, and chief justice prior to the legislative session considering the biennial budget. The chief justice is required to submit the recommendation as part of the judiciary's budget proposal, with the salary amounts in the budget as enacted taking precedence over inconsistent statutes.

Your Committee finds that the mechanism proposed in this bill will help to promote the recruitment and retention of qualified judges by ensuring that judicial salaries are reviewed on a regular and systematic basis.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1717 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 Chang, Cobb and Nakasato.

SCRep. 1103 Judiciary on H.B. No. 1340

The purpose of this bill is change the current schedule of fees charged for service of court process, so that fees described in the statute would be maximums, rather than fixed amounts.

Your Committee finds that this measure would permit process servers to charge less than the amount specified in the current schedule, thus fostering healthy competition and helping to reduce court costs for citizens who need access to the court system.

Your Committee held a hearing regarding this bill on March 14, 1989. Favorable testimony was received from the Hawaii State Bar Association, which stated that this bill would be of benefit, particularly if H.B. 536 were enacted to allow for licensed private process servers. The Hawaii Collector's Association also gave favorable oral testimony on this bill.

A technical, nonsubstantive amendment was made to conform the bill to the style of the current statutory provision.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1340, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1340, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1104 Judiciary on H.B. No. 1718

The purpose of this bill is to amend the law concerning supreme court justices and intermediate court of appeals, circuit court and district court judges.

Your Committee strongly supports the establishment of adequate financial incentives to make service on the courts of this State appealing to qualified and experienced practitioners. Your Committee finds that judicial salaries should be evaluated on a comprehensive basis in light of any proposed executive branch salary increases, as well as the projected outcome of collective bargaining with the public employee unions. Pending an accurate estimate of these salaries, your Committee has retained the \$1 salary allocations contained in the bill.

On the other hand, your Committee feels strongly that the increase in salaries envisioned by this bill should be accompanied by an increase in the public's input into the process of selecting judges. For that reason, your Committee has amended the bill to include a constitutional amendment which will confer upon the governor the authority to appoint district court judges, subject to the advice and consent of the Senate. This amendment is substantively identical to S.B. 27, which was previously heard and passed out by your Committee.

Your Committee also made technical, nonsubstantive amendments.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. 1718, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 1718, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1105 Judiciary on H.B. No. 152

The purpose of this bill is to amend Section 607-9, Hawaii Revised Statutes, to define some of the disbursements which may be taxed as costs incurred in a suit, action or other legal proceeding.

Your Committee received testimony in support of this measure from the Hawaii Academy of Plaintiffs' Attorneys at the hearing on this bill held March 14, 1989.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 152 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1106 Judiciary on H.B. No. 189

The purpose of this bill is to make an appropriation for the Judiciary during the fiscal biennium of 1989-1991.

This budget was previously submitted to your Committee as S.B. No. 745. In reviewing this budget, your Committee worked closely with the Administrative Director of the Hawaii State Judiciary, and the Legislative Auditor. The budget has been amended to achieve the goals of sound management and well-defined fiscal policies for the Judiciary.

In January of 1989, the Legislative Auditor issued its management and fiscal audit of the Judiciary. The Committee has worked to assure that the budget addresses the problem areas identified in the management and financial audit.

To this end, the budget has been amended:

- To contain a proviso mandating that the Judiciary implement specific recommendations of the Audit by the next legislative session. The Legislative Auditor is to report back to the Legislature on the extent to which the Judiciary has complied with this mandate.

- To establish a key position recommended by the audit: A chief information officer to develop and oversee the implementation of a plan to assess the Judiciary's computer needs and requirements, coordinate and evaluate computer purchases, and to integrate computer systems.
- To provide the Administrative Director with three key administrative positions requested by the Judiciary: a Planning and Budget Administrator to oversee the planning functions; a temporary Administrative Assistant to the Administrative Director; and a C.I.P. Coordinator to work with the Department of Accounting and General Services on the plan, design, and construction of new court facilities. These administrative positions should assist the Administrative Director in addressing the Audit recommendations.
- And to require the Judiciary to submit a detailed report to the legislature on any fund transfers and expenditures of savings that take place prior to the next legislative session.

Through the budget process, the Committee has carefully screened proposed computer purchases by approving only those requests deemed absolutely necessary to handle the Judiciary's backlog and workload problems. Otherwise, the Committee followed the recommendations of one of the Auditor's consultants that computer purchases be put on hold until the Judiciary develops a comprehensive computerization plan.

This Committee amended the budget to fund the Judiciary's purchase of service contracts for fiscal year 1989-1990. Purchase of service contracts for the period of 1990-1991 are made subject to the approval of the Legislature. Prior to the start of the 1990 legislative session, the Judiciary is to provide the Legislature with a complete, detailed plan on how the Judiciary will monitor all purchase of service providers. This plan shall include procedures to evaluate the functions and effectiveness of all programs covered by each purchase of service contract.

Members of the Committee have expressed some concern over the past accumulation of savings in the Judiciary's budget, which were diverted to other uses. Your Committee believes that all monies budgeted to the Judiciary should, to the maximum extent possible, be used for the purposes set forth in the budget. All monies not expended for a specified purpose are to be used only in the same manner as is customary in the Executive Branch.

Your Committee has adjusted the position counts and appropriations in the programs identified as JUD 101, JUD 111, JUD 112, JUD 121 and JUD 201 to reflect the information provided to your Committee on the budget, as well as the effect of the various provisos which have been included in this bill.

The provisos contained in Sections 4 through 10 and 12 of this bill have been deleted. The Capital Improvements Projects appropriation in Section 17 has been altered. Sections 18 and 19 of the bill have been deleted. The general obligation bond ceiling has also been amended.

A proviso has been added requiring reports on allotments and transfers of monies from the project adjustment fund. The proviso requiring reports of general funds transfers to the driver education special fund has been amended to require reports at a specific time before the start of the legislative session. A proviso has also been added to require a report to the Legislative Auditor regarding the Judiciary's management information system.

The bill has been renumbered. Other changes have been made to clarify language and conform with style requirements.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 189, H.D. 2 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 189, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Chang, Cobb and Nakasato.

SCRep. 1107 Judiciary on S.B. No. 552

The purpose of this bill is to: (1) increase the number of associate judges of the State Intermediate Court of Appeals; and (2) appropriate funds to accommodate the additional staff.

It is your Committee's understanding that the Judiciary only plans to add one judge to the Court at this time. Therefore, the bill has been amended to add a single judge and related staff. The appropriation amount has also been altered to reflect this reduction in the proposed staff.

During its February 9, 1989 hearing on companion bill S.B. 729, your Committee received testimony from the Judiciary that increasing the number of judges on the State Intermediate Court of Appeals from three to four will allow that court to hear arguments in rotating panels of three judges, effectively freeing one judge to work on research and opinion drafting. This will allow the court to more efficiently and expeditiously dispose of the increasing number of appeals which will be referred to it.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 552, as amended, and recommends that it pass Second Reading in the form attached hereto as H.B. 552, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Chang, Cobb and Nakasato.

SCRep. 1108 Judiciary on H.B. No. 43

The purpose of this bill is to establish a Center for Alternative Dispute Resolution, making alternative dispute resolution (ADR) a feature of State government. The Center's function would be to resolve complex civil disputes involving state agencies.

Your Committee received testimony in support of this bill from the Judiciary, Department of the Attorney General and the Hawaii Academy of Plaintiff's Attorneys. During the hearing on March 17, 1989, your Committee was advised by the Judiciary that the \$160,000.00 annual appropriation in this bill duplicates funds now combined in the Judiciary's proposed biennium budget. To avoid the possibility of over-appropriating funds for this program, your Committee has inserted a temporary appropriation figure of \$1 into the bill.

Your Committee has also amended the bill to allow for legislative review of the efficacy of the ADR program by sunseting this Act at the end of the 1989-1991 biennium. The Committee is concerned that more empirical data is needed to demonstrate the effectiveness of the ADR program before it is made permanent. Sunseting this Act at the end of two years will allow the program time to develop data to justify its continued existence.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 43, H.D. 2, as amended, and recommends that it pass Second Reading in the form attached as H.B. No. 43, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Chang, Cobb and Nakasato.

SCRep. 1109 Judiciary on H.B. No. 630

The purpose of this bill is to effect a number of changes to Hawaii's election law. The bill was introduced in the House at the request of the Lieutenant Governor. When received by your Committee, however, a number of provisions had been deleted.

Your Committee held a hearing on March 17, 1989, at which the Lieutenant Governor requested that many of the deleted provisions be restored. He also requested the addition of statutory language which would vest the Attorney General with authority to determine the validity of any challenge to the qualifications of a candidate for the Office of Lieutenant Governor.

Upon consideration of the Lieutenant Governor's requests, your Committee has amended this bill. In its amended form, the bill will:

- (1) Grant the chief election officer the power to hold special elections to fill vacancies which occur in circumstances not otherwise covered in the election law;
- (2) Increase the penalties for voter registration fraud;
- (3) Redefine and clarify the responsibilities, powers, and jurisdiction of the chief election officer, county clerks, and other election officials;
- (4) Allow voters with questionable addresses to verify their voter registration;
- (5) Provide election officials more flexibility to effect the transfer of registered voters who move;
- (6) Allow voters to register and vote on election day;
- (7) Clarify the rights of aggrieved persons to appeal decisions by the county clerks and boards of registration;
- (8) Prohibit members of the board of registration from running for office;
- (9) Exempt board of registration hearings from the contested case requirements of the Hawaii Administrative Procedure Act;
- (10) Repeal the "sunset" of the authorization to use sixteen- and seventeen-year-olds as precinct workers and redefine the date on which they become eligible for employment;
- (11) Require that employers give notice to employees of their right to take time off to vote, and require the Lieutenant Governor to compile the notice;
- (12) Modify the procedures for filling vacancies caused by candidate or officeholder withdrawal, death, or disqualification;
- (13) Establish a mandatory tie-breaking system;
- (14) Allow nomination papers to be made available earlier;
- (15) Extend the period during which the chief election officer or county clerk may object to the validity of candidates' nomination papers;
- (16) Reduce the number of votes a nonpartisan candidate must receive in the primary to be placed on the general election ballot;

- (17) Redefine the statutory definition of the board of education districts to conform with the latest redesignation of representative districts;
- (18) Adjust the procedural timetable for filling vacancies in the state senate, board of education, and office of Hawaiian affairs; and
- (19) Repeal section 17-5, Hawaii Revised Statutes, relating to procedures in the event of a failure to elect.

The bill also appropriates \$35,000 for fiscal year 1990-1991 to implement these changes.

Your Committee finds that this bill is necessary to streamline and update present statutory provisions relating to the State's election laws.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 630, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 630, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Chang, Cobb and Nakasato.

SCRep. 1110 Business Development and Pacific Relations on H.B. No. 15

The purpose of this bill is to encourage the development of a software industry in Hawaii directed at the market for customized applications development in the United States and elsewhere.

Chapter 206M, Hawaii Revised Statutes, currently provides for the High Technology Development Corporation. This bill would amend the provisions of that chapter by adding a new provision empowering the corporation to encourage the development of a software industry. This bill also would mandate the corporation to conduct educational workshops and training sessions of other types, to develop a plan to assist software development companies in marketing their software and services, and to review existing state policies and laws governing contracts for computer software and recommend changes to assist local software businesses. This bill provides an appropriation of \$100,000 over two years for these purposes.

Your Committee heard supporting testimony from the High Technology Development Corporation; Robin & Dackerman, Inc., an information management and telecommunications consulting firm; and from the Information Industry Association of Hawaii and finds that a software industry will benefit the State by providing employment opportunities and the production of items for both local use and export throughout the Pacific Basin.

Your Committee has deleted portions of this bill which appeared unnecessary for the purpose of the bill, including much of the introductory language in Section 1 and Sections 2 and 3 and has inserted a new Section 2 which authorizes the High Technology Development Corporation to establish a plan for the development of a software industry in Hawaii and conduct workshops for input and review of the plan. Your Committee has reduced the appropriation amount to \$1.00 for further consideration of the amount to be appropriated and has designated the Department of Business and Economic Development as the expending agency instead of the Department of Budget and Finance.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 15, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 15, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator George.

SCRep. 1111 Business Development and Pacific Relations on H.B. No. 12

The purpose of this bill is to clarify and redefine certain terms used to exempt from the general excise tax the activities of certain stock exchanges. In addition, it will extend the exemption to June 30, 1992.

Your Committee received testimony from various public and private sector persons in support of the bill. The Department of Taxation and interested members of the private sector testified that the description of stock exchange activities that are specifically exempted from the general excise tax under Section 237-24.5, Hawaii Revised Statutes (HRS), do not accurately reflect the contemplated activities of the exchange. Furthermore, they do not fully describe the activities of an exchange governed by the Securities and Exchange Commission or the federal Commodities Futures Trading Commission.

Your Committee has amended the bill to include within the exempt activities the sale of commodities which are permitted by the federal Commodities Futures Trading Commission under the federal Commodity Exchange Act. The provisions of the law have also been extended to cover all exchange activities both in Hawaii, on the mainland, and in foreign countries. The Department and the private sector agree that the exemption should be expanded to cover these possibilities in order to encourage the greatest exchange activity possible. Although the State is not able to tax activities outside the State, it is felt that they should be reflected in this statute.

The exemption for trade processing has been expanded to include amounts received for keypunching, record keeping, post cashing, and notarization. The exemption for membership dues has been expanded to include fees, charges, assessments, and fines received by the exchange for membership privileges and support services. A new exemption has been added for service fees received by the exchange for certain services provided by the exchange. Your Committee finds that the exchange exemption is to apply to unique exchange activities as opposed to rentals for facilities and equipment where the exchange is in direct competition with the private sector businesses. In drafting the above provisions

regarding amounts received by the exchange, care was taken to include only those services provided by an exchange as opposed to those furnished or which could be furnished by other businesses.

Your Committee has redrafted the exemption for exchange member commissions. As presently drafted, it appears that in application there could be constitutionally prohibited discrimination between exchange and nonexchange brokers. As originally drafted and as redrafted by your Committee, the exemption is to apply only to transactions which occur on and are unique to an exchange. For example, the exemption is not to apply to transactions between a broker and a customer, nor is the exemption to apply to a transaction in which a customer asks a broker to purchase securities and the broker in turn requests another broker to purchase those securities because the second broker has a seat on the Honolulu exchange or has access to a mainland or foreign exchange.

The transactions on an exchange which generate commissions which are to be exempt occur as follows: A broker with a seat on an exchange will take or receive orders to execute on the exchange. The broker will then either execute those orders, or more likely will transmit the order to a specialist or market maker to actually execute the order. It is the commissions received by the specialist or market maker in executing the order on the exchange which are meant to be exempt. In the case of the broker, if an additional commission is generated by the broker's activities on the exchange by acting as a specialist or a market maker, then that additional commission would be exempt. If no additional commission is generated, then there would be no exemption. It should be noted that the reference to specialists and market makers is not intended to be exhaustive as there are other persons who assist in market activities on the exchange.

Your Committee has also amended the definitions to reflect the intent of extending the provisions of the statute to mainland and foreign exchanges. Your Committee has also added an exemption for the proceeds of sale of memberships on the exchange.

Your Committee has made other technical amendments to conform the statutory provisions with the main amendments already discussed, and has set forth the amendment to Section 237-3, HRS, before the amendments to Section 237-24.5, HRS to reflect proper drafting style.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 12, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 12, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator George.

SCRep. 1112 Business Development and Pacific Relations on H.B. No. 1879

The purpose of this bill is to amend existing statutes to clarify terminology and eligibility criteria to ease implementation of the enterprise zones program.

Chapter 209E, Hawaii Revised Statutes, governs enterprise zones. This bill would clarify the applicability of the general excise tax exemption, the criteria used to determine eligibility of branch operations for enterprise zone incentives, the census criteria used to determine zone boundaries, and the income criterion used to determine eligibility for zone status. In addition, this bill would decrease the annual employee increase percentage needed to qualify for zone incentives and would make language changes to clarify the statutes.

Your Committee heard supporting testimony from the Department of Business and Economic Development and the Department of Taxation. Your Committee also heard testimony from the Mayor's Office, City and County of Honolulu and from the Hawaii Food Industry Association, who had concerns about this bill.

Your Committee has amended this bill by including service businesses under the definition of "qualified business," and by deleting the phrase "or sale" from the same definition. Your Committee also eliminated the reduction in the percentage of increase of the average number of full-time employees required to be designated a "qualified business" and deleted the new phrase "every year the establishments are eligible" from the same section (Section 209E-9(b)(3)), while adding a requirement that the higher level of employment be maintained during each subsequent taxable year. Finally, your Committee has deleted the proposed new subsection (e) to section 209E-9 and corrected the numbering of Sections 6, 7, and 8 to 5, 6, and 7.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 1879, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1879, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator George.

SCRep. 1113 Business Development and Pacific Relations on H.B. No. 1860

The purpose of this bill is to create a special fund to allow the High Technology Development Corporation to operate and manage its revenue-producing projects, including the Kaimuki Technology Enterprise Center, Hawaii Ocean Science and Technology Park, the Manoa Innovative Center, and the Maui Research and Technology Center.

Chapter 206M, Hawaii Revised Statutes, currently governs the activities of the High Technology Development Corporation. This bill would amend that chapter by adding provisions for a high technology special fund and for board meetings, including executive sessions under certain circumstances. It also would add film production to the list of appropriate activities for industrial parks and would add the power to acquire property. Finally, this bill would add lease and sublease agreements to the list of activities of the development corporation not subject to competitive bidding.

Your Committee heard supporting testimony from the High Technology Development Corporation and finds that the composition of the governing board for the corporation does not foster inclusion of the vast range of knowledge which exists in each specialized high technology area. Such knowledge would enhance the operation and management of each industrial park or project governed by the board. Your Committee therefore has amended the bill to require the board to appoint advisory management committees for each park or project.

Your Committee also has deleted the inclusion of "film production" as an appropriate activity in an industrial park. The present posture of the State in relation to the film, videotape, and digital imaging industries requires visionary, active, and expansive reformation. Your Committee is concerned that the inclusion of film production within the corporation will result in its subordination, rather than elevation, in relation to other high technology activity.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 1860, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1860, 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. 1114 Business Development and Pacific Relations on H.B. No. 763

The purpose of this bill is to make technical changes to Chapter 206P, Hawaii Revised Statutes, and to provide the employees of the Hawaii Information Network Corporation (Hawaii INC.) with the same employee benefits package as the employees of the State government.

Your Committee received testimony in support of this bill from the Director of Finance and the Information Industry Association of Hawaii.

Your Committee finds that including the employees of Hawaii INC. into the State Employees Benefit Program would relieve the Board of Directors of Hawaii INC. from the tremendous burden of establishing a benefits program and would enable Hawaii INC. to focus its energy on the development of private information services and providers.

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. 763, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 763, 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. 1115 Business Development and Pacific Relations on H.B. No. 1438

The purpose of this bill is to encourage public and consumer education and awareness of telecommunications and promote the development of information services by the public sector.

This bill would appropriate funds to develop a plan for state information services, to develop and implement a pilot videotex information service program, for a conference on future economic development held by the high technology development corporation (HTDC) and to provide terminals in public libraries that would provide government information services.

Your Committee received testimony in support of this bill from the Department of Health, Department of Budget and Finance, Hawaii State Public Library System, State Librarian, High Technology Development Corporation, Hawaii Medical Library, League of Women Voters of Hawaii and the Information Industry Association of Hawaii.

Your Committee has amended the bill by reducing the amount of the appropriations in the bill to \$1 and by deleting the expending agency section. Your Committee intends that further discussion will occur in the Committee on Ways and Means.

Your Committee has also reworded the purpose section for purposes of clarity.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 1438, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1438, 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. 1116 (Joint) Business Development and Pacific Relations and Tourism, Recreation and Planning on H.B. No. 1801

The purpose of this bill is to abolish the Aloha Tower Development Corporation and to transfer the responsibility of the Aloha Tower complex to the Hawaii Community Development Authority, and to incorporate the Aloha Tower complex into the Kakaako Community Development district.

Your Committees amended this bill by: (1) deleting the area makai of Ala Moana Boulevard from the Kakaako Community Development District; and (2) designating said area makai of Ala Moana Boulevard, the Aloha Tower area, and adjacent waterfront areas as a new community development district to be known as the Honolulu Waterfront Community Development District.

Specifically, your Committees added a new part to chapter 206E, Hawaii Revised Statutes, (HRS), which establishes the purposes, boundaries, development policies and restrictions of the Honolulu Waterfront Community Development District, and creates a Honolulu Waterfront fund. Your Committees also added another new part to chapter 206E, HRS, which authorizes the issuance of revenue bonds to finance project costs for the Honolulu Waterfront Community Development District.

Your Committees further amended the bill by: (1) including an appropriation of \$200,000,000 out of revenue bond funds; (2) providing that all development rules previously adopted by the Aloha Tower Development Corporation shall continue in full force and effect; (3) providing that rules adopted by the Hawaii Community Development Authority (HCDA) be pursuant to chapter 91, HRS; (4) authorizing that any plans and related rules approved by the HCDA be effective until approval of a Honolulu Waterfront Community Development District plan; and (5) making technical, nonsubstantive amendments to conform with recommended drafting style.

Your Committees on Business Development and Pacific Relations and Tourism are in accord with the intent and purpose of H.B. No. 1801, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1801, 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 Ikeda, Cobb, Nakasato and George.

SCRep. 1117 Business Development and Pacific Relations on H.B. No. 1299

The purpose of this bill is to appropriate \$500,000 for fiscal biennium 1989-1991 to be expended by the Department of Business and Economic Development to support the Hawaii International Film Festival.

Your Committee has amended this bill by deleting the substance and inserting an appropriation of \$4. for discussion purposes, which would be expended by the Department of Business and Economic Development for the following activities:

- (1) The Hawaii International Film Festival;
- (2) Promotion of the Film Industry in Hawaii;
- (3) Funding of local motion picture and video productions; and
- (4) Financial incentives to major film production companies seeking to produce films in the State by defraying their expenses.

As amended, this bill is similar to S.B. No. 2029, S.D.2, without the specific dollar amounts.

Your Committee finds that there is a need to develop industries other than tourism in order to protect and expand our economic base for future generations. The film and video industries carry with them the potential to generate millions of dollars in Hawaii and contribute substantially to the tax base. In addition, these industries are considered clean industries and can provide many jobs for Hawaii's residents. The Hawaii International Film Festival is but one film-related activity which is deserving of public support. By amending this bill, your Committee is expressing its desire that Hawaii take full advantage of its natural attributes and the opportunity to expand its international and intercultural understanding and relationships through full participation in the motion picture and video industries.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 1299, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1299, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator George.

SCRep. 1118 Business Development and Pacific Relations on H.B. No. 70

The purpose of this bill is to establish a State Office of International Affairs to develop, direct, and coordinate the international activities of the State.

Your Committee finds that the State's involvement in international activities is significant and that leadership and expertise are necessary to maximize the results of efforts currently being made and to help in the development of new initiatives.

Your Committee has amended the bill by: (1) substituting the word "transnational" for "international", "commission" for "board"; (2) deleting paragraph -3(1) in part, regarding the office serving as the principal agency responsible for the development, direction and coordination of programs, policies, and activities, and instead requiring the office to brief public officials on such programs, policies and activities; (3) adding a new paragraph requiring the office to coordinate protocol programs for state government; (4) requiring three instead of two members to be appointed by the Speaker and President of the Senate; (5) requiring the commission instead of the Governor to select the chairperson; (6) establishing the commission term for three instead of two years; (7) developing uniform protocol procedures for the executive branch instead of for state government; (8) deleting termination provisions regarding sister-state agreements; (9) deleting the proposed section on "Powers of other departments and agencies"; and (10) adding a new section requiring the Department of Business and Economic Development to be the lead agency for international business activity.

The bill has also been amended to delete the specific amount appropriated in order that further consideration can be given to the amount to be appropriated.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 70, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 70, H.D. 3, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator George.

SCRep. 1119 Business Development and Pacific Relations on H.B. No. 9

The purpose of this bill is to create an organization to further encourage economic development and diversification in Hawaii through innovative actions in partnership with private enterprise.

This bill would create the Hawaii Strategic Fund, to further encourage economic development and diversification in Hawaii, with duties including establishing and operating programs for research and development, seed capital assistance, venture capital, product development, capital access, and financial services.

After due consideration, your Committee finds that it supports the basic purposes of this bill but prefers to focus this bill on small, high technology businesses in the software and film industries. Accordingly, your Committee has amended this bill by:

- (1) Substituting the findings of S.B. No. 848 for those in this bill;
- (2) Renaming the Hawaii Strategic Fund the Hawaii Technology Finance Corporation;
- (3) Adding definitions in Section 2 for "direct investment" and "small business," deleting the definitions of "research and development enterprise" and "venture capital investment," and amending the definitions of "economic development project," "minority-owned businesses," and "seed capital;"
- (4) Deleting the purpose for the Hawaii strategic fund and subsequent substantive provisions concerning the fund (page 5, line 22 through page 12, line 11) and inserting purpose language and substantive provisions from S.B. No. 848 (page 3, line 5 through page 7, line 8);
- (5) Deleting the fund's business and industry evaluation duties (page 12), and substituting instead a duty to provide seed capital to the high technology and film industries;
- (6) Amending the requirements for significant private sector financial support to except grants and direct investments, deleting support for "a product" and deleting the provision requiring the association of private sector financial support with the provision of any loan or lease insurance, guarantee, or letter of credit being provided by the fund, and substituting "seed capital" for "assistance" (pages 14 and 15);
- (7) Amending the section on limitations on debt owed (page 15) by increasing the amount of assets the finance corporation may invest in any one enterprise from five percent to fifty percent, substituting the phrase "excluding rights and royalties from an investment" for "excluding rights and royalties under a venture capital agreement," and inserting language to include grants as well as investments in the debt total;
- (8) Deleting the provision (page 15) allowing the fund to contract for management and operation services;
- (9) Amending the requirement that the fund evaluate programs after three years to require annual evaluations (page 15);
- (10) Amending the prohibition against the fund's making direct investments in individual businesses except with a two-thirds vote of the board, to allow the finance corporation to make direct investments (page 15);
- (11) Amending the considerations for entering into a transaction (page 16), and adding thirteen additional considerations (taken from S.B. No. 814 and S.B. No. 848);
- (12) Requiring the corporation to observe civil service regulations in its staffing (page 16);
- (13) Funding the program for seed capital assistance through legislative appropriations, rather than through an account, eliminating the transfer of money from one account to another, and requiring the corporation to return income from investments or repayment of grants or other contributions to the State (page 20);
- (14) Allowing the corporation to engage in either co-ventures or direct investments;
- (15) Deleting the program for venture capital (page 22), the program for product development (page 24), the program on capital access (page 28), and the program for financial services (page 33);
- (16) Reducing the appropriation from \$10 million to \$1; and
- (17) Making minor language and 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. 9, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 9, 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. 1120 Government Operations on H.B. No. 518

The purpose of this bill is to amend Section 58-4, Hawaii Revised Statutes (HRS) to allow each county to enact appropriate protective regulations for trees of value to a neighborhood or community.

Currently, Section 58-3, HRS, authorizes each county arborist advisory committee to recommend appropriate protective ordinances, regulations, and procedures for designated "exceptional trees." This bill extends this authority to a second category of trees, those deemed to be "of value to a neighborhood or community" as that phrase is defined in the bill.

Upon consideration, your Committee finds that the intent of the bill could be more effectively implemented by expanding the definition of "exceptional trees" rather than creating a new category of protected trees. Your Committee has, therefore, amended the bill by deleting the amendment to Section 58-4, HRS, and expanding the definition of "exceptional trees" in Section 58-3, HRS, to include a tree or stand or grove of trees "which represents an important community resource." Although this definition is inherently vague and broad, it may be clarified by the county protective ordinances.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 518, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 518, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators McMurdo, Cobb and Menor.

SCRep. 1121 Government Operations on H.B. No. 691

The purpose of this bill is to assign responsibility to the Department of Accounting and General Services (DAGS) for the acquisition of privately owned commercial office space for use by state agencies.

Currently, the Department of Land and Natural Resources (DLNR) is responsible for acquiring any interest in real property and coordinates the leasing of private office space by individual state agencies. The process is inefficient, lengthy, and frustrating for both lessors and tenant agencies. It is, additionally, not conducive to achieving economic lease rents.

This bill centralizes lease negotiation, acquisition, and lease document processing functions for both private and state-owned property under the DAGS.

Your Committee considered S.B. No. 622, the companion to this bill, and heard supporting testimony from both DLNR and DAGS. Your Committee finds that this bill will expedite the leasing of privately owned office space and reduce the cost of such leases.

Your Committee is in accord with the intent and purpose of H.B. No. 691 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 McMurdo, Cobb and Menor.

SCRep. 1122 Government Operations on H.B. No. 731

The purpose of this bill is to allow the State to acquire real property without an appraisal when the property is to be donated to the State or has a fair market value of \$2,500 or less, and to allow owners to donate property to the State only after being informed of compensation rights.

The bill also clarifies the definitions of "uneconomic remnant", "State", and "appraisal" to eliminate ambiguities in Section 113-5, Hawaii Revised Statutes (HRS).

Your Committee considered companion S.B. No. 688 and heard supporting testimony from the Department of Transportation and the Department of Land and Natural Resources. Your Committee finds that this bill will amend Section 113-5, HRS, to comply with the 1987 amendments to the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act, and that compliance with the Federal law is necessary to assure continued eligibility for Federal funds.

Your Committee is in accord with the intent and purpose of H.B. No. 731 and recommends that it pass Second Reading and be placed on calendar for Third Reading.

Signed by all members of the Committee except Senators McMurdo, Cobb and Menor.

SCRep. 1123 Government Operations on H.B. No. 733

The purpose of this bill is to amend Section 103-22, Hawaii Revised Statutes (HRS) to allow repairs of public utility lines, where the expenditure is less than \$10,000, to be made without public advertisement for sealed tenders or call for informal bids.

The bill also deletes the repeal date for Act 229, Session Laws of Hawaii (SLH) 1987, to allow Section 103-22, HRS, to remain in effect.

Your Committee considered companion Senate Bill No. 690, and heard testimony from the Department of Transportation (DOT) stating that the automatic repeal provision of Act 299, SLH 1987, should be eliminated because

speedy repairs are required by the Federal Aviation Administration Regulations (Part 139), which mandate that inoperative Aircraft Rescue and Firefighting vehicles should be returned to service within forty-eight hours.

Your Committee finds that this bill would allow government agencies, including the DOT, to react appropriately when emergency repairs are needed to better protect the public health, safety, and welfare. However, the scope of Act 229, SLH 1987 is broader than the justification supplied by the DOT.

Your Committee has amended the bill so that the automatic repeal of Act 229, SLH 1987 is extended one year instead of being repealed. It is hoped that, before the next legislative session, the Department of Accounting and General Services will accomplish a comprehensive review and updating of Chapter 103, HRS. Your Committee is prepared to consider making Act 229, SLH 1987 permanent, but only in the context of a comprehensive review and updating of the law on public contracting.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 733, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 733, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators McMurdo, Cobb and Menor.

SCRep. 1124 Housing and Hawaiian Programs on H.B. No. 886

The purpose of this bill is to increase the membership of the Hawaiian Homes Commission from eight to nine seats by adding a new commissioner from the county of Hawaii.

Presently, section 202 of the Hawaiian Homes Commission Act, 1920, as amended, authorizes the appointment of one member from the county of Hawaii.

The island of Hawaii is currently serviced by two district offices, the East Hawaii district office located in Keaukaha and the West Hawaii district office situated in Kamuela. Of the approximately 187,413 acres of Hawaiian Home Lands, about 107,883 acres are situated within the county of Hawaii where one commissioner currently services approximately 1,500 homestead leaseholds. In comparison, there are three commissioners serving approximately 2,400 leaseholds on the island of Oahu. The department expects to increase the number of homestead leaseholds on the island of Hawaii.

Your Committee heard testimony in support of this bill from the Department of Hawaiian Homes Lands and is in agreement that an additional commissioner from the county of Hawaii will provide for a more equitable balance of representation of the proportionate distribution of Hawaiian home lands and lessees served.

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

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of H.B. No. 886, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 886, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1125 Housing and Hawaiian Programs on H.B. No. 1276

The purpose of this bill is to prevent the issuance of a permit to construct a second dwelling on land which is covered by a recorded covenant or deed restriction prohibiting such construction.

In addition, this bill will require applicants to provide the County with a notarized statement that there is no recorded covenant or deed restriction on their property which prohibits the construction of a second home.

Testimony in favor of this bill was received from a citizen who indicated that on Kauai, ohana permits are being issued for areas where recorded covenants prohibit such use. Testimony in opposition to this bill was received from the Department of Land Utilization, City and County of Honolulu; Kauai County Council and the Hawaii Association of Realtors.

Your Committee finds that recorded covenants or deed restrictions prohibiting the construction of a second dwelling on a lot should be complied with. On the other hand, the City & County's concern that research and review of several hundred deeds per year would create a serious administrative burden on the department is a valid one. Accordingly, your Committee finds that requiring an applicant for a second dwelling permit to provide a notarized statement that no recorded covenant or deed restriction exists on the property places the responsibility for that finding on the applicant.

Your Committee has amended the bill by deleting the sentence prohibiting the issuance of a permit where a recorded covenant or deed restricts such construction beginning on page 2, line 21. The bill has also been amended to require the applicant to conduct a thorough search of all relevant deeds and documents and to sign a notarized statement that there is no recorded covenant or deed restriction prohibiting the construction of a second dwelling on the lot. The notarized statements shall be made available for public inspection.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of H.B. No. 1276, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1276, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1126 Agriculture on H.B. No. 1198

The purpose of this bill is to ensure the effective control of agricultural pests in this State by authorizing the Department of Agriculture (DOA) to enter private property, with proper notice, for eradication purposes. Under this bill, the DOA would establish criteria and procedures for the designation of such pests, including emergency rules in case of an incipient infestation.

Your Committee heard testimony from the DOA that this bill will provide the mechanisms and procedures needed to: (1) establish control or eradication programs, (2) enter private property to control or eradicate any pests, and (3) establish by rule, the criteria and procedures for the designation of pests for control or eradication. Your Committee also heard testimony that this bill clarifies the degree of control, including emergency responses, and identifies the kinds of pests and the kinds of agents which may be used for pest control.

Your Committee believes that to ensure the future of Hawaii's agricultural developments, the DOA must be able to enter private property with proper notice to control or eradicate pests. A successful control program cannot be maintained when isolated parcels of land remains untreated.

Your Committee has amended this bill to make nonsubstantive technical changes to conform with recommended drafting style.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1198, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1198, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1127 Consumer Protection and Commerce on H.B. No. 1637

The purpose of this bill is to make the usury law applicable to consumer credit and home business loans up to \$250,000.

Currently, the interest rate limitations of the usury law apply to loans up to \$100,000.

Your Committee received testimony from the Department of Commerce and Consumer Affairs and the Hawaii Financial Services Association and finds that this measure would protect consumers wishing to obtain larger loans without substantially affecting the State's regulatory process.

Your Committee has amended this bill by 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 H.B. No. 1637, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1637, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb and Chang.

SCRep. 1128 Consumer Protection and Commerce on H.B. No. 942

The purpose of this bill is to require an applicant for a license to practice naturopathy to pass each part of the examination with a converted score of at least seventy-five.

Current law requires a converted score of seventy-five for the entire examination.

Your Committee received supporting testimony from the Board of Examiners in Naturopathy, the Hawaiian Society of Naturopathic Physicians, and Dr. Michael Traub and finds that under the current statute a person could qualify for licensure even though he is unqualified in one or more of the following fields which constitute the practice of naturopathy: physical and clinical diagnosis, laboratory and x-ray diagnosis, emergency medicine, materia medica and toxicology, principles and practice of nutrition, psychological and lifestyle counseling, and physical medicine. This bill would protect the public by ensuring that each licensed practitioner is qualified in all areas of the discipline.

Your Committee has amended the bill by adding closing quotation marks after the word "board" on line 15 to conform with recommended drafting format.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 942, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 942, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb and Chang.

SCRep. 1129 Consumer Protection and Commerce on H.B. No. 188

The purpose of this bill is to protect consumers against credit repair clinics which falsely represent that they can erase, repair, alter, or modify a person's credit history or obtain credit for a person for whom credit would not otherwise be available.

According to the Department of Commerce and Consumer Affairs, such clinics are appearing in Hawaii and complaints are beginning to increase. Among the suspect activities are promises to erase bad credit ratings, tax liens, foreclosures, or other matters of record which cannot be accomplished and which are misrepresentations.

This bill would prohibit these and related activities under chapter 481B, Hawaii Revised Statutes ("Unfair and Deceptive Practices"), and subject the violator to the civil penalty of not less than \$500 nor more than \$10,000 for each violation provided for violations of section 480-2 ("Unfair competition, practices, declared unlawful").

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs, Chilton Credit Reporting, and Hawaii Financial Services Association and finds that credit repair organizations cannot do anything to repair or improve a person's credit that the person cannot do himself under the provisions of the Fair Credit Reporting Act. Therefore, it is appropriate to classify representations that a credit repair clinic can do things relating to credit that ordinary citizens cannot do as unfair or deceptive acts or 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 H.B. No. 188, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 188, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb and Chang.

SCRep. 1130 Consumer Protection and Commerce on H.B. No. 941

The purpose of this bill is to change all references to "industrial loan companies" and "industrial loan and investment companies" found in the Hawaii Revised Statutes to "financial services loan companies."

The change in designation is not intended to change the identity nor the rights, powers, and duties the industrial loan or industrial loan and investment industries may presently have, hold, or enjoy in any manner, but to accommodate changing nomenclature and delete the use of outdated terms. Whether called an industrial loan company, an industrial loan and investment company, or a financial services loan company, the industry will continue in the same standing, form, and manner as prior to the enactment of this bill. For all intents and purposes, financial services loan companies are industrial loan companies or industrial loan and investment companies.

Your Committee heard testimony in support of this measure from Hawaii Financial Services Association and finds that the changes proposed to chapter 408, Hawaii Revised Statutes, and the several other sections throughout the Hawaii Revised Statutes which reference "industrial loan companies" or "industrial loan and investment companies," will appropriately reflect the changes which have occurred in the industry.

Your Committee has amended this bill by changing the effective date to July 1, 1989, and by making technical changes which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 941, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 941, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb and Chang.

SCRep. 1131 Corrections on H.B. No. 410

The purpose of this bill is to eliminate the requirement that the Department of Corrections (DOC) house inmates with major medical, psychiatric, and specialized needs at the high security correctional facility.

Section 353-7, Hawaii Revised Statutes, currently implies that inmates with those needs be housed at the high security facility. This bill would allow the DOC to continue with its existing practice of housing such inmates at the Halawa Medium Security Facility or, more typically, at the Oahu Community Correctional Facility, where the DOC has established intensive mental health services in conjunction with the Department of Health.

Your Committee heard testimony in support of S.B. No. 650, a companion to this measure, from the DOC. Your Committee finds that allowing the DOC to maintain its current, established practice will best serve both the DOC and the persons under its supervision.

Your Committee on Corrections is in accord with the intent and purpose of H.B. No. 410 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1132 Corrections on S.B. No. 411

The purpose of this bill is to allow the Department of Corrections (DOC), with the approval of the governor, to transfer committed felons to any out-of-state correctional facility located in a state that is not a member of the Western Interstate Corrections Compact (WICC) if such a transfer is in the interest of maintaining security or good management at the facility that currently houses the inmate or is in the best interests of the inmate.

Current state law does not authorize the DOC to transfer inmates to out-of-state facilities unless that transfer is agreed upon through the WICC. The WICC, however, limits the states to which the DOC may transfer inmates. The inclusion

of the new section proposed by this bill would thus give the DOC flexibility to arrange transfers to facilities in states that are not subject to the WICC.

Your Committee heard testimony in support of S.B. No. 651, a companion to this measure, from the DOC. Your Committee finds that allowing the DOC to arrange transfers of inmates to facilities in states not subject to the WICC will give the DOC the flexibility needed to maintain security and optimum management in state correctional facilities.

Your Committee on Corrections is in accord with the intent and purpose of H.B. No. 411 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1133 Corrections on H.B. No. 666

The purpose of this bill is to amend Section 706-624, Hawaii Revised Statutes, to require any convicted person who, as a condition of probation, is sentenced to a term of imprisonment with work release privileges, to pay a specified percentage of that person's gross pay to satisfy any restitution order.

Currently, Section 706-624 gives courts the general authority to order convicted persons to pay restitution to victims of their criminal acts as a condition of probation. This bill amends Section 706-624 to specify that any convicted person who, as a condition of probation, is sentenced to jail with work release privileges, shall pay thirty per cent of that person's gross pay earned while on work release to satisfy any restitution order.

Your Committee received testimony in support of this measure from the Department of Corrections, the Judiciary, and the Victim/Witness Kokua Services of the Office of the Prosecuting Attorney of the City and County of Honolulu.

Work release is a privilege accorded to convicted persons so as to allow for the opportunity of gainful employment. At the same time, the victims who have suffered at the hands of these persons may experience a loss of earnings as a result of their victimization. Mindful of this, your Committee finds it just and appropriate that convicted persons who are given the privilege of work release be required to pay a part of their gross earnings for restitution.

Your Committee on Corrections is in accord with the intent and purpose of H.B. No. 666, 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. 1134 Higher Education on H.B. No. 811

The purpose of this bill is to correct the site identification of the Waikiki Aquarium in Section 304-31, Hawaii Revised Statutes.

The site now listed is the location of the old Honolulu Aquarium built in 1904. The Waikiki Aquarium was constructed at a new location in 1955 which is correctly identified in this bill.

Your Committee received supporting testimony from the Acting Director of the Waikiki Aquarium, Dr. Bruce Carlson.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 811 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1135 Higher Education on H.B. No. 741

The purpose of this bill is to amend the tax dependency criteria used to determine residency for University of Hawaii tuition purposes.

Under current law, only resident students who are not claimed as a dependent for tax purposes for the past year by nonresident parents or guardians are entitled to the lower tuition rate.

This bill would allow students who are claimed as a dependent by a nonresident parent pursuant to an order of child support in conjunction with a divorce proceeding or legal separation, to pay tuition at the lower tuition rate. This bill would enable a Hawaii student, whose parents are separated or divorced and is claimed as a dependent by a parent who has moved out of state, to pay resident tuition rates at the University of Hawaii.

Your Committee received supporting testimony from the University and several parents that have been adversely affected by the present statute.

Your Committee finds that it was not the intent of the Legislature to exclude dependents of divorced or separated parents from paying the lower resident tuition at the University. Your Committee also finds that this measure should benefit qualified students and parents as of the next regular tuition period, which would be the start of summer school on May 22, 1989. Accordingly, your Committee has amended this bill by providing that it shall be effective upon approval but shall apply to all students who would otherwise have been eligible for the preferential rate if the law had been in effect on May 22, 1989. Your Committee intends that those residents who pay out-of-state tuition prior to the effective date or implementation of this bill shall be entitled to an appropriate reimbursement from the University.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 741, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 741, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1136 Housing and Hawaiian Programs on H.B. No. 982

The purpose of this bill is to amend Section 201E-221, Hawaii Revised Statutes, to make changes to the Housing Finance and Development Corporation's (HFDC) buyback provisions.

The specific changes made by this bill include deducting the applicable depreciation of improvements from the buyback cost; limiting the accrual of interest costs on the subsidy to thirty years; and allowing for the payment of the subsidy and the interest accrued at any time.

Your Committee received testimony in favor of this bill from the Director of Housing and Community Development, City and County of Honolulu, and several other concerned citizens. The testimony indicated that a hardship is presented by the lack of a cut-off date on the accrual of interest on the subsidy provided on units purchased from HFDC. The testimony also indicated that allowing the deduction of depreciation on improvements was a reasonable change in the law.

Your Committee has amended the bill by requiring that any subsidy provided by the State or County must be disclosed at the beginning of the sales contract together with the amount of the subsidy, what the subsidy entails, and the conditions of the subsidy.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of H.B. No. 982, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 982, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1137 Health on H.B. No. 1197

The purpose of this bill is to require the Director of Health to have a background and at least five years of experience in health care delivery, public health administration, or some other health-related field.

Your Committee finds that the Director of Health must be capable of making hard decisions on a wide range of issues which directly and indirectly affect the health and well-being of all the people of Hawaii. Therefore, it is appropriate to require nominees to that position to possess the kind of qualifications and experience proposed by this measure.

Your Committee has amended this bill by deleting the requirement that the Director have a background in health care delivery, public health administration, or some other health-related field. Your Committee believes that the five-year experience requirement is sufficient to ensure that only the most qualified candidates will be considered for the job.

Your Committee has also amended this bill by changing the reference to the director of social services to read "director of human services," in accord with Act 339, Session Laws of Hawaii 1987.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1197, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1197, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1138 Health on H.B. No. 831

The purpose of this bill is to require the Department of Health to establish procedures for screening and testing mental health patients for tardive dyskinesia if they are being treated with medications whose side effects include tardive dyskinesia.

The Hawaii Revised Statutes currently require no screening or testing of mental health patients for tardive dyskinesia. This bill would enact such a requirement.

Your Committee heard supporting testimony from the Director of Health, the Mental Health Association in Hawaii, the Hawaii Psychological Association, the Commission on the Handicapped, and several other interested parties. The Hawaii Mental Health Consumer Council supported this bill with proposed amendments. Your Committee has adopted some of those proposed amendments and finds that mental health patients will be protected from unnecessary health complications and permanent handicaps with proper screening and testing, as required by this bill.

Your Committee has amended this bill by deleting section 334(c)(4) through (7) and inserting new paragraphs (4) through (8). The effect of this amendment is to change the order and wording of these paragraphs to comply with federal laws. Your Committee has amended this bill further by making minor language changes which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 831, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 831, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1139 Transportation on H.B. No. 106

The purpose of this bill is to reduce the minimum number of passengers riding in vehicles using carpool lanes from three passengers to two passengers.

Your Committee is concerned that in some areas of the island of Oahu, the current requirement for at least three passengers in vehicles using carpool lanes has been working efficiently and wishes to see the department of transportation continue this efficient practice. The language contained in H.B. No. 106, which provides for a requirement of "at least two persons," gives the department of transportation the flexibility to do this.

At the same time, the department also has the flexibility to require only two passengers in areas where this lower requirement would tend to make carpooling operate more effectively, especially by encouraging ridesharing by commuters.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 106, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1140 Transportation on H.B. No. 332

The purpose of this bill is to amend section 286-41, Hawaii Revised Statutes, to provide for the establishment of a transfer fee payable by the owner of a motor vehicle.

This bill would impose a \$10 transfer fee on motor vehicles transferred from one county to another payable within twenty days after the date of transfer and would require that upon expiration of the certificate of registration, the vehicle shall be registered in the county in which the vehicle is located.

Your Committee received testimony in support of this bill from the county of Maui and the city and county of Honolulu.

Your Committee has amended this bill by making the \$10 transfer fee payable at the time of registration in the new county rather than within twenty days after the transfer date.

Your Committee further amended this bill to require that a county use its annual registration emblem only for vehicles registered in the respective county.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 332, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 332, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1141 Transportation on H.B. No. 435

The purposes of this bill are: (1) to strengthen the regulations against windblown granular material loads by requiring the loads to be completely covered by a mechanical cover of rigid construction; and (2) to require operators of motor vehicles transporting granular material loads to cover their loads if the load protrudes above the side of the lowest wall of the container area of the motor vehicle, or if the load, where it contacts the sides, front and rear of the cargo container area, protrudes higher than twelve inches from the top of the walls of the container area of the motor vehicle.

Your Committee received testimony from several agencies including the departments of transportation and health, and the police department of the city and county of Honolulu.

Your Committee has amended this bill by incorporating S.B. No. 1894, S.D. 1, into this bill, adding only "rocks and boulders" instead "or any other material that may be spilled" to section 291C-131(d).

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 435, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 435, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1142 Transportation on H.B. No. 1222

The purpose of this bill is to clarify the law relating to sunscreening film materials for motor vehicles by specifying the parameters for the placement of transparent film. This bill also changes the tolerance allowed for light transmittance from plus or minus three per cent to plus or minus six per cent.

Your Committee finds that the current law relating to window tinting is ambiguous. Current law defines the permissible area for window tinting on the basis of the AS-1 markings of the manufacturer. Frequently, however, AS-1 markings on vehicle windows may be absent. This bill will provide clarity and uniformity by requiring that the tinting not encroach beyond four inches of the top moulding of the windshield when an AS-1 marking cannot be found.

Your Committee further finds that the current law permits sunscreening films to have a light transmittance level of thirty-five per cent with a tolerance of plus or minus three per cent. While testing meters to determine levels of light transmittance have become more and more accurate in recent years, manufacturers quality control standards have not

progressed at an equal pace. Most suncreening films fall between a range of plus or minus six per cent. Without an amendment to the law, many vehicles on the road in Hawaii would need to have their screening changed.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1222, H.D. 2, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1143 Transportation on H.B. No. 1828

The purpose of this bill is to increase the fines imposed for vehicles that are over-loaded or overweight. The bill also provides for further increases in the fine for repeated offenses.

Your Committee finds that vehicles traversing the state highways and roads, while greatly exceeding the applicable maximum weight, damage the highway systems to an extent that makes it necessary for the State or county to effectuate more frequent road repairs and resurfacing. The increase in the schedule of fines proposed by this bill will serve to deter offenders of overloading and promote highway safety as well.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1828 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1144 Transportation on H.B. No. 1830

The purpose of this bill is to repeal section 261-25, Hawaii Revised Statutes, which renames the "Kailua Airport", which was formerly located in Kailua-Kona, Hawaii, as the "Kona Airport".

Your Committee finds that the airport facility was replaced in 1970 by Keahole Airport and was decommissioned. The area described as Kona Airport is now a park administered by the department of land and natural resources.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1830 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1145 Transportation on H.B. No. 1838

The purpose of this bill is to implement the provisions of the Federal Commercial Motor Vehicle Safety Act (CMVSA) of 1986, which requires the implementation of a commercial drivers' licensing program.

The CMVSA which was intended to reduce commercial accidents, fatalities, and injuries, is specifically aimed at drivers who are unqualified or who hold more than one license. One of the major objectives of the federal law was to prevent commercial drivers whose licenses are suspended or revoked by one state to continue to drive using a license from another state.

Your Committee received testimony from the Department of Transportation, the City and County of Honolulu, the Hawaii Transportation Association, and the Office of the Public Defender.

The Public Defender noted that the amendment to section 291-5(b), Hawaii Revised Statutes, would incongruously require criminal prosecution of persons driving noncommercial vehicles if their alcohol level is less than .10 per cent by weight of alcohol in the defendant's blood. Accordingly, your Committee has amended the bill by deleting the amendment to section 291-5(b), Hawaii Revised Statutes.

The Public Defender also expressed concern regarding the absence of any reviewing discretion or authority of the district judge when a law enforcement officer submits an affidavit that a person has refused to submit to testing or that a test disclosed an alcohol content of .04 per cent or more. In response to this concern, your Committee has amended the bill by adding a provision to subsection (e) of the new section entitled, "Implied consent requirements for commercial motor vehicle drivers", requiring a district court judge to hold a hearing as provided in section 286-156 prior to disqualifying the driver from driving a commercial vehicle.

Your Committee has also amended the bill by amending the new section entitled, "Notification requirements" on page 3, line 21, to reformat the last two sentences under subsection (c)(3) to clarify the intent of the subsection. The reformatting of the sentences clarifies that the requirement that an applicant must certify all information furnished and the authorization of the employer to require additional information applies not only to paragraph (3) but to paragraphs (1) and (2) as well. Your Committee has also made technical, nonsubstantive amendments for purposes of style.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1838, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1838, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1146 Education on H.B. No. 711

The purpose of this bill is to amend the provisions relating to compulsory attendance in school and exemptions therefrom.

Specifically, the bill would do the following:

- (1) Repeal the exemption from mandatory school attendance where a competent tutor is employed or where a child has graduated from a vocational school;
- (2) Authorize the Superintendent of Education or a representative, rather than the school department, to excuse a child who is suitably employed and at least fifteen years old;
- (3) Allow the Superintendent's representative to approve an alternative educational program;
- (4) Add an exemption to mandatory attendance when the school principal is notified of the intent to home school; and
- (5) Require employers of children who are excused in order to work to notify the school within three days upon termination of the child's employment.

Your Committee received supporting testimony from the Superintendent of Education and finds that this bill reflects current practices in the school system and serves to update and strengthen the laws relating to compulsory school attendance.

Your Committee has amended this bill by changing the term "home school" to read "to provide home education" on page 3, line 7, and by changing the word "upon" to read "after" on page 3, line 14, both for the purpose of clarification. Your Committee has also made a technical change which has no substantive effect.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 711, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 711, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1147 Education on H.B. No. 1072

The purpose of this bill is to exempt from the civil service laws one public high school student selected by the Hawaii State Student Council as a non-voting member of the Board of Education as authorized by the State Constitution.

Regular members of the Board are currently civil service exempt under section 76-16(6), Hawaii Revised Statutes, which allows for the exemption of positions filled by popular vote. Since the student position is not filled by popular vote, this bill is needed to specifically provide for the appropriate civil service exemption.

Your Committee received supporting testimony from the Superintendent of Education.

Your Committee has amended this 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. 1072, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1072, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1148 Consumer Protection and Commerce on H.B. No. 748

The purpose of this bill is to strengthen and clarify the licensing and certification requirements under chapters 453 and 463E, Hawaii Revised Statutes, relating to medicine and surgery and podiatry.

Specifically, this bill would do the following:

- (1) Add a new section to chapter 453, relating to emergency medical services personnel, specifying when these professionals must reregister their certificates, the requirements for reregistration, and providing for automatic termination of certificates that have been forfeited for a two-year renewal term;
- (2) Clarify that physicians licensed under the limited and temporary license provisions are exempt from the physician assistant certification requirement;
- (3) Specify when the certificate of a physician assistant must be reregistered, set requirements for reregistration, and provide for the automatic termination of certificates that have been forfeited for a two-year renewal term;
- (4) Provide for automatic termination of a physician license that has been forfeited for a two-year renewal term;
- (5) Authorize the Board of Medical Examiners to impose special conditions on applicants for licensure as a physician or podiatrist who have a history of medical discipline or reveal a physical or mental condition that would constitute a cause for disciplinary action; and
- (6) Provide for the automatic termination of a podiatric license that has been forfeited for a two-year renewal term.

Your Committee finds that these provisions strengthen the ability of the State to protect the general public through appropriate licensing and certification of medical personnel.

Your Committee has amended this bill by making nonsubstantive language and technical 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. 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 placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb, A. Kobayashi and Nakasato.

SCRep. 1149 Consumer Protection and Commerce on H.B. No. 1236

The purpose of this bill is to provide tenants who receive public assistance with the ability to establish a new rent payment deadline under the Landlord-Tenant Code.

Under present law, rent is payable at the beginning of the month unless otherwise agreed. Most leases provide for payment on the first of each month and a late fee is incurred if the tenant pays after the fifth calendar day. However, many public assistance recipients do not receive their checks until after the fifth of the month and incur late fees through no fault of their own.

This bill permits a public assistance tenant to change the due date, to within three working days after the mailing date of public assistance checks, by making a one-time prorated payment to cover the period between the original due date in the rental agreement and a newly established due date. The new date would be the due date for the remainder of the landlord-tenant relationship.

Your Committee received supporting testimony from the Hawaii Association of Realtors and the Legal Aid Society of Hawaii and finds that his bill represents a solution which is fair to both tenants and landlords.

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. 1236, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1236, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb and Nakasato.

SCRep. 1150 Consumer Protection and Commerce on H.B. No. 744

The purpose of this bill is to delete the provision of Section 436E-4, Hawaii Revised Statutes, which exempts dentists, medical doctors, and osteopathic physicians from the licensing requirements of the acupuncture law if they are certified by the Board of Acupuncture as qualified to practice acupuncture.

The Hawaii Medical Association, the Board of Medical Examiners, Myron Berney, N.D., L.Ac., and the Citizens' Committee For Fair Acupuncture Laws testified against the bill. The Board of Acupuncture and the Board of Dental Examiners testified in favor of the bill.

Under the current statute, the Board of Medical Examiners, the Board of Dental Examiners, and the Board of Osteopathic Examiners are each responsible for creating and implementing a set of certification criteria for their licensees who wish to practice acupuncture. That is, each Board, independent of the other two and of the Board of Acupuncture, is required to create and implement acupuncture certification criteria for its licensees.

In prior hearings on this bill, the Board of Medical Examiners, the Board of Dental Examiners, and the Board of Osteopathic Examiners testified that they lacked the knowledge and expertise to create and implement these criteria. Because of this testimony, your Committee believes that the current statute does not adequately protect the consuming public from physicians, dentists, and osteopaths who wish to practice acupuncture and who may not be adequately prepared to do so. Your Committee has amended the bill to provide this protection.

The newly amended version of this bill leaves the task of certifying physicians and osteopaths who wish to practice acupuncture with their respective Boards. However, it requires these Boards to work directly with the Board of Acupuncture to develop certification criteria. By working with the Board of Acupuncture, the osteopathic and medical Boards will utilize the acupuncture expertise of the Board of Acupuncture. The osteopathic and medical boards will provide expertise in their respective fields, thus insuring that the acupuncture certification criteria for physicians and osteopaths will be both fair to the licensees and safe for consumers.

The Board of Medical Examiners, the Board of Osteopathic Examiners, and the Board of Acupuncture may designate licensees within their respective fields to assist in the development of the certification criteria. In particular, your Committee expects the Boards to rely on individuals such as Cyrus Loo, M.D. whose expertise in both medicine and acupuncture has already been formally recognized.

Because of testimony received by your Committee from the Board of Dental Examiners, your Committee has excluded dentists who wish to practice acupuncture from the certification procedure. These dentists must meet the existing licensing requirements enforced by the Board of Acupuncture.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 744, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 744, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb, A. Kobayashi and Nakasato.

SCRep. 1151 Transportation on H.B. No. 1827

The purpose of this bill is to repeal part X of chapter 286, Hawaii Revised Statutes, and replace it with a new part relating to hazardous materials transportation for the purpose of establishing safeguards in the transportation of hazardous materials, hazardous waste, and etiologic agents by motor carrier in commerce.

This bill would make state law consistent with federal hazardous materials transportation regulations and would establish penalties for noncompliance with these rules which are designed to protect employees and the public from improper, inadequate, and unsafe hazardous materials shipments.

Your Committee heard testimony in support of this bill from the department of transportation, the department of health, and the Hawaiian Sugar Planters' Association.

Your Committee has amended this bill by adding on page 5, line 8, the words, "or offer" after the word "use" to strengthen the intent of the bill and by reducing the time limit to submit a report of a potential or actual spill, leakage, or loss of control of a hazardous substance to the director of transportation from thirty to fifteen days after the reported incident. Your Committee has also made technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1827, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1827, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1152 Consumer Protection and Commerce on H.B. No. 1887

The purpose of this bill is to allow industrial loan companies to establish loan solicitation offices, in addition to fully licensed branch offices, upon the written approval of the Commissioner of Financial Institutions.

The Department of Commerce and Consumer Affairs testified in support of this bill stating that it would help to fulfill the credit needs of the community and may be especially suitable in areas which do not have access to financial institutions. The measure would also enable industrial loan companies to compete with other financial industries which are creating and implementing different methods of marketing financial products. These offices may also provide smaller industrial loan companies with a vehicle to test certain communities to determine whether a need exists for a full-service branch office. This bill also would clarify the scope of Chapter 408 by establishing clear standards and guidelines for the establishment of these offices.

Your Committee refined some of the language in this bill by clarifying the scope of activities which may be engaged in at a loan solicitation office. As envisioned, a loan solicitation office may only present loan applications to interested applicants and assist such applicants in filling out forms. A decision on whether a loan should be granted, however, can only be made at a branch or main office. Disbursement of cash proceeds should not come from a loan solicitation office, but should be made through a branch or main office. A loan solicitation office may also collect loan payments, but the actual posting and crediting of an account should take place at a branch or main office.

Your Committee has further amended this bill to clarify the construction of Chapter 408. Your Committee is aware that financial institutions require a high degree of regulation and supervision. Your Committee finds that, with the changing nature of financial services and the mixing of financial products, it is necessary to clarify that in construing laws relating to the powers of financial institutions there is a "silent prohibition" against the exercise of powers not expressly authorized by statute.

Your Committee accordingly has amended this bill to include a new section to Chapter 408 which will clarify the scope of activities for an industrial loan company. While industrial loan companies should be allowed to exercise general corporate powers under Section 408-6, Hawaii Revised Statutes, such corporate powers should not be construed to permit a company to engage in other state-regulated businesses such as the sale of insurance, securities, or real estate.

The Department of Commerce and Consumer Affairs is in full support of this amendment because it will clarify the permissible scope of activities for an industrial loan company. Your Committee also heard testimony in support of this bill from the Hawaii Financial Services Association, which reserved comment on the second new section because it had not had an opportunity to review it.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1887, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1887, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb, Chang and Koki.

SCRep. 1153 Tourism, Recreation and Planning on H.B. No. 902

The purpose of this bill is to require the Department of Business and Economic Development to prepare biennial tourism marketing plans.

The plans would include identification and evaluation of tourism needs for different regions of the State; goals and objectives relating to identified needs; promotional efforts and programs; target markets; and measures of effectiveness for promotional programs. The Department would adopt rules to establish formal proposal submission, review, and selection procedures for promotional programs, including proposals from the Hawaii Visitors Bureau. The Department would be required to submit annual reports regarding the status and execution of the marketing plan and the effectiveness of the promotional efforts.

Your Committee received testimony from the Director of Business and Economic Development and the Executive Director of the Hawaii Hotel Association and finds that this bill is a response to one of the recommendations of the Legislative Auditor in the report entitled "Management and Financial Audit of the State Tourism Office", published in 1989. Your Committee further finds that this bill provides guidelines which will help the State to focus precisely on the various aspects of the State's tourism program, including invaluable measures of effectiveness.

However, upon further consideration, your Committee finds that the State's tourism efforts can best be accomplished through a separate office which has direct access to the State's centralized planning and administrative resources. Therefore, your Committee has amended this bill by adding the substance of S.B. No. 1297 which would establish the Hawaii Tourism Commission in the Office of the Governor, and adjusting the language and format of H.B. No. 902 accordingly.

The Commission would consist of five members, one from each county and one at-large, appointed by the Governor for six year terms. The Commission would, in general, be responsible for the entire range of the State's tourism-related activities such as coordination, contracting for, and administration of tourism promotion, advertising, and marketing; demographic and other tourism-related research; identification and promotion of job training and educational opportunities in the visitor industry; and analysis of needs and concerns of the counties with respect to tourism. In addition, the Commission would be responsible for the duties previously ascribed to the Department of Business and Economic Development pursuant to this bill as introduced.

Your Committee believes that as amended this bill presents an appropriate and feasible means by which the State can ensure that its tourism activities are carried out with maximum efficiency, efficacy, and accountability.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of H.B. No. 902, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 902, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb and McMurdo.

SCRep. 1154 Tourism, Recreation and Planning on H.B. No. 1001

The purpose of this bill is to clarify that the Kahana Valley residents who agreed to participate in interpretive programs in Kahana Valley State Park in exchange for long term leases, pursuant to Act 5, Session Laws of Hawaii 1987, are volunteers rather than state employees.

Act 5 established long-term residential leases for qualified Kahana Valley residents who agreed to participate in the "living park" concept by providing twenty-five hours per month in interpretive program activities. However, according to the Attorney General's Office, such an arrangement would bestow the status of state employee on the participants, along with all accruing benefits and liabilities.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources and finds that it was the intent of the State and the Legislature that the Kahana Valley residents who participate in the "living park" in exchange for long-term leases be considered volunteers rather than employees. As volunteers they would still be entitled to all insurance coverage normally available to state volunteers, including workers' compensation. This bill would clarify that status.

Your Committee on Tourism, Recreation and Planning is in accord with the intent and purpose of H.B. No. 1001, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb and McMurdo.

SCRep. 1155 Education on H.B. No. 1813

The purpose of this bill is to add a new chapter to the Hawaii Revised Statutes establishing a school-community based management system in Hawaii's public schools.

Under this concept, decisions would be made at the school level by the persons most directly affected by the decisions. The Board of Education would appoint a selection panel to recommend which schools should be selected for the program. The Board would also formulate policy and evaluation procedures and define a common set of educational goals for the participating schools.

The bill further makes provision for the individual participating schools to obtain waivers from any policy, rule, or procedure of another state agency which would affect the individual school, unless the agency can justify a denial of such waiver within thirty days of application therefor.

Your Committee received supporting testimony from the Superintendent of Education, the HSTA, the Chamber of Commerce, and David A. Heenan representing the Hawaii Business Roundtable, and finds that our school system is in need of change and repair. The logical progression is to move intentionally and carefully away from our present

centralized management system and place decision-making relating to individual schools in the hands of each individual school's principal, teachers and staff and the parents of the children who attend the school. This bill represents a clear and responsible step in that direction.

Your Committee has amended this bill as follows:

- (1) Deleted lines 1-3 on page 4 and added language which provides that "the board shall establish a plan and a process whereby all schools will eventually become locally managed beginning with procedures to select those public schools which will participate, at least initially, in making school-community based management a reality in Hawaii. The initial schools will be considered as a demonstration of the feasibility and effectiveness of school-community based management and a step toward restructuring our public school system;"
- (2) Added clarifying language to the section on waivers, including provision that waivers to collective bargaining agreements shall be processed and approved in accordance with chapter 89, Hawaii Revised Statutes, and Board of Education provisions, and authority for the Board of Education to waive any rule, policy, or procedure of another agency for all schools if there is a clear pattern of requests for such waiver from the participating schools;
- (3) Made provision for assistance to special needs schools in attaining school-community based control over a period of time, including any privileges or waivers granted to school-community based management schools; and
- (4) Made a technical change which has no substantive effect.

Your Committee wishes to note that redundant language has been added to the section on waivers to collective bargaining agreements in order to reflect three different proposals from three different groups, all of which merit further discussion in conference.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1813, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1813, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1156 Human Services on H.B. No. 1823

The purpose of this bill is to transfer the responsibility for transmitting the Criminal Injuries Compensation Commission's annual report and appropriations bill from the Director of Finance to the Director of Corrections.

Currently, the Commission's report is transmitted to the Director of Finance who, in turn, transmits it to the legislature along with a bill to appropriate funds to replenish the Criminal Injuries Compensation Fund. Your Committee finds that because the Director of Finance has no input into the report and the Commission is administratively attached to the Department of Corrections, it is appropriate that the report be transmitted directly from the Department of Corrections to the legislature.

This bill also specifies that the annual report be based on a fiscal year and that the appropriations request for the following year should be based on a reasonable estimate. The bill provides for the reporting and appropriations request requirements for the changeover year.

Your Committee heard supporting testimony from the Director of Finance and the Administrator of the Criminal Injuries Compensation Commission.

Your Committee has amended this bill by reinserting present statutory language which had been inadvertently deleted and by making a minor technical change which has no substantive effect.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1823, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1823, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1157 Culture, Arts and Historic Preservation on Gov. Msg. No. 192

Recommending that the Senate advise and consent to the nominations of WILLIAM E. K. ALLEN JR., WINONA L. RESENTS and GLADYS E. RODENHURST to the King Kamehameha Celebration Commission, for terms to expire June 30, 1993.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1158 Labor and Employment on Gov. Msg. No. 202

Recommending that the Senate advise and consent to the nomination of LORRAINE N. SHIMAMURA to the Civil Service Commission, for a term to expire June 30, 1993.

Signed by all members of the Committee.

SCRep. 1159 Labor and Employment on H.B. No. 1819

The purpose of this bill is to amend Section 386-10, Hawaii Revised Statutes, pertaining to notice of insurance requirements for out-of-state employers under Hawaii's workers' compensation laws.

Currently, an out-of-state employer is required to file with the State a notice of insurance together with a copy of its insurance policy countersigned by a person licensed under Chapter 431. Since Chapter 431 no longer requires insurance policies to be countersigned by a local general agent, this bill amends Section 386-10 to conform to the new notice of insurance requirements established in Section 386-122.

Your Committee heard testimony in support of this measure from the Department of Labor and Industrial Relations. Your Committee finds that this measure is necessary to conform the notice of insurance requirements to current State law.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 1819 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1160 Labor and Employment on H.B. No. 730

The purpose of this bill is (1) to clarify that the Director of the Department of Personnel Services (DPS) may use the services of institutions, organizations, or individuals to provide in-service training for civil service employees, and (2) to establish a new advisory committee on such training.

Section 81-1, Hawaii Revised Statutes, currently requires the DPS to provide in-service training to government employees, but there is no provision that expressly allows the DPS to utilize outside entities for that training. This bill will provide express statutory authorization for the DPS to resort to such entities.

Section 81-2, Hawaii Revised Statutes, currently authorizes establishment of an advisory committee on in-service training, but the committee is comprised of members who represent an obsolete target group of employees. This bill will allow the DPS to establish a new committee that will be more representative of current target group employees. The new committee will be comprised of the Director of Personnel Services, two members from among the exclusive collective bargaining representatives of units 1, 2, 3, 4, 9, 10, and 13, and not more than four other members with experience in the areas of education and training.

Your Committee heard testimony in support of this measure from the DPS, and finds that the use of outside entities to provide in-service training for civil service employees together with the establishment of a new, more representative, advisory committee will ensure that State civil service employees have the best training possible.

Your Committee has amended the bill by adding the word "other" between the words "four" and "members" on line 8, page 2, (line 10, page 2 of the bill as amended) to clarify that the four members referred to are in addition to the director of personnel services and the two members from the exclusive representatives.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 730, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 730, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1161 Labor and Employment on H.B. No. 586

The purpose of this bill is to increase the composition of the Board of Trustees of the Employees' Retirement System of the State of Hawaii (System) from seven to fourteen members.

Currently, Section 88-24, Hawaii Revised Statutes, authorizes a seven member board of trustees for the System. This bill amends Section 88-24 to allow for a fourteen member board to be comprised of seven members appointed by the public employers, i.e., the Governor, the four Counties, the Board of Education and the Board of Regents of the University of Hawaii; six members appointed by the exclusive representatives of public employee bargaining units; and one member appointed by the Governor to represent retiree members of the System.

Your Committee heard testimony opposed to this measure from the Department of Budget and Finance. Upon consideration, your Committee has deleted the substance of this bill and inserted material derived from S.B. No. 1990, S.D. 1., which authorizes an eight member board comprised of the Director of Finance of the State, ex officio; four "employee trustees" to be appointed by the various bargaining units; and three citizens of the State who are not employees.

Besides authorizing an eight member board, this bill, as amended, also specifies the standard of care that trustees of the System must meet in the performance of their duties by amending Section 88-27 to state, in pertinent part, that "Each trustee shall discharge the trustee's duty with the same degree of care, skill, prudence, and diligence that a prudent person possessing familiarity with such matters and acting in a like capacity for a similar trust fund would use."

Your Committee has also amended Section 88-28, to specify that five, rather than four, concurring votes are necessary for a decision upon matters before the board.

As a technical matter, this bill amends Section 88-29 by deleting reference to a "secretary" for the board of trustees and replacing it with reference to an "executive director" for the board of trustees. This amendment is nominal only, and is not intended to indicate a change in the duties or responsibilities of the person who holds this position.

Your Committee finds that the changes proposed in this bill will help to ensure the efficient management of the Fund.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 586, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 586, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1162 Labor and Employment on H.B. No. 1362

The purpose of this bill is to authorize the disclosure of certain information that is contained in government personnel and payroll records to the exclusive representatives of public employee collective bargaining units.

In carrying out their duties, exclusive representatives sometimes require information that is contained in government personnel and payroll records. Access to this information may be denied by Act 262, Session Laws of Hawaii 1988, the Uniform Information Practices Act (UIPA), that becomes effective on July 1, 1989.

This measure is intended to ensure that exclusive representatives continue to have access to necessary information by adding a new section to Chapter 92F, the Uniform Information Practices Act, that specifies that certain information pertaining to the administration of payroll deductions remitted to exclusive representatives must be disclosed by the government to exclusive representatives. This measure also amends Section 92F-12(a)(14) to specify that employee information such as position number, type of appointment, service computation date, occupational group or class code, bargaining unit code, and employing agency name and code shall be deemed public information.

Your Committee has amended the effective date of this bill so that it will take effect on July 1, 1989, the same date that the UIPA takes effect. Your Committee has also amended this 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 H.B. No. 1362, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1362, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1163 Labor and Employment on H.B. No. 132

The purpose of this bill is to amend Section 388-2, Hawaii Revised Statutes, to limit the period that an employer may pay employees on a once-a-month basis to two years.

Currently, Section 388-2 requires employers to pay their employees at least twice a month unless the employees elect to be paid once a month in a secret ballot election. If the employees elect to be paid once a month, the employer may pay once a month until the employees petition for a new secret ballot election and then vote to return to twice-monthly pay in that new election. This bill amends Section 388-2 to specify that each secret ballot election shall be valid only for a period of two years.

Your Committee heard testimony in support of this bill from the Department of Labor and Industrial Relations and others, and finds that the limitation on the validity of secret ballot elections would assure an automatic review of once-a-month pay days at least once every two years.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 132 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1164 Labor and Employment on H.B. No. 1356

The purpose of this bill is to increase the State's minimum hourly wage from \$3.85 to \$4.20 beginning January 1, 1990, and to \$4.55 on July 1, 1991.

Under Section 387-2, Hawaii Revised Statutes, the minimum wage is and has been \$3.85 per hour since January 1, 1988. Section 387-2 also provides that the hourly wage of a tipped employee may be deemed to be increased if the employee is paid at least twenty cents below the applicable minimum wage and the employee receives more than fifty cents above that minimum wage through a combination of wages and tips.

Your Committee heard much testimony pertaining to this measure. Those in favor of the bill generally cited the reduced buying power of the dollar and the increased incidence of poverty to support their belief that the minimum wage should be raised. Those opposed to the bill stated that a higher minimum wage would result in increased inflation and fewer jobs, and have a disproportionate impact on small businesses.

Upon consideration, your Committee has amended this bill by deleting its substance and inserting language derived from S.B. No. 2016, S.D. 1. As amended, the purpose of this bill is: (1) to increase the minimum wage of the State to \$4.15 per hour beginning January 1, 1990; (2) to increase the tip credit for tipped employees from twenty cents to forty cents, thus allowing employers of tipped employees to pay a lower wage to those employees; and (3) to authorize a four month entry training wage of \$3.85 per hour to encourage businesses to hire inexperienced workers. Businesses that hire such workers will be allowed to pay \$3.85 per hour for a period not to exceed four months while these workers are being trained.

Your Committee finds that this bill, as amended, will strike the proper balance between the equally valid arguments raised by proponents and opponents of an increased minimum wage.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 1356, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1356, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1165 Labor and Employment on H.B. No. 1506

The purpose of this bill is: (1) to delete treatment or care provided by a podiatrist from the definitions of "medical care," "medical services," and "medical supplies" in Section 386-1, Hawaii Revised Statutes, relating to the Worker's Compensation Law, and (2) to include podiatrists under the definition of "physician" in Section 386-1.

Under Section 386-1 the terms "medical care," "medical services," and "medical supplies" are defined to include treatment or care provided by a podiatrist while "physician" is defined not to include podiatrists. Effectively, this means that under the State's workers' compensation laws, a podiatrist can only provide services to injured workers upon referral by an attending physician. The amendments in this bill will allow a podiatrist to attend to an injured worker without such a referral.

Your Committee received testimony from the Department of Labor and Industrial Relations and several medical professionals in the field of podiatry, and finds that allowing a podiatrist to attend to an injured worker without first obtaining a referral from the worker's attending physician will enable the injured worker to more rapidly obtain the specialized care and treatment needed for foot injuries.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 1506, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1166 Transportation on H.B. No. 118

The purpose of this bill is to make the child passenger restraint law more enforceable by excluding type I school buses from the list of vehicles exempted from having child passenger restraints, as well as deleting a specific reference to motor vehicles for hire.

This bill amends section 291-11.5, Hawaii Revised Statutes, by:

- (1) Deleting motor vehicles for hire and type I school buses from the list of vehicles exempted from having child passenger restraints;
- (2) Defining "emergency vehicle", "mass transit vehicle", and "seat belt assembly" as having the same meaning as in section 291-11.6; and
- (3) Defining a "commercial vehicle" as any motor vehicle that is being used for the transportation of persons for hire, compensation, or profit.

Your Committee received supportive testimony from the department of health and department of transportation and finds that this bill will further the objectives of the 1990 Accident Prevention and Injury Control Task Force of the Governor's Conference on Health Promotion, whose primary goal is to reduce the motor vehicle accident fatality rate.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 118, 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. 1167 Transportation on S.B. No. 737

The purpose of this bill as received is to make technical, housekeeping amendments to section 286-26(i), Hawaii Revised Statutes, by substituting the repealed statutory provisions referred to with the appropriate sections currently found in the Insurance Code, so that it conforms to statutory redesignations made by Act 347, Session Laws of Hawaii 1987.

Your Committee has amended this bill by adding, as a new section 2, the substantive provisions of S.B. No. 1895, S.D. 1, the purpose of which is to require the counties to continue to provide for administrative and enforcement services for the licensing and monitoring of motor vehicle inspection stations. The effect is to make the counties directly responsible for their motor vehicle inspection programs and be reimbursed by the State, rather than having the director of transportation contract for the counties' services. Your Committee also has renumbered the remaining sections of the bill consistent with this amendment.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 737, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 737, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1168 Transportation on H.B. No. 821

The purpose of this bill is to waive the requirements of public auction when the value of any abandoned vehicle is less than \$250 as determined by the director of finance or an authorized representative. These abandoned vehicles may then be disposed of in the same manner as when a vehicle is put up for public auction for which no bid is received.

Your Committee finds that S.B. No. 24, S.D. 1, goes beyond this bill and implements in a single bill, all of the changes recommended in A Report to the State Legislature: The Problem of Derelict and Abandoned Vehicles on Oahu issued by the Committee on Derelict and Abandoned Vehicles which was created by Senate Resolution No. 101, S.D. 1, in the 1987 regular session of the legislature. In so doing, S.B. No. 24, S.D. 1, also incorporates solutions to related problems regarding abandoned vehicles outlined in similar current measures such as H.B. No. 104 and H.B. No. 574, as well as H.B. No. 821, H.D. 2.

Your Committee finds that it is more efficient to have one bill address all relevant issues regarding abandoned vehicles.

Accordingly, your Committee has amended H.B. No. 821, H.D. 2, to incorporate the substance of S.B. No. 24, S.D. 1, to:

- (1) Reduce the time for an owner to repossess an abandoned vehicle from twenty to ten days of the mailing of notice of disposition to the owner;
- (2) Allow, in addition to the director of finance or the director's authorized representative, licensed motor vehicle salespersons who have at least one year of experience in the sale or purchase of motor vehicles as appraisers of abandoned vehicles for which public auction can be waived if an abandoned vehicle's appraised value is less than \$250, which then can be disposed of in the same manner as when a vehicle is put up for public auction and no bid is received;
- (3) Allow the removal of vehicles left unattended on private or public property for more than forty-eight hours; and
- (4) Provide for severability.

Your Committee has also made technical, nonsubstantive amendments.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 821, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 821, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1169 Transportation on H.B. No. 1169

The purpose of this bill is to change the name of the airport facility located at Hilo, Hawaii, from "General Lyman Field" to "Hilo International Airport" and to name the passenger terminal at the newly designated airport as "General Lyman Terminal" in memory of Brigadier General Lyman.

Your Committee finds that the naming of airports according to their geographic location facilitates the identification of the facility. This bill is supported by the department of transportation.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1839 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 McCartney and Menor.

SCRep. 1170 Consumer Protection and Commerce on H.B. No. 239

The purpose of this bill is to allow the board of directors or the manager of a cooperative housing corporation to conduct a background check on applicants for employment as security guard or manager or for other positions which would allow the applicant access to the units or entry keys or access to corporation funds.

The criminal history disclosure made by the applicant would be verified through the Hawaii Criminal Justice Data Center.

Your Committee notes that similar legislation was passed in 1988 for condominium property regimes (Act 293, Session Laws of Hawaii 1988, codified as Section 514A-82.1, Hawaii Revised Statutes). However, testimony from the State Attorney General indicates that this law has been unsatisfactory because its language apparently prohibits the Hawaii Criminal Justice Data Center from requesting sufficient demographic information to verify anything more than the conviction information provided by the applicant. Thus, complete criminal history checks cannot be accomplished as the legislature intended.

In view of this testimony, your Committee finds it inappropriate to enact a similar statute. Therefore, your Committee has amended this bill by deleting the substance and inserting an amendment to Section 514A-82.1 which clarifies that the applicant, if requested by the board of directors or manager of a condominium property regime, shall provide to the Hawaii Criminal Justice Data Center personal identifying information such as name, social security number, age, and sex.

Your Committee believes that this bill, as amended, should allow the scope and quality of background checks necessary to carry out the intent and purpose of Act 293. Should subsequent experience prove this to be true, your Committee would give full consideration to granting the same information gathering authority to boards or managers of cooperative housing corporations.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 239, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 239, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb, Chang, Ikeda and Matsuura.

SCRep. 1171 Consumer Protection and Commerce on H.B. No. 219

The purpose of this bill is to extend chapter 439, Hawaii Revised Statutes, to December 31, 1995 and make several substantive changes to improve the regulation of cosmetology in Hawaii.

In addition to extending chapter 439, this bill would also:

- (1) Require licensing rather than certification of beauty operators and cosmetology schools;
- (2) Require the Board to include at least one member from a neighbor island;
- (3) Provide that Board members may not be members of or affiliated with a cosmetology school;
- (4) Provide that in order for an instructor applicant to apply to teach cosmetology the person must have completed six hundred hours course work in the theory and practice of teaching and worked at least one year as a licensed beauty operator in the State or another state with substantially equivalent standards;
- (5) Recognize credentials obtained in another jurisdictions;
- (6) Require filing of an application together with the required fee in order to transfer ownership, rename, or relocate a beauty shop; and
- (7) Allow the Board of Cosmetology to license schools of cosmetology.

Your Committee received supporting testimony from the Board of Cosmetology, several cosmetologists, and the Superintendent of Education and finds that the Board of Cosmetology serves a necessary regulatory function and that the changes to chapter 439 proposed in this bill will better enable the Board to carry out its mandate.

Your Committee has amended this bill by deleting the prohibition against Board members being affiliated with cosmetology schools and by clarifying the language relating to recognition of credentials from other jurisdictions. Your Committee has also made some 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. 219, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 219, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb, Chang, Ikeda and Matsuura.

SCRep. 1172 Consumer Protection and Commerce on H.B. No. 1747

The purpose of this bill is to clarify and strengthen the authority of the Insurance Commissioner to regulate risk retention and purchasing groups.

Specifically the bill would do the following:

- (1) Add definitions of "financially impaired" and "insolvent" to section 431K-1, Hawaii Revised Statutes;
- (2) Provide that whenever the State or county requires proof of financial responsibility as a condition for obtaining a license or permit, the requirement may not be satisfied by insurance from a risk retention group not chartered in the State if it may not be satisfied by insurance from an insurance company not authorized in the State;
- (3) Require the plan of operation for risk retention groups to include identification of each state in which the group has obtained or sought a charter and license, and a description of its status in each state;
- (4) Require the notice provided in section 431K-3(6) to be printed on each application for insurance from a risk retention group as well as on the front and declaration pages of the policy;
- (5) Provide that insurance purchased by a purchasing group for its members' risks from an insurer not authorized in this State or a risk retention group is not covered by any insurance insolvency guaranty fund or similar mechanism in this State;
- (6) Provide that insurance purchased by a purchasing group from an insurer authorized in the State shall be covered by the Property and Liability Insurance Guaranty Association;

- (7) Require purchasing groups to notify the Commissioner of the method by which and the persons through whom insurance will be offered to its members whose risks are resident or located in the State;
- (8) Require insurance agents placing insurance with risk retention groups not chartered in Hawaii to do so pursuant to the surplus lines law and to maintain complete records of such transactions; and
- (9) Repeal the countersignature provision (section 431K-5).

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and Hawaii Independent Insurance Agents Association and finds that this bill will benefit consumers by alerting them to the limitations of risk retention groups. This bill will also enhance the ability of the Insurance Division to monitor and regulate the activities of risk retention and purchasing groups.

Your Committee has amended this bill by making some 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. 1747, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1747, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb, Chang, Ikeda and Matsuura.

SCRep. 1173 Energy and Natural Resources on Gov. Msg. No. 157

Recommending that the Senate advise and consent to the nomination of PATSY K. YOUNG to the Public Utilities Commission, for a term to expire June 30, 1990.

Signed by all members of the Committee.

SCRep. 1174 Energy and Natural Resources on H.B. No. 279

The purpose of this bill is to reauthorize the negotiation of long-term residential leases between the Department of Land and Natural Resources (DLNR) and persons who were displaced by, or who are the descendents of refugees from, the 1926 Hoopuloa lava flow on the Big Island.

The 1926 lava flow destroyed a fishing village in the Milolii-Hoopuloa area, forcing residents to move to adjacent government lands. Act 62, Session Laws of Hawaii 1982, authorized DLNR to negotiate and enter into long-term residential leases with refugees from the lava flow for the government lands onto which these persons had taken up residence.

This authority to negotiate was to expire on January 1, 1985. Act 62 was later amended by Act 83, Session Laws of Hawaii 1984, which extended DLNR's authority to negotiate leases with refugees from the lava flow until January 1, 1987. On January 1, 1987 DLNR's authority to negotiate these leases actually did expire.

It was later determined, however, that, for various legitimate reasons, not all eligible persons had applied for long-term leases, and that there were still eligible parcels of land that could be leased. By Act 362, Session Laws of Hawaii 1987, the legislature reenacted the provisions of Act 62, thereby renewing DLNR's authority to enter into long-term leases retroactive to January 1, 1987. Act 362 specified that this new grant of authority would expire on January 1, 1989. On January 1, 1989 DLNR's authority to negotiate these leases did expire a second time.

It has again been determined, however, that there are still more eligible persons who have not applied for long-term leases, and that there are eligible parcels of land available. Your Committee received testimony that eleven new applications have been submitted as of February 15, 1989. The present bill, then, reenacts the provisions of Act 62 to again authorize DLNR to negotiate and enter into long-term leases with qualified persons. This authority is made retroactive to January 1, 1987 and will expire on January 1, 1990.

Your Committee finds that qualified residents should be given the opportunity to take advantage of the long-term residential leases, and therefore concurs with the intent of this bill.

Your Committee has amended this bill to include mention of Act 362, Session Laws of Hawaii 1987, where appropriate. Your Committee has also amended the bill by making its provisions effective retroactive to January 1, 1989 instead of January 1, 1987.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 279, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 279, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1175 Energy and Natural Resources on H.B. No. 1420

The purpose of this bill is to add a new section to Chapter 188, Hawaii Revised Statutes, which would require the Department of Land and Natural Resources to adopt rules in accordance with Chapter 91 to monitor the export of aquarium fish taken from the waters of the State for aquarium purposes pursuant to Section 188-31, and to give the Board of Land and Natural Resources a monthly account of the number of aquarium fish exported.

Testimony in support of this bill was presented by the Department of Land and Natural Resources, Sea Paradise Scuba, Inc., Dive Makai Charters, and the Environmental Center of the University of Hawaii.

Your Committee finds that information such as this is necessary for proper management of fishery resources. Your Committee has amended the bill by inserting the words "quantities taken of each individual species" in place of "numbers" on line 9 to further clarify the intent of the bill.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 1420, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1420, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1176 (Majority) Energy and Natural Resources on H.B. No. 1536

The purpose of this bill is to ensure that the Public Utilities Commission (PUC) will consider alternate and experienced providers of relay services in implementing a program to achieve relay services for the deaf and hearing-impaired.

Section 269-16.6, Hawaii Revised Statutes, mandates the PUC to implement a program to achieve relay services for the deaf and hearing-impaired no later than July 1, 1989. The section also directs the PUC to require every telephone public utility providing local telephone service to file a schedule of rates and charges providing for the required relay services.

This bill would amend Section 269-16.6, Hawaii Revised Statutes, to require the PUC to investigate the availability of experienced providers of quality relay services for the deaf and hearing-impaired. If the PUC determines that relay services can be provided in a cost effective manner by a service provider, it would be authorized to enter into contracts for the provision of such services or require every telephone public utility to contract with the provider for the provision of relay services. In order to implement the program of relay services by July 1, 1989 as required by Section 269-16.6, the bill allows GTE Hawaiian Tel, as the current local public telephone utility, to provide relay services for three years. Future contracts for relay services shall be awarded based on criteria such as cost, experience, quality, and such other factors as the PUC deems appropriate.

Testimony from the PUC noted that there may be a constitutional prohibition against legislation conferring privileges upon a specific corporation. Supporting testimony was received the Commission on the Handicapped, Department of Health, Department of Human Services, International Brotherhood of Electrical Workers, State Coordinating Council on Deafness, GTE Hawaiian Tel and Hawaii Services on Deafness. The representative of AT&T felt that it would be inappropriate to require GTE Hawaiian Tel to provide service for three years prior to competitive bidding for the service, and that such action would give GTE Hawaiian Tel an advantage in any competitive bidding process on the basis that they are already providing the service.

The constitutional issue raised by the PUC is a matter of serious concern to your Committee as a challenge to the constitutionality of the bill would result in delaying implementation of relay services. Your Committee finds that a technologically advanced and cost effective dual party relay service for the deaf and hearing-impaired is of major importance to the State of Hawaii and should be implemented without delay. For this reason, your Committee has amended the bill to delete the naming of GTE Hawaiian Tel as the provider of relay services during the period July 1, 1989 to June 30, 1992 and added language authorizing the PUC to consider relay services offered by any telephone public utility providing local telephone services as part of its investigation of the availability of experienced providers of relay services.

The bill has also been amended to delete the current subsection (c) which requires the filing of a schedule of rates and charges providing for relay services and to add a new subsection authorizing the PUC to approve a surcharge on all telephone subscriber lines or equivalent to pay for the program mandated by Section 269-16.6, Hawaii Revised Statutes.

Your Committee finds that the formation of a special needs committee which includes representation from the hearing-impaired community is appropriate and necessary to monitor the effectiveness of the relay program and to make recommendations to the PUC on system improvements and enhancements, including the distribution of telecommunications devices for the deaf. The bill has been further amended to provide for the establishment of such a committee.

Your Committee intends that the PUC should proceed with its investigation as provided for in this measure to meet the current July 1, 1989 implementation deadline, but recognizes that more time may be needed in view of the added responsibilities given to the PUC under this bill. Therefore, the implementation date in subsection (a) has been moved back to September 1, 1989. Your Committee further intends that the program include an outreach component to inform the deaf and hearing-impaired about the program.

Your Committee finds that Hawaii could be the first State to provide interstate and international services for the hearing-impaired, and believes that an appropriate goal is to provide unlimited time and service for those who need it. The services presently being offered in California is the minimum level of services acceptable. In order to provide equal access to the hearing impaired, including interstate and international services, and to ensure the continuance of present services, \$60,000 has been allocated in the budget under SOC 802.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 1536, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1536, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator Fernandes Salling did not concur.

SCRep. 1177 Energy and Natural Resources on H.B. No. 1902

The purpose of this bill is to clarify and strengthen the Coastal Zone Management (CZM) Act, Chapter 205A, Hawaii Revised Statutes (HRS), by adding new sections and amending existing ones to clarify the roles and responsibilities of the affected agencies participating in the implementation of the Act, the enforcement of shoreline setbacks, specific penalties in development violations, and criteria for granting variance applications.

Your Committee received supporting testimony from the Office of State Planning, the Department of Land and Natural Resources, Chairman Morgado of the Honolulu City Council, the Department of Land Utilization of the City and County of Honolulu, the Land Use Research Foundation of Hawaii, the Planning Department of the County of Kauai, Chairman of the Planning Committee of the Kauai County Council, Life of the Land, Hawaii Chapter of the Sierra Club, Public Access Shoreline Hawaii, and Natural Resources Defense Council, Inc. The Department of Transportation offered testimony in opposition, stating that passage of the bill would require the Department of Transportation to apply for variances for all maintenance, reconstruction, or repair projects done on shoreline areas no matter how small the project may be.

Your Committee has amended the bill as follows:

- (1) By deleting the new section to be added to Chapter 205A, relating to the protection of high quality beaches, as this is a planning and beach acquisition issue and not a shoreline setback issue. This is also contrary to the concept of variances to set up areas where variances cannot under any circumstances be obtained. Your Committee finds that the counties already have the authority to engage in planning efforts to identify high quality beaches;
- (2) By deleting the proposal to expand Section 205A-6, HRS, subsection (a), paragraph (1). Your Committee finds that this provision may invite frivolous litigation relating to land use permits and approvals in all geographical areas throughout the State except for forest reserves, thus contributing to the already cumbersome land use approval process;
- (3) By amending the penalty provision in Section 205A-32, HRS, to clarify that the person responsible for a violation, is subject to a civil fine, and to clarify that the fine is not to exceed \$1,000 per day for each day the violation continues;
- (4) By deleting subsection (c), Section 205A-43, HRS, which allows the counties by ordinance to expand the shoreline area to include the area between mean sea level and the shoreline, and reinserting this provision into Section 205A-45, HRS, as a more appropriate section. This allows the counties, through either ordinance or rules adopted pursuant to Chapter 91, HRS, whichever is applicable, to expand the shoreline area. Your Committee finds that this provision will allow the counties to better manage and enforce CZM objectives and policies;
- (5) By adding a new paragraph (5) to Section 205A-44, subsection (b), HRS, to delineate "structure" to relieve the burden of going through the variance process by property owners and county planning departments and negate unnecessary regulation for the construction or placement of minor structures that would not have a significant effect on the shoreline process, such as irrigation pipes for landscaping, drinking fountains, shower pads, beach and ocean warning signs, and other low profile structures;
- (6) By adding a new paragraph (6) to Section 205A-44, subsection (b), HRS, to provide that variances shall not be required for the maintenance, repair and the like of legal public boating, maritime or watersports activities that have little or no interference with the natural shoreline process. Your Committee finds that this amendment would provide relief for property owners as well as State and county agencies from unnecessary regulation;
- (7) By amending Section 205A-46, HRS, to provide conditions under which variances may be granted by deleting proposed restrictions upon applicants for private facilities or improvements who would experience hardship if the facilities or improvements were not allowed. Your Committee finds that this amendment would provide more reasonable conditions for the granting of variances;
- (8) By adding a new section which requires the Office of State Planning to prepare and submit a report to the Legislature of the 1990 Regular Session. The report will include jurisdictional issues between State departments and between the State and the counties involving development, activities, intensity of use, operations, zoning, and environmental concerns regarding the use of coastal waters, the shoreline, and ingress and egress to the waters of the State. In addition, the report also calls for recommendations in the form of proposed statutory changes to resolve the current jurisdictional conflict. Your Committee finds that it is incumbent upon the Legislature to request this report in order to properly carry out its responsibility and clarify the existing law regarding the jurisdiction of certain activities within the shoreline area. Your Committee strongly believes that it is the Legislature's duty to provide clarification rather than the courts in instances where ambiguities in the law or changing conditions allow for conflicting interpretations. Your Committee also believes that in those instances where the subject involves certain matters of statewide concern, the Legislature's intent and purpose must be reestablished and clarified by amending existing laws or creating new ones. Failure on the part of the Legislature to carry out this duty will result in court sanctioned use of unequal force and application of law. Your Committee has already witnessed the inconsistencies present in implementing the coastal zone management program and the State boating law. In light of this, your Committee wishes to emphasize the fact that the proper arena for jurisdictional disputes is in the Legislature and not the courts.
- (9) By making other technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 1902, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1902, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1178 Transportation on H.B. No. 1920

The purpose of this bill is to decrease the maximum allowable axle load on vehicles traveling on any public road, street, or highway. Current law provides that if the distance between the first and last axles is less than forty-two inches, the weight shall not exceed 24,000 pounds, that the total gross weight imposed by any single axle shall not exceed 24,000 pounds, and that the total weight imposed by any one wheel shall not exceed 12,000 pounds, half of that amount. This bill would reduce those figures to 22,500, 22,500 and 11,250 pounds, respectively.

Your Committee received supporting testimony from the Department of Transportation and the Hawaii Transportation Association.

Your Committee finds that this bill will help to extend the life of the pavement in Hawaii's roads. Your Committee has amended the bill at the request of the Department of Transportation to clarify the existing formula applying to vehicles with two or more consecutive axles, which could be erroneously misinterpreted. Your Committee has also amended the bill by amending the definitions of "L" and "W" to reinstate the definitions in effect prior to the 1977 amendment to this statute. Your Committee has also made technical, nonsubstantive changes.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1920, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1920, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1179 Transportation on S.B. No. 1751

The purpose of this bill, as received, was to allow Hawaii residents to obtain Hawaii license plates and registration for motor vehicles purchased from the mainland.

Your Committee has amended the bill by removing those provisions and replacing them with noise prohibition laws applicable to motor vehicles. The bill as amended makes it a petty misdemeanor to operate, permit the operation of, cause to operate, or park on a public highway, any motor vehicle with an amplified speaker sound system installed in any unenclosed area of the vehicle. Upon conviction under this section, the speaker system shall be forfeited.

Your Committee finds that these types of amplified speaker systems cause noise pollution, and also may pose a hazard to those around them by preventing the driver from hearing warning sounds such as sirens and horns.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1751, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1751, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1180 Consumer Protection and Commerce on H.B. No. 1597

The purpose of this bill is to clarify and expand the definition of specialty contractor under the contractors law.

Specifically, the bill lists various activities performed by specialty contractors including electrical, dry wall, painting, landscaping, floor covering, plumbing, and roofing work.

Your Committee received supporting testimony from the Subcontractors' Association of Hawaii and the Contractors License Board and finds that this bill will help to resolve any dispute that might arise regarding who is a specialty contractor and who is not.

Your Committee has amended this bill by substituting "carpet laying" for "carpet installation by the tackless strip method", because carpet installation by the tackless strip method requires licensure under specialty contractor classification C-7 which is denominated "carpet laying contractor." Similarly, "painting" has been changed to "painting and decorating" and "floor covering" has been changed to "flooring" to conform to the terminology in the administrative rules.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1597, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1597, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb, Chang, Hagino and Koki.

SCRep. 1181 Consumer Protection and Commerce on H.B. No. 215

The purpose of this bill is to provide for the disposition of excess funds raised by a lifesaving fundraising organization.

"Lifesaving fundraising organization" is defined as any person, group, or entity which solicits and collects funds for the purpose of aiding individuals with life-threatening or terminal illnesses and which is exempt from the registration requirements of Section 467B-11(3), Hawaii Revised Statutes.

The bill specifies that in the event of the death of a beneficiary of a lifesaving fundraising organization's efforts, the funds raised shall only be expended for the debts or expenses incurred by the beneficiary which are directly related to the beneficiary's illness. The remainder shall be donated to a charitable, religious, or nonprofit organization exempt under the Internal Revenue Code or distributed in accordance with Chapter 415B in the event that the organization is a nonprofit corporation.

After further consideration, your Committee has amended this bill as follows:

- (1) Added the definition of "lifesaving fundraising organization" to Section 467B-1;
- (2) Added a new section to Chapter 467 providing that upon the death of a beneficiary, the remaining contributions shall be expended only for the actual debts or expenses incurred by the individual in connection with the individual's illness. The remainder of the contributions may be returned, on a pro rata basis, to the contributors, and any sums not expended or returned shall escheat directly to the State's general fund; and
- (3) Made several nonsubstantive language and other technical 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. 215, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 215, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb and Koki.

SCRep. 1182 Consumer Protection and Commerce on H.B. No. 1535

The purpose of this bill is to allow licensed contractors to make the disclosures required by Section 444-25.5, Hawaii Revised Statutes in the written contract instead of on a separate form.

Current law requires licensed contractors entering into a contract involving home improvements to use a separate form to explain to the customer all lien rights of parties under the contract, the owner's option to demand bonding on the project, how such bonding would protect the owner, and the approximate cost of the bond.

Your Committee received conflicting testimony on this bill and after due consideration finds that the interests of the consumer as well as the licensed contractor are best served by eliminating the requirement of a separate form.

Your Committee amended the bill by redrafting paragraph 444-25.5(3), instead of adding to it, but the intent is the same as the intent of the House of Representative's draft.

Your Committee has further amended this bill by designating the beginning of Section 444-25.5, including paragraphs (1) to (3) as subsection (a), and redesignating paragraphs (4) and (5) of the section as new subsections (b) and (c) in order to be consistent with the language and style of the section, 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 H.B. No. 1535, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1535, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb, Chang, Hagino and Koki.

SCRep. 1183 Agriculture on H.B. No. 383

The purpose of this bill is to prohibit the manufacture, distribution, sale or offer for sale of beverage containers known as "plastic cans."

Your Committee received testimony in support of this bill from the Department of Health, the Environmental Center, and the Hawaii Democratic Movement. Testimony in opposition to the bill was presented by the Hawaii Food Industry Association. The testimony indicated that aluminum and plastic, if retained as separate materials, are recyclable. However, "plastic cans", being a combination of aluminum and plastic, are not recyclable.

Your Committee feels that the state should not permit packaging, such as "plastic cans" which is inappropriate for recycling. On the other hand, your committee wishes to make clear that it is not the committees intent to discriminate against plastic packaging.

In view of the testimony presented, your Committee has amended this bill by revising Section (b) to read as follows, "No person shall manufacture, distribute, sell, or offer for sale at retail in this State, beverage containers that are composed of more than one material in the basic structure of the container exclusive of closure. For the purposes of this section, all types of plastics are considered to be one material."

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 383, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 383, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Reed.

SCRep. 1184 Agriculture on H.B. No. 1259

The purpose of this bill is to exempt imported eggs which are intended for hatching or sale as "balut" from individual origin marketing requirements.

Your Committee received testimony in support of this bill from the Asagi Hatchery, Inc. which indicated that marketing requirements were intended to protect the local table egg industry. The table egg industry only produces infertile, not fertile eggs. Hawaii currently imports over two and a half million fertile hatching eggs each year for use by the broiler industry. In addition, fertile hatching eggs are also imported for use as balut, an ethnic delicacy. Because fertile imported eggs have no effect on the local table egg industry, these eggs should not be covered under the present marking requirements.

Your Committee also received testimony in support of this bill from the Department of Agriculture. The department's testimony indicated that eggs affected by this measure are handled in a special manner and controlled by Federal and State regulations.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1259 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 Reed.

SCRep. 1185 Agriculture on H.B. No. 1685

The purpose of this bill is to allow an aggrieved person to petition an agency for reconsideration of an environmental impact statement (EIS) determination.

Currently, the only process available to appeal agency EIS determinations is to initiate costly and time consuming judicial proceedings. This bill would establish a procedure for administrative appeal, providing a forum whereby aggrieved persons may voice their objections without incurring considerable costs or delay and ensure that all administrative remedies are exhausted before the issue is appealed in court. Moreover, this bill will shorten the present sixty day period within which a judicial appeal can be filed to thirty days and thus serve to speed implementation of both agency and applicant actions in the vast majority of cases where no petitions for reconsideration are submitted.

Your Committee has amended the bill by requiring an aggrieved person to file for reconsideration of an EIS determination within twenty, instead of the proposed thirty days; requiring the agency to respond to reconsideration requests within twenty days; and requiring judicial proceedings for review of EIS determinations to be initiated within ten, instead of the proposed thirty days.

The bill has been further amended by substituting the words "applicant or petitioner" for "person" on page 7, line 14 (page 7, line 15 of the bill as amended) to clarify that only persons who have applied for agency approval under Section 343-5, Hawaii Revised Statutes, or who have petitioned for reconsideration of an agency determination may seek judicial review.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1685, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1685, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Reed.

SCRep. 1186 Agriculture on H.B. No. 160

The purpose of this bill is to amend the definition of "action" regarding environmental impact statements.

Presently, "action" means any program or project to be initiated by any agency or applicant. This bill proposes to include any proposed agency rules or plans with potential environmental impacts within the meaning of "action".

The bill also requires an environmental assessment for any proposed use within a "special management area" (SMA) instead of a "shoreline area". Your Committee finds that although there is a consensus as to the importance of environmental assessment within SMAs, there is also inconsistent county environmental review in these areas. The SMAs need to be brought under Chapter 343 to provide uniform and consistent findings to better assist interested parties.

Your Committee finds that there is a need for better environmental planning of large scale agency actions which have long term and far reaching environmental implications. On the other hand, subjecting rulemaking to the EIS process would result in intolerable delays in the adoption of rules and allow the affluent to use litigation as a means of exacting concessions from the proposed rules.

Your Committee has therefore amended the bill by changing the definition of the term "action" to only include any proposed agency plans. The phrase "which clearly direct activities with potential environmental impacts" has been deleted as it is unnecessary and presents a circular statement because it would require assessment to determine if potential environmental impacts exist. Your Committee also does not believe it necessary to include rulemaking at the present time, although such action is subject to environmental assessment at the federal level in some cases.

Your Committee has also amended the bill by changing the proposed amendment on page 2, line 6, which refers to the definition of "special management area" in section "205A-23". The correct reference should be to the Definitions section

"205A-22", which refers to special management areas in section 205A-23.

Testimony in support of this bill was presented by the Natural Resources Defense Council, Inc., Environmental Center and American Lung Association. Testimony in opposition to this bill was presented by the City and County of Honolulu Department of Land Utilization, Department of Health and Department of Land and Natural Resources.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 160, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 160, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Reed.

SCRep. 1187 Agriculture on H.B. No. 1445

The purpose of this bill is to regulate the disposal of lead acid batteries.

In addition, this bill would establish a comprehensive battery recycling program for the State of Hawaii. Battery dealers would be required to accept the return of used batteries equal to the number they sell. They would also have to post signs supplied by the Department of Health notifying consumers of the recycling requirements.

Your Committee heard testimony in support of this bill from the Public Affairs Consultants-Hawaii, the Hawaii Medical Association, and the Department of Health.

Your Committee has amended the bill to make technical changes that have no substantive effect.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1445, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1445, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Solomon, Fernandes Salling and Reed.

SCRep. 1188 Housing and Hawaiian Programs on H.B. No. 1861

The purpose of this bill is to amend section 201E-62, Hawaii Revised Statutes, to provide that the federal income limits imposed by the Tax Reform Act of 1986 will be used as a basis for setting Hula Mae income limits, and to delete the asset requirements for eligible buyers.

Your Committee received testimony in favor of the bill from the Housing Finance and Development Corporation. This testimony indicated that the administration of the Hula Mae program would be greatly simplified and existing confusion eliminated if federal income limits imposed by the Tax Reform Act of 1986 were used as a basis for setting the Hula Mae income limits. With regard to deletion of the asset requirements for eligible buyers, the testimony received indicated that asset limitations create valuation problems and extra work for lenders which in turn lessens their desire to participate in the Hula Mae program. The National Council of State Housing Agencies has confirmed that Hawaii is the only state in the nation which imposes such asset limitations.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of H.B. No. 1861, 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 Cobb and Fernandes Salling.

SCRep. 1189 Housing and Hawaiian Programs on H.B. No. 946

The purpose of this bill is to provide that the seller and the board of directors of a condominium or cooperative housing project must enter into good faith negotiations during the 120 day first refusal period, as to terms and conditions under which the leased fee will be sold. This bill also amends several sections of Chapter 514C, Hawaii Revised Statutes, for purposes of clarification.

Section 1 of the bill replaces the term "horizontal" property regime, with the term "condominium" property regime, to provide for consistent use of terminology in Chapter 514C.

The bill as received did not contain a Section 2. It appears that the section that should have been designated as Section 2 amends Section 514C-2, Hawaii Revised Statutes, to restrict the right of first refusal to condominium or cooperative housing projects which contain at least one residential unit. For projects containing both residential and nonresidential units, the right of first refusal extends to allow the condominium association or cooperative corporation the right to purchase the portion of the leased fee that corresponds to the leasehold interests of the residential lessees.

Section 3 of the bill clarifies that the right of first refusal to purchase improvements on the land is restricted to residential units and corresponds to the amendments made in Section 2.

Section 4 of the bill provides that the right of first refusal must be rejected in writing by the board of directors, pursuant to action taken at a duly constituted board meeting.

Section 5 of the bill clarifies that no lessee shall be compelled to buy his proportionate share of the leased fee, but may continue to pay lease rent.

Section 6 of the bill provides that the seller and board of directors of the condominium or cooperative housing project must enter into good faith negotiations during the 120 day first refusal period, as to terms and conditions under which the leased fee will be sold.

Testimony in support of this bill was presented by the Hawaii Leaseholders Equity Coalition; the Hawaii Independent Condominium and Cooperative Owners; and leasehold apartment owners. Testimony in opposition to this bill was presented by Kamehameha Schools/Bishop Estate; small landowners, and attorneys from various law firms.

Upon further consideration, your Committee has amended this bill as follows:

1. By deleting the entire paragraph pertaining to good faith negotiations. Your Committee finds that requiring the lessor to negotiate the terms and conditions of a possible sale under the right of first refusal is contrary to the concept of the right of first refusal, i.e., to sell the leased fee interest to lessees on the same terms and conditions as the offer made to the lessor by an outside party;
2. By requiring that when the leased fee interest in land under a condominium or cooperative housing project containing one or more residential units is to be sold to any party other than the condominium association or cooperative housing corporation, the seller shall obtain a copy of the project's official mailing list and notify condominium unit and cooperative housing unit lessees and renters of the offer.
3. By providing that in the case of the sale of the entire leased fee interest in land under a condominium or cooperative project containing both residential and nonresidential units, the association of owners, cooperative housing corporation, or renters, shall only be allowed to purchase if they can arrange for the sale of the leased fee interest in its entirety. If they are not able to arrange such a sale, the lessor is not bound to sell only a portion of the leased fee interest.
4. By extending to renters as well as lessees the right of first refusal.
5. By deleting Section 5 thus reverting to the present language of Section 514C-6(c).
6. By adding a new section clarifying that if the leased fee interest is sold directly to lessees, or to co-owners or partners of the lessors, family members or family corporations, or if the sale is part of a probate proceeding, the right of first refusal will not apply.
7. By making technical changes which have no substantive effect.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of H.B. No. 946, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 946, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb and Fernandes Salling.

SCRep. 1190 Ways and Means on H.B. No. 1756

The purpose of this bill is to extend the exemption currently allowed from the vehicular tax imposed by chapter 249, Hawaii Revised Statutes, to vehicles leased by police officers, the State, or the counties.

The present statute provides a tax exemption for motor vehicles owned by the State, counties, and police officers, but does not provide an exemption for leased vehicles. This bill would expand the exemption to include vehicles or motorcycles that are leased for at least twelve months by the State or any county and vehicles or motorcycles that are leased for at least twelve months by police officers and that actually are used by them for official business.

Your Committee has amended the bill by making technical, nonsubstantive changes for purposes of style, clarity, consistency, and to reflect current statutory language.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1756, 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. 1756, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1191 Ways and Means on H.B. No. 475

The purpose of this bill is to increase the amount available for personal and commercial loans under the State's disaster relief program. The current provisions restrict commercial loans to \$25,000 and personal loans to \$5,000. This bill raises those amounts to \$50,000 and \$15,000, respectively.

Your Committee finds that the \$25,000 cap on commercial loans was set twenty-eight years ago, in 1961, and the \$5,000 cap on personal loans was set thirteen years ago, in 1976. Your Committee finds that the cost of replacing personal and commercial property has risen considerably since those times, and that an increase in the loan ceilings is necessary to help those involved in a disaster to rebuild their lives.

Your Committee has also amended the bill to provide that water catchment systems contaminated by lead constitute a state disaster, and permit water catchment systems certified by the department of health as containing lead to entitle owners or lessees to personal loans of up to \$5,000 to replace the system.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 475, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 475, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1192 Ways and Means on H.B. No. 1233

The purpose of this bill is to establish conditions for the matching and reversion of funds for the State of Hawaii endowment fund used for the operations of the Honolulu Symphony.

Your Committee finds that this bill clarifies the process for receiving matching funds to the State of Hawaii endowment fund. The enactment of this bill will assist the trust administrators of the Honolulu Symphony in alleviating any problems incurred in carrying out the intent of endowment fund legislation.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1233, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1193 Ways and Means on H.B. No. 1544

The purpose of this bill is to appropriate funds to transport to the Hawaii Maritime Museum, the Lady Timarau or a replica of the historic boat that Florentino Das sailed on his voyage from Hawaii to the Philippines.

Your Committee finds that recognizing activities which demonstrate the spirit of modern-day maritime pioneers is in the best interest of our island State. These feats of endurance reflect Hawaii's own path of discovery by cultures who endured hardships and uncharted waters to settle in the Hawaiian islands.

Your Committee has amended this bill by deleting section 3 which appropriates a blank sum to the Hawaii Maritime Center, because the appropriate sum has been inserted into the executive budget bill.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1544, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1544, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1194 Ways and Means on H.B. No. 32

The purpose of this bill is to establish a division of historic preservation within the department of land and natural resources. This bill also appropriates funds for the hiring of personnel necessary to carry out the reorganization.

Your Committee finds that protecting Hawaii's historic resources is critical to maintaining Hawaii's unique sense of place. Hawaii's law regarding historic preservation clearly states that it is the policy of the State to provide leadership in preserving, restoring, and maintaining historic and cultural property in a spirit of trusteeship for future generations. Currently, the responsibility for the implementation of a historic preservation program is placed with the division of state parks within the department of land and natural resources.

Your Committee finds that the immense responsibilities inherent in a program of such magnitude requires that the program be elevated to the status of a division. A historic preservation division will facilitate a more aggressive commitment to historic preservation in Hawaii.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 32, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1195 Ways and Means on H.B. No. 30

The purpose of this bill is to establish a Hawaii historic preservation special fund to enhance and preserve elements of Hawaii's historic past.

Your Committee finds that Hawaii's historic resources reflect our rich multi-cultural heritage and serve to create a sense of place that is unique to the State. This heritage is an invaluable resource for the people of the State and its preservation will have many benefits.

Your Committee finds that this action to establish a special fund is consistent with the intent and purpose of the State's historic preservation program. This bill authorizes the department of land and natural resources to contract the day-by-day management of the special fund to a private agency. The special fund will provide ongoing support needed to preserve, restore, and maintain our historic heritage.

Your Committee has amended this bill:

- (1) By clarifying that moneys from the fund may be provided to private agencies in accordance with the requirements of chapter 42;
- (2) To require the department to adopt rules pursuant to chapter 91 for the purposes of the fund; and

(3) By changing the amount of the appropriation to \$1,000,000.

Your Committee notes that this bill is similar to S.B. No. 1757, which was approved earlier by this Committee.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 30, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 30, H.D. 2, S.D. 1.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1196 Ways and Means on H.B. No. 672

The purpose of this bill is to establish a libraries special fund in which moneys collected as fines for overdue books and payments for lost or otherwise unreturned books are deposited. Moneys in the libraries special fund must be used to purchase books or other library material.

Your Committee finds that this bill is identical to S.B. No. 1839, which your Committee approved and passed earlier this session.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 672, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1197 (Majority) Ways and Means on H.B. No. 1826

The purpose of this bill is to create a state educational facilities improvement special fund to be invested with general excise tax revenues as of September 1, 1989, and each year thereafter through 1995, to be expended for capital improvements for the State's public education system. A specified amount of receipts from general excise taxes would be set aside each year for the special fund, which will be terminated as of June 30, 1999.

Your Committee finds that the quality of the education available through any given system bears a close relationship to the quality of the system itself, especially its physical facilities. Your Committee further finds that Hawaii's public schools require substantial repair and maintenance, and that there is a need for new schools to facilitate anticipated increased public school enrollment.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1826, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.
Senator George did not concur.

SCRep. 1198 Ways and Means on H.B. No. 1851

The purpose of this bill is to create statutorily the position of special assistant to the state librarian to assist the state librarian in special projects, studies, investigations, and other activities. The bill also provides for a secretary to the special assistant. Both positions will be exempt from the civil service law.

Your Committee notes that this bill is the companion to S.B. No. 1883 which was reported out of your Committee for passage on third reading under Senate Standing Committee Report No. 757 on March 3, 1989.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1851, H.D.1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1199 Ways and Means on H.B. No. 180

The purpose of this bill is to add a new chapter to the Hawaii Revised Statutes to establish an ocean energy conversion development fund to encourage the development of ocean thermal energy conversion projects that have commercial applications.

The bill also requires that projects funded through the development fund receive matching amounts from nonstate sources and that all equipment and facilities revert to the State following the termination of each project. The bill allows royalties and donations of equipment and services to be counted as matching funds. As stated in Senate Standing Committee Report No. 1036, the \$5 million appropriation for fiscal year 1989-1990 is earmarked for the planning, design, and construction of a warm and cold pipeline for closed cycle ocean thermal energy conversion.

Your Committee notes that this bill is a companion to S.B. No. 554, which was reported out of your Committee for passage on third reading under Senate Standing Committee Report No. 668 on March 3, 1989.

Your Committee has made a technical, nonsubstantive amendment to the bill for purposes of style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 180, 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. 180, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1200 Ways and Means on H.B. No. 875

The purpose of this bill is to appropriate funds to restore department of land and natural resources operating funds which were diverted to prepay a federal loan for the Molokai irrigation project, currently managed by the department of land and natural resources.

Your Committee finds that the prepayment of the federal loan resulted in substantial savings to the State. This bill will permit the department of land and natural resources to resume and complete its scheduled fiscal year 1989 program activities.

Your Committee has amended this bill by specifying the budget areas to which the funds shall be appropriated. These areas reflect the programs from which the funds were originally diverted.

Your Committee finds that the governor has requested the immediate passage of this bill in accordance with Article VII, section 9 of the Constitution of the State of Hawaii. Your Committee notes that this bill is the companion measure to S.B. No. 870, which was approved earlier by this Committee.

Your Committee has also made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 875, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 875, S.D. 1.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1201 Ways and Means on H.B. No. 1575

The purpose of this bill is to increase the energy conservation tax credit for resident individuals and corporations to twenty-five per cent of the cost of all wind or solar energy devices, heat pumps, or ice storage systems placed in service in the State after December 31, 1989.

Presently, section 235-12, Hawaii Revised Statutes, allows a fifteen per cent tax credit against the income tax liability of an individual on the cost of a solar or wind energy device, heat pump, or ice storage system placed in service in the State before December 31, 1992. For a solar energy device used in a trade or business that qualifies for the federal energy property credit under section 46 of the Internal Revenue Code, the state tax credit allowable is ten per cent.

Your Committee finds that the current low price of imported oil has adversely affected the competitive viability of solar water heaters, heat pumps, and other conservation and alternate energy conversion devices and that additional incentives in the form of higher state tax credits are needed to ensure that progress will continue toward the State's goal of reducing its dependence on imported oil.

Upon further consideration, your Committee believes that the amount of the tax credit should be reduced to twenty per cent and has amended this bill accordingly.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1575, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1575, S.D. 1.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1202 Ways and Means on H.B. No. 1611

The purpose of this bill is to provide the State an opportunity to assist, in the form of special purpose revenue bonds to both Chronar Corporation and Energy Conversion Devices, Inc., in the establishment of photovoltaic-panel manufacturing facilities in Hawaii, rather than limiting assistance to one, or the other.

Your Committee finds that both candidate companies have the capability of satisfactorily constructing and operating a photovoltaic-panel manufacturing facility. Assisting both companies would provide greater benefits to the State.

Your Committee notes that this measure is a companion bill to S.B. No. 1053, which was previously approved by this Committee and passed by the Senate.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1611 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1203 Ways and Means on H.B. No. 1821

The purpose of this bill is to appropriate funds to acquire resource value lands including land having value as scenic and open space, ecological, cultural, or other reasons.

Your Committee finds that Hawaii's rapidly growing population and the demands which this growth places on the State's resources require the acquisition, preservation, and management of valuable lands for present and future generations.

Your Committee has amended this bill by deleting the word "any" on page 3, line 19, and by adding the words: "for the fund" on page 3, line 20, so that section 173A-5(b) is amended to read: "The proceeds from the sale of any general obligation bonds, authorized and issued for the purposes of this chapter, or other appropriations authorized by the legislature for the fund, shall be deposited in or credited to the fund." The purpose of this amendment is to make clear that appropriations authorized by the legislature must be specified for the fund for the environment, and cannot be from any appropriation made for any other purpose.

Your Committee has also made technical, nonsubstantive amendments for purposes of style.

Your Committee notes that except for these amendments, the language of this bill conforms exactly to the language of S.B. No. 1910, S.D. 1, its companion bill in the Senate.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1821, H.D. 2, S.D. 1, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1821, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1204 Ways and Means on H.B. No. 1832

The purpose of this bill is to increase from \$200,000 to \$500,000 the annual expenditure ceiling for the "special land and development fund" for the maintenance of lands under the control and management of the board of land and natural resources; provided that expenditures in excess of this ceiling require the prior approval of the governor.

Your Committee finds that current law authorizes the board of land and natural resources to expend \$200,000 annually from the special land and development fund for the incidental maintenance of lands under the jurisdiction of the board. The funds are used for the repair of sidewalks, the removal of fallen trees or trees posing a danger to structures, the clearing of streams, the eradication of marijuana, and other uses associated with the maintenance of state lands.

Your Committee further finds that, from past experience, the \$200,000 annual expenditure ceiling has often been inadequate. An increase in the expenditure limit of the special land and development fund will greatly assist the department in its effort to maintain and improve state lands.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1832 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1205 Ways and Means on H.B. No. 1872

The purpose of this bill is to clarify that government agencies may enter into multi-year energy performance contracts for energy efficiency improvements in state and county facilities. In this regard, the title of section 36-41, Hawaii Revised Statutes, has been changed from "third-party financing for public facilities" to "energy performance contracting for public facilities". The bill also specified the bidding and contracting procedures for these multi-year contracts.

Your Committee finds that performance contracting affords public agencies the opportunity to pursue energy efficiency improvements that may otherwise be overlooked. These are complex arrangements requiring the close scrutiny of all of the involved parties.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1872, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1206 Ways and Means on H.B. No. 911

The purpose of this bill is to require all state community correctional facilities to provide sex abuse education and treatment programs for persons incarcerated for sexual offenses or who otherwise need such programs and to appropriate \$360,500 for each fiscal year of the biennium to establish the education and treatment programs at the various state correctional facilities.

Your Committee notes that this bill is similar to S.B. No. 895, which this Committee reported out earlier.

Your Committee has amended the bill to make technical, nonsubstantive changes, including the addition of a new section to explain the effect of the bracketing and underscoring.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 911, 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. 911, H.D. 2, S. D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1207 Ways and Means on H.B. No. 920

The purpose of this bill is to consolidate state public safety functions and employees into a department of public safety to ensure better organization and coordination of public safety functions, allow for standardized training, and establish a "career ladder" for public safety employees.

The bill establishes a department of public safety effective upon its enactment and provides for the transfer of functions from the office of the sheriff, the state law enforcement office, and the department of corrections to the new department effective July 1, 1990. The bill also provides for the transfer of other public safety functions and employees from the department of land and natural resources, department of transportation, narcotics enforcement division of the department of the attorney general, and the Hawaii criminal justice commission, effective January 1, 1991, unless disapproved by the governor. Finally, the bill requires the governor to appoint a management team to develop the appropriate transition plans, rework position descriptions, revise personnel classifications, develop an organizational structure, submit a proposed budget, and attend to other administrative details in order to ensure that the department of public safety to be operational by July 1, 1990.

Upon further consideration, your Committee has amended the bill by deleting all provisions except for the appropriation section and substituting therefor a proposal to establish a department of public safety on July 1, 1989. The department as proposed would encompass only the functions presently under the department of corrections and the office of the sheriff. Your Committee intends that the department of public safety be incrementally developed and provides for the first phase of its development by this amendment.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 920, 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. 920, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1208 Ways and Means on H.B. No. 1905

The purpose of this bill is to enable the department of Hawaiian home lands to issue revenue bonds to finance its growing capital improvements programs.

This bill also grants additional powers to the department to:

- (1) Undertake and carry out the development of any Hawaiian home lands available for lease with the approval of the governor;
- (2) Undertake and carry out the development of available lands as a developer for homestead, commercial, and multipurpose projects, with the approval of the governor;
- (3) Designate by resolution of the Hawaiian homes commission all or any portion of a development or multiple developments undertaken with the approval of the governor; and
- (4) Exercise the powers granted under section 39-53, Hawaii Revised Statutes, including the power to issue revenue bonds from time to time as authorized by the legislature.

Your Committee notes that references to "this Act" means the Hawaiian Homes Commission Act, and references to "this section" refers to the new section, as appropriate.

Your Committee has made 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. 1905, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1905, H.D. 1, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1209 Ways and Means on H.B. No. 1876

The purpose of this bill is to authorize the housing finance and development corporation to carry out federal programs, which are designated for implementation by state housing development or housing finance agencies.

This bill requires the corporation to adopt any rules that may be necessary to carry out federal programs. This bill also allows the corporation, for services rendered, to charge necessary administrative fees and to deposit those fees into an appropriate special fund administered by the corporation.

Your Committee finds that this bill will allow the implementation of federal programs and allow the State to take full advantage of any new federal housing program in a timely manner.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1876 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1210 Ways and Means on H.B. No. 1862

The purpose of this bill is to transfer the housing finance development corporation from the department of business and economic development to the department of budget and finance. This bill also appoints the director of finance to the board of directors of the corporation as an ex officio voting member.

Your Committee finds that the expansion of the stock of affordable housing in Hawaii demands high priority and immediate attention. The housing finance and development corporation was established to perform the housing finance, housing development, and residential leasehold functions of the State. The purpose of this bill is to increase the involvement of the director of finance in the activities of the corporation, thereby expediting the processing of administrative approvals of the corporation's projects and programs.

Your Committee notes that this bill is the companion measure to S.B. No. 1906 which was approved earlier by this Committee.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1862 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1211 Ways and Means on H.B. No. 1895

The purpose of this bill is to provide state-funded public assistance to inmates in the custody of the department of corrections who are otherwise eligible for medical assistance and who have been determined to have a major illness or medical condition requiring medical care outside of the institution.

Your Committee finds that the department of corrections' health care budget is inadequate and is quickly exhausted by medical costs incurred by inmates in the department's custody. Your Committee supports this bill as a method of controlling costs and increasing medical services to inmates.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1895, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1212 Ways and Means on H.B. No. 1824

The purpose of this bill is to appropriate money to be deposited in the criminal injuries compensation fund for the purpose of compensating certain persons or their providers of services pursuant to chapter 351, Hawaii Revised Statutes, the criminal injuries compensation law.

Your Committee has amended this bill by changing the effective date from July 1, 1989, to upon approval.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1824, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1824, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1213 Ways and Means on H.B. No. 1822

The purpose of this bill is to transfer the functions, personnel, and property of the Hawaii state coordinating council on deafness (HSCCD) from the department of human services to the department of health.

Your Committee finds that the transfer to the department of health is appropriate because two organizations similar to the HSCCD that serve the disabled population are in the department of health: the commission on the handicapped, which focuses on the general disabled population, and the state planning council on developmental disabilities, which focuses on the developmentally disabled. The transfer of the HSCCD will strengthen all three programs by consolidating the focus of the needs of all disabled persons through better planning and coordination.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1822, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1214 Ways and Means on H.B. No. 919

The purpose of this bill is to amend chapter 351, Hawaii Revised Statutes, relating to criminal injuries compensation.

The bill attempts to improve the current criminal injuries compensation process in several ways by: (1) conforming the language in the statutes with recent changes in state and federal law, (2) creating more efficiency in the operations of the commission, and (3) providing more timely awards to victims.

Specifically, the bill provides for the following:

- (1) Adds definitions of "designated persons" and "resident" and clarifies the present definition of "victim". The definition of "designated persons" will provide clearer guidance to the commission in following the mandate of a provision passed last year. This provision requires that victims be notified of their right to have payments from their award given to a "designated person". A new definition of "resident" would facilitate the proposed expansion of the definition of "victim" to include any resident who is injured or killed in another state that does not have an eligible crime victim compensation program;

- (2) Gives the commission administrator authority to conduct an investigation regarding the validity of applications made to the commission and authorizes the administrator to determine proposed awards to be reviewed by the commission. This ultimately will speed up the claim process and reduce the workload and time requirements of the commissioners;
- (3) Creates a new appeals option for applicants who are dissatisfied with the commission's decisions by allowing appeals to the appropriate circuit court;
- (4) Provides for the inclusion of full compensation to victims of motor vehicle crimes and domestic violence;
- (5) Amends section 351-32, Hawaii Revised Statutes, to conform with recent revisions made to the Hawaii Penal Code;
- (6) Allows the commission to consider applications submitted beyond the eighteen-month time limit upon a showing of good cause. This will allow for compensation in cases where circumstances beyond the victim's control prevented timely filing of an application with the commission; and
- (7) Deletes current exclusions of certain types of compensation to victims who are related or residing with the perpetrator.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 919, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1215 Ways and Means on H.B. No. 604

The purpose of this bill is to provide an additional rate of payment for persons receiving medical assistance to institutional providers of medical care.

Your Committee finds that this additional rate of payment for hospitals and other health care facilities is necessary because of the shortfall created in the disparity between medicare and medicaid payments and the cost of services provided by a medical care institution. Medicaid reimbursements are determined by the federal government and are being severely limited by the Tax Equity and Fiscal Responsibility Act of 1982 (P.L. 97-2487) and the Deficit Reduction Act of 1984 (P.L. 98-369) both of which establish ceilings beyond which the federal government is prohibited from providing matching funds to the states. Your Committee further finds that in addition to these ceilings, medicaid reimbursements have not kept pace with the increasing costs of health care, thereby exacerbating the underpayments made to health care providers.

Your Committee further finds that despite efforts by the various medical institutions in the State to contain their health care costs, the disparity between medicare and medicaid reimbursements and the cost of services provided by the medical institutions is widening, thereby forcing the medical institutions to absorb the difference which ultimately threatens the quality of care and services provided by the health care facilities.

Your Committee has heard and received testimony in support of this bill from the many hospitals and health care providers in the State, the department of human services, the Hawaii Nurse's Association, and the Chamber of Commerce of Hawaii.

Your Committee further recognizes the importance of Hawaii's medical institutions being able to maintain and provide high quality health care and services to the people of Hawaii. To do so, they need an additional rate of payment to subsidize the shortfall created by the underpayment of medicare and medicaid reimbursements. This bill provides for the additional rate of payment and appropriates the sums necessary for the additional rate of payment.

Your Committee has amended the bill by deleting the provisions relating to a special add-on to the medicaid reimbursement rate with respect to nurses, and by changing the amounts appropriated for the fiscal biennium to unspecified amounts.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 604, 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. 604, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1216 Ways and Means on H.B. No. 913

The purpose of this bill is to increase the monthly payments to recipients residing in adult residential care homes.

This bill, as received by your Committee, proposed to replace the \$60 across-the-board level of care (LOC) payment with a graduated schedule of payments based on the level of care and type of facility. For Type I facilities, which are limited to a maximum of five residents, the level of care payments are increased to the following minimum amounts: \$140 for LOC I, \$210 for LOC II, and \$290 for LOC III. For Type II facilities, which allow six or more residents, the level of care payments are increased to the following minimum amounts: \$248 for LOC I, \$210 for LOC II, and \$290 for LOC III.

In addition, this bill requires the department of health to adopt rules to set standards pertaining to quality assurance in adult residential care homes.

Your Committee finds that adult residential care homes play a major role in providing Hawaii's elderly and disabled with a less restrictive alternative to institutionalization, and believes that the increases proposed in this bill are justified and long overdue.

Your Committee has amended this bill by appropriating \$1 during each fiscal year, and establishing blank rates scheduled for each level of care designation. Your Committee recommends this amendment to further evaluate the rate designations.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 913, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 913, H.D. 2, S.D. 1.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1217 Ways and Means on H.B. No. 390

The purpose of this bill is to exclude as income or resources in the determination of public assistance eligibility, any restitution made to Japanese-Americans interned during World War II. The bill also exempts the heirs of eligible individuals who receive restitution.

Your Committee finds that the hardships already suffered by those interned during World War II should not be exacerbated by having monetary restitution be considered either income or resources in the determination of public assistance eligibility.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 390, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1218 Ways and Means on H.B. No. 362

The purpose of this bill is to expand the eligibility criteria for comprehensive home services, including those provided by the nursing home without walls program, by amending the definition of "non-Medicaid recipient."

Currently, a non-Medicaid recipient is one who has:

- (1) An income of at least two hundred per cent, but not more than four hundred per cent of the current medical assistance community income limit; and
- (2) A personal reserve of at least one hundred per cent, but not more than four hundred per cent of the current medical assistance limit for personal reserve retention.

This bill lowers the income limit to a minimum of one hundred per cent and not more than three hundred per cent of the current medical assistance community income limit, and repeals the minimum personal reserve requirement of one hundred per cent of the current medical assistance limit for personal reserve retention.

Your Committee has heard testimony from the department of human services and other public and private agencies and individuals and finds that this bill will allow the department to extend comprehensive home services to those persons in the gap group who do not qualify for medical assistance but who cannot afford to purchase services from private sector providers.

Your Committee has amended this bill to add an amendment to section 346-53(b), Hawaii Revised Statutes, to raise the assistance allowance from sixty per cent to sixty-five per cent of the standard of need to help the disabled, the elderly, and families with dependent children. It has also appropriated \$3,390,464 for fiscal year 1989-1990 and \$3,979,998 for fiscal year 1990-1991 to implement this amendment and to be expended by the department of human services. Your Committee has also made technical, nonsubstantive amendments for the purpose of clarity and style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 362, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 362, H.D. 2, S.D. 1.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1219 Ways and Means on H.B. No. 361

The purpose of this bill is to redefine the term "nonmedicaid recipient" under the public assistance law. This bill redefines the term by removing the minimum amount of personal assets an individual must have in order to be a nonmedicaid recipient and including any individual whose income is at least one hundred per cent but not more than three hundred per cent of the current medical assistance community income limit.

Your Committee finds that currently, only persons who qualify for medical assistance are able to receive personal care and other services offered by the waiver programs of the department of human services community long-term care branch. Acts 208 and 209, Session Laws of Hawaii 1988, were enacted to provide personal care assistance services to people who require such services but whose income disqualifies them from public medical assistance. However, the provisions of the Acts could not be implemented because of a change in the medicaid threshold that was also approved by the legislature last year. This bill would correct the problem and allow the originally intended target group to receive personal care service benefits.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 361, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1220 Ways and Means on H.B. No. 360

The purpose of this bill is to encourage foster children to continue their education beyond secondary school by extending the period during which they are eligible for foster board allowances. To continue to be eligible for foster board allowances beyond the age of majority, the foster child must be twenty years old or younger and attend an accredited institution of higher education.

This bill also amends section 346-16, Hawaii Revised Statutes, by adding the definition of "institution of higher education" to include any institution which requires a high school diploma or equivalency certificate for enrollment or any college, university, or vocational or technical school.

This bill also appropriates \$150,000 to the Legislative Auditor to conduct a comprehensive study of Hawaii's foster care system with the cooperation of the office of children and youth.

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. 360, 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. 360, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1221 Ways and Means on H.B. No. 64

The purpose of this bill is to establish a special fund to promote the establishment, reorganization, or expansion of profit and nonprofit businesses offering community-based long-term care services.

The bill also requests the executive office on aging, in consultation with the department of business and economic development, to conduct a study of methods by which the private sector can more effectively participate in the provision of community-based long-term care services.

Upon further consideration of this bill, your Committee has amended the bill by deleting all provisions in the bill except for the purpose section and the section directing the executive office on aging to conduct the study on private sector provision of long-term care community-based services. Your Committee has also included an appropriation amount of \$50,000 for fiscal year 1989-1990 for the conduct of the study.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 64, 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. 64, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1222 Ways and Means on H.B. No. 62

The purpose of this bill is to extend medicaid eligibility for pregnant women and infants under the age of one by increasing the income standard to one hundred eighty-five per cent of the federal poverty level.

The bill also expands medicaid eligibility to children under the age of six living in families with incomes below the federal poverty level, and to older children as permitted under optional federal medicaid rules.

Your Committee heard testimony in support of this bill from the Committee on Welfare Concerns, the Hawaii Healthy Mother, Healthy Babies Coalition, the Kokua Kalih Valley Comprehensive Family Services, the YWCA of Oahu, the Hawaii Public Health Association, and the department of health.

The department of human services also testified that the effective date of this Act should be January 1, 1990, and not January 1, 1989. If it were the latter, the department would not have enough lead time to implement this program within ninety days of the effective date as required by section 5. The department would need the lead time to:

- (1) Complete computer system modification to the Hawaii automated welfare information system;
- (2) Conduct staff training statewide; and
- (3) Conduct public hearings and draft administrative rules according to chapter 91, Hawaii Revised Statutes.

Your Committee finds that the targeted population of low-income pregnant mothers with infants and young children are a gap group which has not benefitted from medicaid coverage. The Institute of Medicine has found that for every dollar invested in prenatal care, another \$3.38 can be saved in the first year of an infant's life and about \$11 can be saved over the lifetime of the child by preventing, early in life, disabling conditions that require special education and institutionalization.

Your Committee has amended the bill to change the effective date from January 1, 1989, to January 1, 1990, to provide the department of human services the lead time it needs. It has also deleted section 5 requiring the adoption of administrative rules within ninety days of the effective date because the January 1, 1990, effective date gives the department sufficient time to adopt the necessary rules.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 62, 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. 62, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1223 Ways and Means on H.B. No. 47

The purpose of this bill is to increase the present \$45 food tax credit per qualified exemption for taxable years which begin after December 31, 1988, and end before January 1, 1991.

Section 235-55.8, Hawaii Revised Statutes, currently provides that a resident taxpayer who files an individual income tax return for a taxable year may claim the existing food tax credit, provided that the taxpayer is not eligible to be claimed as a dependent by another taxpayer, and has physically resided in the State for more than nine months of the taxable year. The taxpayer may claim a food tax credit of \$45 multiplied by the number of qualified exemptions to which the taxpayer is entitled.

Your Committee finds that an increased food tax credit is a viable alternative to a general excise tax exemption on food purchases and will provide financial assistance to Hawaii's residents, particularly to those in the lower income tax brackets where food costs constitute a larger proportion of income. Your Committee further finds that twenty-eight states presently provide exemptions from sales taxes for sales of food.

Upon further consideration, your Committee has amended the bill to establish the amount of the credit at \$50.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 47, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 47, S.D. 1.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1224 (Majority) Ways and Means on H.B. No. 1842

The purpose of this bill is to allow any department, with the approval of the governor, to transfer moneys that are deemed to be in excess of the department's fiscal year requirements, from a special fund to the general fund or to any other special fund.

This bill creates a transportation special use fund as the depository of all revenues generated from the sale of in-bond merchandise from off-airport sites. The director of transportation is authorized to transfer moneys from this fund to general revenues or to any department of transportation special fund to the extent permitted by Federal Aviation Administration (FAA) regulations.

This bill also amends the law relating to the transfer of special funds to general revenues to:

- (1) Exempt the special funds of the department of transportation from transfers by the director of finance to general revenues; and
- (2) Allow the director of transportation to transfer moneys which are in excess of requirements for the fiscal year from the transportation special funds to either general revenues or to any other department special fund; provided that the transfers are in compliance with federal law, administrative regulations, and guidelines;

This bill further exempts those portions of moneys to be deposited into the new transportation special use fund from being deposited into the airport revenue fund. The director of transportation is also authorized to transfer moneys from the harbor special fund which are determined to be in excess of one hundred fifty per cent of requirements for the fiscal year.

The department of transportation testified that the bill would grant the department flexibility to manage its resources to meet the department's needs and that it will comply with all bond covenants and federal regulations. The department of budget and finance testified in support of the bill so long as transfers do not jeopardize existing agreements with bondholders, federal agencies, and others. The department of budget and finance is continuing its discussions with the FAA on the treatment of revenues derived from the sale of in-bond merchandise on other than airport properties.

Your Committee has also heard testimony from the Honolulu Airlines Committee and the Air Transport Association of America in opposition to the bill. Both organizations testified that:

- (1) The bill is contrary to the federal Airport and Airway Improvement Act of 1982 which requires all revenues generated by the airport be used for airport purposes;
- (2) Enactment of the bill would result in the need to issue substantial amounts of revenue bonds to finance airport construction and operating costs--which could otherwise be covered by the airport special fund--and which would result in higher passenger fares and air cargo rates; and

- (3) Diversion of duty-free revenues generated from off-airport sites from the airport special fund for non-aviation projects would remove the incentive for airlines to accept duty-free merchandise for sale on board their planes without charge.

Your Committee also heard testimony from the Tax Foundation of Hawaii (TFH) in opposition to the bill. TFH warned that the FAA would not be inclined to set a precedent for the use of airport-generated funds for non-airport purposes and that enactment of this bill would create ill-will with the FAA at a time when it is awarding transpacific routes which may include stops in Hawaii.

Your Committee has amended the language in Section 9 to provide that the provisions of this Act are not severable and that if any provision of this Act is held to be in conflict with federal law or regulations, then the Act, in its entirety is invalidated and all laws amended or repealed by this Act shall be reenacted in the form in which they read on the day before this Act takes effect.

While it concurs with the general purpose of this bill, your Committee wishes to recognize that further amendments may be necessary, pending the receipt of written notification of the Federal Aviation Administration's official position on this bill.

Your Committee also notes that it has already reported out S.B. No. 1896, S.D. 2, the bill's companion measure.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1842, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1842, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.
Senator George did not concur.

SCRep. 1225 Ways and Means on H.B. No. 127

The purpose of this bill is to require the department of transportation to plan, develop, promote, and coordinate various transportation systems management programs, including alternate work and school hours, and bicycling and ridesharing programs.

Your Committee finds that at the present rate of growth, the capacity of the State's transportation system will soon be exceeded as the majority of the State's population continues to commute to and from work and school in private motor vehicles. The traditional approach to expanding capacity in the State's transportation system by building new, or expanding existing, roadways is no longer practical. The high cost of construction, the scarcity of available land on which to build, and other significant social, economic, and environmental concerns all militate against traditional methods.

Your Committee believes that transportation systems management techniques offer low cost solutions to traffic problems at relatively low cost to the State.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 127, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1226 Housing and Hawaiian Programs on H.B. No. 1904

The purpose of this bill is to amend Sections 214(b) and 215 of the Hawaiian Homes Commission Act of 1920, as amended, by removing the current ceiling of \$50,000 on loans or guarantees for the repayment of loans made to lessees for the repair, maintenance, purchase, and erection of a dwelling and related improvements.

This bill would replace the fixed dollar amount with a formula for calculating a ceiling for residential loans and loan guarantees. The ceiling would be fifty percent (50%) of the maximum single residence loan amount allowed in Hawaii by the United States Department of Housing and Urban Development, Federal Housing Administration (FHA). The proposed formula using the FHA maximum loan amount, would align the department's loan and loan guarantee maximums with current home costs. This would eliminate the need for the Department of Hawaiian Home Lands to periodically request statutory amendments to keep up with rising costs.

Your Committee finds that due to inflation, the cost of constructing a new home has been steadily rising every year, and this bill is necessary to provide additional home construction funds for homestead lessees.

Your Committee on Housing and Hawaiian Programs is in accord with the intent and purpose of H.B. No. 1904 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 Cobb and Fernandes Salling.

SCRep. 1227 Consumer Protection and Commerce on H.B. No. 796

The purpose of this bill is discourage drivers from operating their motor vehicles without no-fault insurance by increasing the penalties provided under section 431:10C-117(a), Hawaii Revised Statutes.

Currently section 431:10C-117(a) provides for a maximum fine of \$1,000 for violating chapter 431, article 10C. The section also imposes a \$100 fine for the first conviction of driving without a no-fault policy, and a minimum fine of \$400 for each subsequent offense. This bill would raise the maximum fine for violating article 10C to \$5,000 and increase the

finer for first and subsequent convictions of driving without no-fault insurance from \$100 to \$1,000 and \$400 to \$3,000, respectively. In addition, if the violation is a subsequent offense the driver's license of both the driver and the registered owner of the vehicle would be suspended for one year.

Your Committee finds that nearly twenty percent of Hawaii's drivers are uninsured. The stiffer penalties proposed by this measure should convince many uninsured drivers that it is not worth the risk to continue operating their motor vehicles in violation of the law.

Your Committee has amended this bill by providing that a person convicted of driving without no-fault insurance shall surrender the license plates of the uninsured motor vehicle within ten days of conviction. If the person fails to do so, the police would remove the plates and impound the vehicle, and the registered owner would be subject to an additional fine of not less than \$300 nor more than \$500 and barred from reclaiming the plates or obtaining new ones unless he shows proof of insurance. If proof is shown, the plates could be reclaimed for a \$100 fee.

Your Committee has also 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. 796, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 796, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb, Chang and Hagino.

SCRep. 1228 Consumer Protection and Commerce on H.B. No. 1635

The purpose of this bill is to make it illegal to refuse to insure, refuse to continue insuring, or limit insurance coverage because of a person's sexual orientation.

The bill further provides that any applicant for insurance who is subjected to HIV testing shall be afforded the opportunity to obtain the test results, which shall remain confidential as provided by Section 325-101, Hawaii Revised Statutes.

Current law lists the sex or marital status of an applicant, or the fact that an applicant had been tested for HIV infection or refuses to consent to release of confidential information, as criteria which may not be used as a basis for discrimination in insurance. However, the results of an HIV test taken with the consent of the applicant and satisfying the requirements of the Insurance Commissioner may be used.

Your Committee has amended the bill by limiting the changes to the current law to include only the additional language affording a tested applicant the opportunity to obtain the test results, which shall remain confidential.

Your Committee has further amended this bill by making nonsubstantive technical changes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1635, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1635, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Cobb, Chang and Hagino.

SCRep. 1229 Ways and Means on H.B. No. 23

The purpose of this bill is to establish a new recycling and solid waste management program, reduce the amount of solid waste generated, and incorporate recycling programs into solid waste management systems throughout the State.

The bill would: allow the counties to displace competition in solid waste collection with a system of regulated collection services by issuing franchises; grant various powers to the director of health with respect to solid waste management and recycling programs; authorize the director of health to require the counties to develop solid waste management plans subject to the approval of the director; and require, as a condition for a landfill permit, the provision of a place for collecting source-separated recyclable materials either at the disposal site or at another, more convenient location.

Your Committee notes that funding for the county program has been included in the executive budget for the State's share of the cost required under Article VIII, section 5, of the Constitution of the State of Hawaii.

Your Committee has amended this 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. 23, 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. 23, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1230 Ways and Means on H.B. No. 692

The purpose of this bill is to allow the department of agriculture to transfer funds among the agricultural products revolving fund, the agriculture loan revolving fund, and the aquaculture loan revolving fund. This bill also sets a \$1,000,000 ceiling on the amount of money that can be transferred from each revolving fund within a calendar year.

Your Committee finds that recent provisions for the transfer of moneys between the agriculture and aquaculture loan revolving funds have resulted in a more efficient use of resources and that this efficiency can be further improved by including the agricultural products revolving fund for mutual transfer of moneys.

Your Committee notes that this bill is identical to S.B. No. 624, S.D. 1, which was reported from this Committee and passed by the Senate.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 692, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1231 Ways and Means on H.B. No. 723

The purpose of this bill is to amend the tree farm law to provide that any property of not less than ten acres included within an agricultural district, or within a conservation district zoned for commercial forest use, is eligible for classification as tree farm property if it is suitable for raising commercial tree species and other forest products. Current law requires that the farms be not less than thirty acres in size and not suited for a higher and better use. The bill also provides that property on which the owner is already growing commercial tree species and other forest products is eligible to be classified as tree farm property. Any owner seeking classification of property as a tree farm must submit an application that includes a management plan.

This bill also requires that (1) the management plan provide specific information concerning maintenance, harvesting, reforestation, and erosion prevention techniques, and be signed by all persons having an interest in the property; (2) a public hearing be held on each management plan; and (3) each management plan be reviewed at least every five years. If the management plan is not complied with, the property is required to be declassified. Each agreement between the owner and the board shall be for a period of not less than twenty years, instead of the previous requirement of thirty years.

The bill also removes (1) the requirement that the department of taxation determine the highest and best use of the land, (2) the exemption from the real property tax, and (3) the requirement that on declassification the department of taxation levy a yield tax against the owner.

Additionally, this bill decreases the size requirement for the eligibility of additional noncontiguous property from fifteen acres to five acres. Finally, the bill allows the board of land and natural resources to declassify the property if a satisfactory crop has not been established within the schedule set forth in the management plan.

Your Committee finds that these provisions are prudent and eliminate provisions relating to real property taxes which are inappropriate in light of the transfer to the counties of all real property tax functions, and that they would increase and improve commercial tree farm property in the State. Your Committee notes that it passed out S.B. No. 666, the companion bill to H.B. No. 723, as introduced, and that S.B. No. 666 has passed the Senate.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 723, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1232 Ways and Means on H.B. No. 958

The purpose of this bill is to appropriate \$8,500,000 to the agriculture emergency loan revolving fund and to authorize the department of agriculture to issue a loan of that amount to the Hilo Coast Processing Company (HCPC).

The loan authorized under this bill would provide HCPC with emergency funding to purchase a power plant and related assets in order to fulfill its contractual obligations to the Hawaii Electric Light Company. The intent of the bill is to maintain and improve the company's ability to produce and manufacture sugar, sugarcane by-products, and generate power.

Hilo Coast Processing Company is owned by Mauna Kea Agribusiness, a C. Brewer subsidiary, and the United Cane Planters Cooperative. The loan is necessary because Mauna Kea Agribusiness alone, lost \$5,000,000 in 1988 and expects to lose another \$5,000,000 in 1989. Despite several actions designated to reduce costs, such as salary freezes since 1987 and renegotiation of the power agreement with Hawaii Electric Light Company in 1988, growers continue to find it difficult to remain in business.

The loan is needed to purchase power generating equipment that is owned by a group of banks. The lease payments amount to \$1,900,000 per year. By purchasing the power plant and related assets with the proceeds from the loan, HCPC will be able to reduce its annual cash burden by \$1,000,000 per year. The loan would be fully covered by the equipment and land which will be used as collateral.

Your Committee has amended this bill in the following ways:

- (1) On page 1, replaced "Hilo Coast Processing Company (HCPC)" with the phrase "sugar industry" and deleted all other specific references to HCPC, and references to production of electricity;
- (2) Deleted all of the text on page 2 and lines 1 through 8 and 13 through 23 on page 3;

- (3) On page 3, line 12, added the phrase: "...and the legislature finds that emergency conditions continue to exist in the sugar industry with respect to growing, producing, processing, and related activities."; and
- (4) On page 4, deleted lines 1 through 10, changed the appropriation to a blank amount, and substituted the reference to qualified farmers in place of the Hilo Coast Processing Company.

Your Committee also made a technical, nonsubstantive amendment on page 5, line 1.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 958, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 958, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senators Fernandes Salling and McMurdo.

SCRep. 1233 Ways and Means on H.B. No. 1217

The purpose of this bill is to appropriate the final matching funds for the planning, design, and construction of a facility for the Center for Applied Aquaculture.

During the Regular Session of 1988, the legislature appropriated \$1,000,000 out of the general fund to provide the initial matching state funds needed to secure \$6,375,000 in federal funds from the United States Department of Agriculture. A total of \$5,000,000 is needed in state matching funds.

Your Committee has amended the bill by changing the amount appropriated in fiscal year 1989-1990 from \$1 to \$2,000,000 and the amount appropriated in fiscal year 1990-1991 from \$1 to \$2,000,000 to provide the needed state matching funds. This amendment conforms to S.B. No. 340, S.D. 1, the companion to this bill, which was passed out by the Senate. Your Committee also has amended the bill 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. 1217, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1217, H.D. 3, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1234 Ways and Means on H.B. No. 1850

The purpose of this bill is to allow the director of health to make grants, loans, or a combination of both grants and loans to state and county agencies for the construction of water treatment projects and to appropriate funds for the water pollution control revolving fund.

Your Committee finds that the total federal capitalization grants of \$63 million which the State expects to receive up to the year 1994 is insufficient to finance the needed wastewater treatment facilities. Recent surveys indicate that approximately \$1.4 billion will be needed for wastewater treatment facilities to protect Hawaii's coastal waters from degradation.

Your Committee further finds that it is the intent of the legislature to assist the State in providing financial mechanisms such as loans, grants, or a combination of loans and grants to aid the State and counties in the construction of wastewater treatment facilities.

Your Committee has amended this bill to appropriate \$50 million for the water pollution control revolving fund.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1850, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1850, H.D. 2, S.D. 1.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1235 Ways and Means on H.B. No. 1867

The purpose of this bill is to better enable the department of agriculture to recover moneys loaned out of the agricultural loan revolving fund. This bill authorizes the department to sell property acquired through its agricultural revolving loan program and exempts these properties from the definition of "public lands".

Your Committee finds that the department of agriculture, on occasion, acquires property through its agricultural loan division from foreclosures or voluntary transfers when borrowers fail to meet the terms of the loan agreement. Under current law, these properties fall under the definition of "public lands", and consequently, come under the jurisdiction of the department of land and natural resources. When this situation occurs, recovery procedures for the agricultural loan revolving fund's proceeds becomes complicated. Your Committee finds that the department of agriculture should have the authority to sell such properties to recover capital for the revolving fund.

Your Committee notes that this measure is a companion bill to S.B. No. 1797, which was previously approved by this Committee and passed by the Senate.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1867 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1236 Ways and Means on H.B. No. 845

The purpose of this bill is to establish a statewide program of early intervention services for infants and toddlers with special needs and their families.

At present, while some services are available for these children, the services are not fully coordinated and there is no central clearinghouse of information on the various programs. This bill authorizes the department of health to establish a Hawaii Early Intervention Coordinating Council, comprised of parents, public and private agencies, and the legislature, which would advise and assist the department of health and prepare annual reports for the governor on the status of these programs.

Your Committee finds that these types of early intervention services are of great importance in reaching the State's overall health goals, and that these services will provide children in need with help in becoming productive members of society.

Your Committee received supporting but qualified testimony from the department of health and the department of education, and supportive testimony from the Hawaii Early Intervention Coordinating Council; Kapiolani Medical Center for Women and Children; Hawaii Healthy Mothers, Healthy Babies; Hawaii Public Health Association; the Commission on the Handicapped; and from several parents.

Your Committee has amended this bill to redefine the definition of "individual family support plan" as requested by the department of health and the Hawaii Early Intervention Coordination Council, and to add a representative from the office of children and youth to the Council. Your Committee has also amended this bill by deleting the existing appropriation provision, as funding for these programs has already been included in the Senate version of the budget.

Your Committee has further amended this bill by including a statewide system for early identification of and intervention with at-risk infants to prevent child abuse and neglect, and making appropriations for this program. This program was included in this bill to allow the bill to address the total problem relating to these infants and toddlers with special needs, by providing a statewide, comprehensive, multidisciplinary, interagency program for early intervention services for these infants, toddlers, and their families.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 845, 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. 845, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1237 Ways and Means on H.B. No. 917

The purpose of this bill is to expand the "Operation Nightingale" program beyond a pilot program and to extend it to fiscal year 1990-1991.

Specifically, this bill expands "Operation Nightingale" by:

- (1) Providing review and training courses for registered nurses who have not recently been employed as nurses to facilitate their return to nursing;
- (2) Granting the department of health the flexibility to provide, or to contract for the provision of:
 - (A) Review and training courses for nurses;
 - (B) Alternative programs to assist state residents who wish to enter the field of nursing; and
 - (C) Specialty programs for nurses wishing to work in shortage areas such as obstetrics, surgery, intensive care, and emergency room care;
- (3) Adding to the function of the candidate selection committee, the function of acting as an appeal committee for candidates not selected for participation in the program;
- (4) Providing for membership in this committee to include representatives from each medical facility participating in the program at the time this Act takes effect; and
- (5) Providing reimbursement to committee members for necessary expenses.

Your Committee finds that the two-year "Operation Nightingale" pilot program deserves to be extended an additional year to help graduates of domestic and foreign nursing schools to pass state licensing examinations to alleviate the nursing shortage in the State.

Your Committee has made technical, nonsubstantive amendments for the purpose of clarity and style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 917, 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. 917, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1238 Ways and Means on H.B. No. 1231

The purpose of this bill is to convert ten temporary positions to permanent civil service status in the case management coordination program administered by the public health nursing branch of the department of health on the islands of Maui, Kauai, and on rural Oahu.

The positions to be converted consist of:

- (1) Five registered professional nursing positions;
- (2) Four paramedical assistant positions; and
- (3) One clerk typist position.

Your Committee finds that there are at present only two permanent public health nurses and ten limited-term appointment staff members providing case management coordination program services on Maui, Kauai, and rural Oahu.

Your Committee believes that, with the rapid increase of the elderly population and the growing need for long-term care, the case management coordination program, which is a successful and beneficial alternative to delivering comprehensive services to the elderly, should be normalized through the conversion of these ten positions to permanent civil service status.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1231, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1239 Ways and Means on H.B. No. 1845

The purpose of this bill is to provide the department of health greater flexibility to manage and operate its public health facilities. The bill consolidates major statutory provisions regarding the management and operation of county/state hospitals into one new chapter in the Hawaii Revised Statutes and creates a division of community hospitals within the department of health.

This bill allows the department to enter into contracts for the management or lease of public health facilities which furthers the public interest with the approval of the governor. This bill also allows the department to enter into various business relationships such as partnerships and joint ventures with either nonprofit or for-profit corporations, again with the governor's approval, and if it furthers the public interest.

This bill:

- (1) Allows general fund appropriation for operating expenses of a public health facility provided that moneys remaining in special funds at the end of a fiscal year, in an amount equal to the general funds expended, be returned to the general fund;
- (2) Defines a public health facility to include:
 - (A) Hana Medical Center, Hana, Maui;
 - (B) Hilo Hospital, Hilo, Hawaii;
 - (C) Honokaa Hospital, Honokaa, Hawaii;
 - (D) Kau Hospital, Pahala, Hawaii;
 - (E) Kauai Veterans Memorial Hospital, Waimea, Kauai;
 - (F) Kohala Hospital, Kohala, Hawaii;
 - (G) Kona Hospital, Kealahou, Hawaii;
 - (H) Kula Hospital, Keokea, Maui;
 - (I) Lanai Community Hospital, Lanai City, Lanai;
 - (J) Leahi Hospital, Honolulu, Oahu;
 - (K) Maluhia, Honolulu, Oahu;
 - (L) Maui Memorial Hospital, Wailuku, Maui; and
 - (M) Samuel Mahelona Memorial Hospital, Kapaa, Kauai.
- (3) Grants the department of health various powers relating to the operation, management, and control of public health facilities including the:

- (A) Establishment of new facilities;
 - (B) Hiring and dismissal of facility administrators and assistant administrators;
 - (C) Recommendation of division-wide and facility-specific budgets, policies, and procedures;
 - (D) Setting of rates, rents, charges, and fees for the use of public health facilities and their services;
 - (E) Recommendation of capital improvement and repair and maintenance projects;
 - (F) Conduct of an annual financial audit;
 - (G) Approval of medical staff bylaws and rules of facilities including medical appointments;
 - (H) Adoption and repeal of rules and bylaws; and
 - (I) Development of capital and strategic plans for the division of community hospitals;
- (4) Authorizes the director of health to provide incentive perquisites to recruit and retain personnel for shortage categories;
 - (5) Establishes public health facility management advisory committees for each county within the department of health with members to be appointed by the governor to advise the director of health on matters concerning the planning, construction, improvement, maintenance, and operation of public health facilities;
 - (6) Authorizes the governor to enter into and execute contracts with territories, possessions, and other areas in the Pacific Ocean region, regarding the use of public health facilities on a space available basis; provided that any such contract shall provide for the payment of costs to the State;
 - (7) Allows admittance of patients, other than patients suffering from tuberculosis, who are medically indigent and suffering from chronic disease provided that beds are available for tuberculosis patients;
 - (8) Allows either the department or any public health facility to act as trustee and to receive, manage, and invest gifts of money or property from sources other than the legislature or any federal appropriation for:
 - (A) The benefit of the division of community hospitals;
 - (B) Facilities improvement or equipment; or
 - (C) The aid or advantage of patients or employees; and
 - (9) Allows the division of community hospitals to use funds derived from the sale of stocks, bonds, or other assets of the division to pay the costs of construction, or maintenance of the division's facilities, services, and projects;
 - (10) Allows the use of credit cards for public health facilities charges to the extent acceptable by the comptroller;
 - (11) Requires funds received for patients by public health facilities to be deposited in individual trust accounts for patients and quarterly statements to be issued;
 - (12) Requires facilities to deposit revenues and other moneys into hospital special funds for operating expenditures and allows the director of health to:
 - (A) Transfer two per cent of the special funds and unrequired fund balances for each allotment period and from prior years, to the facility administration fund to defray divisional general administrative costs and to supplement facilities lacking funds for operating expenditures; and
 - (B) Transfer moneys from the facility administration fund, at the end of the fiscal year, which are in excess of ten per cent of the expenditures of all public health facilities, to the general fund.

This bill also repeals sections 27-21, 27-21.1, 27-22, 27-22.5, 27-22.7, 27-23, 27-24, and part I of chapter 323, Hawaii Revised Statutes, which govern matters similar to those the bill proposes, and reenacts section 323-1.

Your Committee heard testimony in support of this bill from the department of health attesting to the flexibility it would provide the department for managing and operating its public health facilities.

Your Committee has amended this bill in Section 1 as follows by amending the wording of the provision concerning the:

- (1) Return of special funds to general funds for clarity and with specific reference to public health facilities receiving general fund augmentation, and to the hospital special fund;
- (2) Section entitled "Establishment" by adding the establishment of the division of community hospitals;
- (3) Adoption of rules to conform with accepted style;
- (4) Entering into business relationships by changing "venture" to "business relationship";

- (5) Execution of necessary instruments by deleting "bylaws";
- (6) Hiring and removal of administrators by changing "remove" to "dismiss" and by adding a specific reference to hiring and dismissal under section 323- ;
- (7) Recommendation of budgets by adding "preparation";
- (8) Annual audit by changing the reference to a "firm" to "an independent" certified public accountant;
- (9) Approval of medical staff bylaws and rules by deleting the reference to rules (the department adopts rules which in turn requires facilities to adopt bylaws regarding medical staff);
- (10) Doing all other necessary acts to conform with accepted style;
- (11) Recruitment and retention of personnel by moving the reference to the power to fill existing vacancies and to retain incumbents from the paragraph granting moving expenses to the beginning of the section so as to apply to all incentives granted;
- (12) Administration of public health facilities by deleting "in the State of Hawaii";
- (13) Gifts by dividing the section into two subsections; and
- (14) Establishment of special funds:
 - (A) By replacing "hospital" administration fund with "facility" administration fund, and by replacing "hospital" with "health facility" to conform with other parts of the bill; and
 - (B) By adding the provision that public health facilities which do not receive general fund augmentation be allowed to retain up to twenty-five per cent of its unrequired special fund revenues in hospital special funds for operating expenditures -- the precise percentage to be determined by the director of health.

Your Committee also made corrections to, and reinserted omissions from the underlying text in sections 27-22.5, 27-22.7, and 27-23, Hawaii Revised Statutes, which are to be repealed.

In addition, your Committee amended Section 12 to replace all references in the Hawaii Revised Statutes to the "county/state hospitals division" or like terms with the "division of community hospitals" or like terms and by replacing all references to "county/state hospitals" or like terms with "public health facilities" or like terms.

Finally, your Committee inserted a ramseyer provision explaining the effect of bracketing and underscoring, renumbered Section 15, and made a number of other technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1845, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1845, S.D. 2.

Signed by all members of the Committee except Senators Fernandes Salling and McMurdo.

SCRep. 1240 Ways and Means on H.B. No. 1906

The purpose of this bill is to establish a state health insurance program which will provide health insurance coverage for persons currently without such coverage.

Although Hawaii is the only state with a statutorily mandated prepaid health care program and has a broad-based medicaid program, there remains a significant group of individuals lacking health insurance coverage. This bill would establish a means through which all Hawaii residents would have access to health insurance coverage.

Your Committee agrees with the Committee on Health that it is in the best interest of the State to provide health insurance coverage which will ensure access for all Hawaii residents to basic medical services necessary to sustain healthy lives. Your Committee also agrees that the implementation plan for a universal health insurance program must be carefully wrought to ensure that the needs of the target group are met.

Your Committee has amended the bill to increase the appropriation for fiscal year 1989-1990 from \$3 million to \$4 million and to delete the requirement that a concurrent resolution by the legislature be adopted during the regular session of 1990 prior to the release of the portion of the appropriation to be used for purposes other than planning and designing the program.

Your Committee has also deleted the \$5 million appropriation amount for fiscal year 1990-1991 since it is your Committee's intent that the legislature examine the implementation plan during the 1990 session and that any additional funding be contingent upon a finding of satisfactory progress by the legislature.

In the development of the implementation plan for the state health insurance program, the department of health shall note the following:

- (1) It is your Committee's intent that the program initially focus on coverage for preventive care, including but not limited to mammograms, pap smears, childhood immunizations, prenatal care, and primary outpatient care;

- (2) The long-term goal of the program should be to provide comprehensive coverage with the possibility of coverage for inpatient care. Toward this end, the department of health is requested to include in its plans the establishment of a pilot project for inpatient care coverage;
- (3) Since financing mechanisms appear to favor fee-for-service payments, in the development of financing mechanisms, the department of health shall consider other concepts such as capitation or percentage of payment in fee-for-service UCR (usual, customary, and reasonable) as presently done on a participating/nonparticipating physician basis;
- (4) The department of health is expected to hire one or more expert consultants, and shall make every effort to hire consultants who are consumer-oriented. Your Committee suggests the following persons who are nationally recognized in the field of prepaid medical plans:
 - (A) Professor Stefan Reisenfeld, the person who conducted the study for Hawaii's prepaid health law;
 - (B) Karen Davis, Chairperson of the Department of Health Policy and Management, Johns Hopkins University;
 - (C) Stuart Altman, Dean of the Florence Heller Graduate School, Brandeis University;
 - (D) David Nexon, an aide to Senator Edward Kennedy, United States Senate; and
 - (E) Phyllis Torda of the Villers Foundation.

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. 1906, 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. 1906, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senators Fernandes Salling and McMurdo.

SCRep. 1241 Ways and Means on H.B. No. 1917

The purpose of this bill is to create a medical services excise tax credit, to make adjustments in the State's taxable income tables and in miscellaneous provisions of the tax law, and to delete outdated tax tables from the statutes.

Currently, the income tax law contains no medical service excise tax credit. This bill would provide for that credit to each resident individual taxpayer who files an individual income tax return for a taxable year and who is not claimed or is not otherwise eligible to be claimed as a dependent by another taxpayer for federal or Hawaii state individual income tax purposes. The tax credit would be equal to four per cent of qualified medical expenses paid by the taxpayer during the taxable year.

While there are estimates of the revenue impact of this tax credit, there is no solid information. The department of taxation has indicated that the potential revenue loss may be considerably more than it estimates if there is no specific ceiling for the tax credit, and supports placing a limit on the allowable tax credit so as to be assured of the maximum tax revenue loss from this proposal. Accordingly, your Committee has amended this bill by including a specific ceiling on the maximum allowable tax credit. The tax credit will "sunset" on December 31, 1991. At that time, the legislature will be in a better position to evaluate the revenue impact of the tax credit. During the intervening two years, the department of taxation will be able to obtain information on amounts claimed under this tax credit, and at that time the legislature may decide to remove the ceiling or otherwise give further relief to the taxpayers. Your Committee directs the department of taxation to consider changing the income tax return forms so that the tax credit for expenses may be claimed individually for married couples filing joint returns.

Your Committee has amended this bill further by deleting the provision relating to an income tax credit for part of the cost of material and installation of a roof to replace a water catchment system which was contaminated by lead. Your Committee recognizes the health dangers of drinking water from lead contaminated water catchment systems. However, both the department of taxation and the Tax Foundation of Hawaii testified that providing income tax credits for the replacement of these catchment systems would constitute poor tax policy. As drafted, the catchment replacement credit does not specify that the replacement must be a non-contaminating system. Further, as a permanent credit, it would be possible for taxpayers to replace their catchment systems every few years and claim the credit each time.

Efforts to encourage certain types of activities or provide subsidies or financial assistance are more appropriately handled through other government programs, such as grant or loan programs, which require appropriations and are thus subject to regular legislative review and evaluation. Your Committee agrees with the department of taxation and the Tax Foundation that a low interest loan program is a more appropriate way to help those who need to replace their catchment systems. In addition, your Committee has done this by amending H.B. No. 475 to specifically allow emergency loans to assist those persons who must replace their catchment systems because of lead contamination. Accordingly, your Committee has deleted the proposed credit.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1917, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1917, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1242 Ways and Means on H.B. No. 35

The purpose of this bill is to appropriate funds to design and construct the Kakaako waterfront park as the first phase of the Honolulu waterfront master plan. This bill also appropriates funds for plans, design, and construction of a canoe racing complex in Keehi Lagoon.

Your Committee finds that it is a major objective of the State to provide the people of Hawaii, especially the youth, with greater opportunities to participate in activities which promote personal growth and healthy lifestyles. Through increased access to high quality sports training, high level competition, and participation in world class sporting events, Hawaii can create a showplace for its youth to demonstrate skills that might otherwise go unnoticed, and in some cases, open paths to greatness.

Your Committee finds that it is in the best interest of the State to support and encourage the growth of sports by establishing a corporation whose purpose is to encourage the growth of sports businesses and promote Hawaii as a venue for major sporting events.

Accordingly, your Committee has amended this bill in its entirety by establishing a Hawaii sports corporation. Your Committee has left the department in which the corporation shall be placed unspecified to promote further discussion on this matter. Your Committee has also created a Hawaii sports corporation special fund into which shall be deposited all moneys of the corporation. This bill also appropriates a blank sum to carry out the purposes of the corporation.

Having received no adverse testimony on this measure, your Committee recommends passage of this bill to keep it alive as a vehicle.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 35, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 35, 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 and McMurdo.

SCRep. 1243 Ways and Means on H.B. No. 80

The purpose of this bill is to appropriate funds for the expansion of visitor industry training and educational programs in growing resort areas on all islands.

Specifically this bill appropriates the following sums for the fiscal biennium to be expended by the University of Hawaii:

- (1) \$175,000 for the expansion of management and professional level programs on the neighbor islands through the university school of travel industry management;
- (2) \$175,000 to continue expansion of visitor industry education and training programs on the neighbor islands through their community colleges; and
- (3) \$150,000 for visitor industry education programs in Oahu's community colleges.

Your Committee finds that this bill is supported by the University of Hawaii, the tourism training council, the chamber of commerce, the department of business and economic development, and the department of labor and industrial relations who believe that the expansion of the State's visitor industry training and education programs is necessary to continue to provide the State's visitors with the high quality of services for which our State is renowned.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 80, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and McMurdo.

SCRep. 1244 Ways and Means on H.B. No. 79

The purpose of this bill is to appropriate funds to conduct a study of the impact of an increasing visitor and resident population on the carrying capacity of the State's infrastructure to the year 2011.

Your Committee finds that the State's resources will be subject to great strain as the resident and visitor populations continue to increase and compete for limited resources. The State's environment, utilities, land, zoning, and other systems may be endangered if the State's growth patterns are not properly examined.

Your Committee finds that it is necessary to take immediate action to determine if the State's carrying capacity can absorb projected growth.

Your Committee has amended this bill by appropriating a blank amount.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 79, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 79, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1245 Ways and Means on H.B. No. 81

The purpose of this bill is to appropriate \$135,000 for fiscal year 1989-1990 and \$98,600 for fiscal year 1990-1991 to establish an international tourism consulting center in the office of state planning.

The center would be responsible for:

- (1) Providing assistance in the marketing and promotion of Hawaii's professional skills and expertise in tourism;
- (2) Coordinating the resources of Hawaii's educational institutions in providing tourism-related research and training services to the Pacific and Asian region; and
- (3) Developing long-range plans to preserve and maintain the State's expertise and leadership in international tourism development.

Your Committee finds that since Hawaii has the most developed and sophisticated tourism plant in the Pacific region, it is appropriate that we should assume a position of leadership in the field and share our expertise with our Pacific and Asian neighbors who aspire to develop their own tourism industries.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 81, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1246 Ways and Means on H.B. No. 977

The purpose of this bill is to add a new section to chapter 237, Hawaii Revised Statutes, which provides that the amounts received by hotel operators from the hotel owner as reimbursement of sums paid by the operator for employee wages, salaries, payroll taxes, insurance premiums, and benefits are not taxable under section 237-24.

Your Committee finds that this bill is intended to eliminate taxation of payroll costs paid by hotel owners to hotel operators and to protect the benefits of existing hotel employees. The payroll and other moneys being transferred are ultimately for the benefit of the employees and persons other than the hotel operators. The term "operator" is defined as any person who, pursuant to a written contract with the owner of a hotel, operates or manages the hotel for the owner.

This bill also proposes to eliminate the annual renewal and payment of fees for general excise tax licenses and provides for a one-time \$50 licensing fee for all new and current licensees. These provisions would eliminate the need for the department of taxation to send renewal notices, permit computerization of license information, eliminate collection of delinquent accounts, and discourage taxpayers from canceling their licenses or registrations during an inactive year and requesting reinstatement the following year.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 977, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1247 Ways and Means on H.B. No. 1549

The purpose of this bill is to appropriate \$408,500 for each year of the 1989-1991 fiscal biennium to be expended by the Waikiki convention center authority to carry out the purposes of chapter 206X, Hawaii Revised Statutes, including the hiring of necessary staff.

Your Committee received testimony from the Waikiki convention center authority and several other sources in support of this bill. Your Committee believes, however, that it would be more appropriate to include this measure in the senate draft of the executive budget bill (H.B. No. 205, H.D. 1). This bill, therefore, has been amended accordingly.

In the public hearing on this bill, it was brought to the attention of your Committee that there exists a need to clarify the law relating to the Waikiki convention center authority. More specifically, section 206X-5(b)(3), Hawaii Revised Statutes, currently restricts all proposed convention center development plans as follows: "The aggregate number of dwelling units shall not exceed 1,200 condominium units, or in the alternative 800 hotel units and 950 condominium units." Your Committee finds this language to be ambiguous and overly restrictive. In addition, your Committee also finds that it would be more appropriate to include the house of representatives in any decisions regarding this issue. This bill, therefore, has been amended accordingly to provide a vehicle through which senate and house conferees will be able to deliberate and agree on any corrective language changes.

In amending this bill your Committee has adopted the recommendation of the Waikiki convention center authority to provide additional flexibility and discretion for decision making purposes in this area. The bill, as amended, will provide the authority with "maximum flexibility" in evaluating convention center development proposals. This flexibility, however, shall be within certain limits as set by law.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1549, 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. 1549, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senators Fernandes Salling and McMurdo.

SCRep. 1248 Ways and Means on H.B. No. 9

The purpose of this bill is to establish a Hawaii technology finance corporation to further encourage economic development and diversification in Hawaii, with duties including the establishment and operation of programs for research and development, seed capital assistance, venture capital, product development, capital access, and financial services. The corporation would provide seed capital to small high technology enterprises in the software and film industries.

Your Committee has amended this bill to incorporate S.B. No. 814, S.D. 1, which establishes a nonprofit Hawaii industrial development corporation within the department of business and economic development to assist innovative businesses with high growth potential, especially small and emerging enterprises. S.B. No. 814, S.D. 1, also establishes a Hawaii venture capital revolving fund and empowers the Hawaii industrial development corporation to invest moneys from the fund. As amended, this bill will appropriate \$10,000,000 to be paid into the Hawaii venture capital revolving fund and \$300,000 to staff and operate the Hawaii industrial development corporation. Lastly, your Committee has also made technical, nonsubstantive amendments.

Your Committee finds that the establishment of a Hawaii technology finance corporation, a Hawaii industrial development corporation, a seed capital assistance program, and a Hawaii venture capital revolving fund will make a strong and unequivocal statement of the seriousness of Hawaii's commitment to economic development through the establishment, growth, and expansion of small business.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 9, 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. 9, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1249 Ways and Means on H.B. No. 1778

The purpose of this bill is to appropriate funds to the department of transportation for the restoration of the sandy beaches between the Waikiki aquarium and Fort DeRussy. All sums expended are required to be matched on a dollar-for-dollar basis by the city and county of Honolulu.

Your Committee finds that many areas along Waikiki beach have lost or are losing their sandy beaches. Periodic sand replenishment and other measures are needed to restore and maintain Waikiki beach as a key attraction for residents and visitors.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1778, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1250 Ways and Means on H.B. No. 12

The purpose of this bill is to redefine the existing exemption from the general excise tax for the activity of stock exchanges in Hawaii. The existing law, enacted in 1988, put into effect a limited exemption that was to be repealed on June 30, 1989. This bill provides an exemption for a much more comprehensive set of stock exchange-related activities, and extends the period of the exemption to June 30, 1992.

Your Committee finds that the current law does not accurately reflect the scope of the contemplated activities in a Hawaii-based stock exchange, and that it also does not describe fully the activities of an exchange governed by the Securities and Exchange Commission or the federal Commodities Futures Trading Commission. This bill will better describe the exempt functions of the exchange, as well as extend the provisions of the law to cover exchange activities in Hawaii, in the rest of the United States, and in foreign countries. Additionally, a longer period of exemption is necessary to encourage the formation of a stock exchange in this State.

Your Committee notes that a Hawaii-based stock exchange will benefit the State by attracting out-of-state funds, as well as encouraging state residents to invest within the State. Your Committee concludes that the proposed changes in the law will help to make a stock exchange in Hawaii viable.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 12, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1251 Ways and Means on H.B. No. 15

The purpose of this bill is to require the high technology development corporation to establish a plan for the development of a software industry in Hawaii.

The bill further requires:

- (1) The plan to consider state laws and policies pertaining to contracts for computer software;
- (2) The corporation to conduct workshops for local software companies to review the draft plan and to provide input; and
- (3) The corporation to submit findings, recommendations, and plan to the legislature twenty days prior to the convening of the 1990 regular session.

The bill also appropriates \$1 for fiscal year 1989-1990 and \$1 for fiscal year 1990-1991, to be expended by the department of business and economic development.

Your Committee finds that the software industry is a "clean" industry that does not produce negative effects on the environment. Establishing a software industry in Hawaii would create higher paying jobs and help to diversify the State's economy.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 15, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1252 Ways and Means on H.B. No. 1299

The purpose of this bill is to appropriate funds to support and promote: (1) the Hawaii international film festival; (2) the film industry of Hawaii; (3) local motion picture and video productions; and (4) financial incentives to major film production companies seeking to produce films in the State.

Your Committee finds that there is a need to develop alternative industries apart from tourism in order to advance the growth of Hawaii's economy and people. In 1986, film and video production in Hawaii contributed over \$35 million to the State's economy. Your Committee finds that the film and video industry is deserving of the fullest public support.

Your Committee has amended this bill by appropriating the sum of \$750,002 for fiscal year 1989-1990 and fiscal year 1990-1991 to support the film and video activities identified herein.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1299, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1299, S.D. 2.

Signed by all members of the Committee except Senators Fernandes Salling and McMurdo.

SCRep. 1253 Ways and Means on H.B. No. 1860

The purpose of this bill is to create the high technology special fund in the state treasury to allow the high technology development corporation to operate and manage its revenue-producing projects, including:

- (1) The Kaimuki technology enterprise center;
- (2) The Hawaii ocean science and technology park;
- (3) The Manoa innovative center; and
- (4) The Maui research and technology center.

This bill adds the following provisions to chapter 206M, Hawaii Revised Statutes, which governs the activities of the high technology development corporation:

- (1) Holding of board meetings to be open to the public except in cases where proprietary information is involved in which case the board may hold executive meetings closed to the public;
- (2) Appointment by the board of special advisory and management committees for each industrial park and project governed by the board;
- (3) Acquisition of real, personal, or mixed property; and
- (4) Exemption from competitive bidding for lease and sublease agreements unless a project agreement otherwise requires.

Your Committee believes that it is necessary to expand the powers of the high technology development corporation in order to optimize the operation and management of the corporation's industrial parks and projects.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1860, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1254 Ways and Means on H.B. No. 1879

The purpose of this bill is to conform the language in chapter 209E, Hawaii Revised Statutes, which encourages business activity within state enterprise zones by providing tax benefits, to the general excise tax law regarding exemptions from general excise tax.

This bill also exempts from general excise taxes the gross proceeds from services, in addition to the gross proceeds from the manufacturing of tangible personal property, of a qualified business. The bill defines a "qualified business" to be an entity engaged in services or the manufacturing of tangible personal property.

This bill also clarifies:

- (1) Eligibility of qualified businesses for enterprise zone incentives relating to attribution of gross receipts from activities within an enterprise zone and levels of employment;
- (2) Census criteria used to determine zone boundaries; and
- (3) Income criteria used to determine eligibility for zone status.

Although the technical amendments made to chapter 209E received support, your Committee heard testimony from the departments of business and economic development and taxation, and the Tax Foundation of Hawaii against the substantive inclusion of services to be exempt from general excise taxes as exceeding the original intent of the law. Testimony from the departments of business and economic development and taxation also urged the reinstatement of section 209E-9(e) in the original H.B. No. 1879 which requires that delivery of manufactured goods or other tangible personal property by an establishment of a qualified business take place within the same enterprise zone they are sold in.

Your Committee has amended this bill to clarify that enterprise zones may be located in more than two contiguous census tracts.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1879, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1879, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1255 Ways and Means on H.B. No. 416

The purpose of this bill is to allow the department of taxation and a taxpayer to agree in writing to an extension of the statutory one-year period within which the department of taxation may assess a deficiency or determine a refund to adjust for changes pursuant to a federal Internal Revenue Service report of pending adjustments or unresolved issues.

Section 235-101(b), Hawaii Revised Statutes, currently provides for a one-year period from the time the department of taxation is notified by the taxpayer or the Internal Revenue Service within which to adjust for changes pursuant to the federal report.

Your Committee received testimony from the department of taxation that this one-year period is often an insufficient amount of time for pending tax related issues to be resolved or adjustments finalized, especially if the taxpayer decides to take the issues to the federal Tax Court. This bill, by allowing the department of taxation and the taxpayer to agree in writing to an extension of the one-year period, provides the department and the taxpayer with a viable option other than going to court or issuing an assessment.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 416 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1256 Ways and Means on H.B. No. 417

The purpose of this bill is to eliminate an apparent tax avoidance opportunity existing in the Multistate Tax Compact and in Hawaii's income tax law.

Presently, our income tax law, as well as the provisions of the Multistate Tax Compact, tax the entire capital gain or loss arising from certain transactions involving multistate taxpayers. The sale is subject to taxation only if the intangible property is allocated to Hawaii and if the State is the commercial domicile of the taxpayer.

In 1986, the California State Board of Equalization ruled in the Appeal of Holiday Inns, that certain gains from the sale of a partnership interest may be assigned to another state that has no rational business connection with the income so derived. In this instance, the taxpayer derived tax benefit from the deduction of distributable partnership losses in California where the partnership operated but recognized no taxable income in California when the partnership interest was sold. In essence, the decision allowed a multistate taxpayer to choose which state in which to report its income.

Under this bill, all gains or losses resulting from sales of partnership interests are to be allocated to the taxpayer's Hawaii income, based upon the percentage of the partnership's total tangible property which is in-state, versus out-of-state, as determined at the time of sale. Moreover, if more than fifty per cent of a partnership's assets consist of intangibles, any gain or loss resulting from the sale of the partnership interest is allocated to the taxpayer's Hawaii income based on the percentage of total partnership sales which are in-state sales, for the year prior to the sale.

Your Committee finds that this bill clarifies the tax treatment of the resulting gain or loss of a partnership interest in this State when the interest is sold, and removes any abuse of shifting certain partnership income away from the state where the partnership operated. Your Committee further finds that these amendments to our existing tax law are similar to those being sought by other member states of the Multistate Tax Compact.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 417 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1257 Ways and Means on H.B. No. 418

The purpose of this bill is to improve the ability of the department of taxation to collect tax debts owed to the State.

Under this bill, all tax liens filed by the department of taxation with the bureau of conveyances will be automatically filed with the land court. At the present time, unlike federal tax liens, the department must file a separate tax lien with each entity in order to make a claim against delinquent taxpayers.

In addition, this bill requires the parties to a mortgage foreclosure to inform the department of taxation of those proceedings. Currently, the department has no knowledge of pending court proceedings and no opportunity to file a claim to recover delinquent taxes owed the State. By requiring parties to a mortgage foreclosure to inform the department of the proceedings, the department will have a better opportunity to seek payment of delinquent tax claims ahead of other competing parties for amounts owed.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 418 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1258 Ways and Means on H.B. No. 420

The purpose of this bill is to clarify the term of the tax review commission and to ensure that the commission will be available to testify before the legislature regarding its findings and recommendations.

Article VII, section 3, of the Hawaii State Constitution requires the appointment of a tax review commission every five years. Chapter 232E, Hawaii Revised Statutes, established the commission, sets forth its term, and describes its duties and functions, which includes submitting a report to the legislature that evaluates the State's current tax structure and making recommendations for revenue and tax policy. Section 232E-2, Hawaii Revised Statutes, provides that the tax review commission shall be dissolved upon the completion of its duties.

This measure provides that the commission will be dissolved upon the adjournment of the legislature to which it submits its report so that the Legislature will be assured that the commission will be available to answer questions regarding its findings and recommendations.

Your Committee received supporting testimony for the enactment of this measure by the department of taxation and the tax review commission.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 420 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1259 Ways and Means on H.B. No. 462

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.

Your Committee has amended this bill by deleting its substance and inserting the text from H.B. No. 1818, H.D. 1, relating to acquisition of Kapalama Military Reservation. Your Committee amended the language from H.B. No. 1818 by incorporating the following recommendations made by the department of transportation:

- (1) Amended the last sentence of Section 2 to read: "...Reservation during fiscal year 1988-89 and the fiscal biennium 1990-1991."
- (2) Added a new Section 4 to read as follows:
 "When it is deemed in the public interest of the State, the governor, in the governor's discretion, is authorized to use general fund savings or balances determined to be available from authorized general fund program appropriations to finance capital improvements projects authorized in this Act, where the method of financing is designated to be the general obligation bond fund; provided that if the governor uses general funds, the governor shall report that fact to the legislature twenty days prior to the convening of the regular session of 1990 for funds used in fiscal year 1989-1990, and twenty days prior to the convening of the regular session of 1991 for funds used in fiscal year 1990-1991."; and
- (3) Renumbered Sections 4 through 9 to Sections 5 to 10.

Your Committee has also amended the tables on pages 4 and 10 to reflect general revenue estimates made by the council on revenues as of March 15, 1989.

Your Committee notes that this bill is recommended for immediate passage.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 462, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 462, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and McMurdo.

SCRep. 1260 (Majority) Ways and Means on H.B. No. 1015

The purpose of this bill is to amend the state bond law to provide the director of finance the flexibility to accept other forms of surety in addition to a surety bond as security for issuing replacement bonds or payment of lost, stolen, defaced, or destroyed bonds and coupons.

The director of finance testified in favor of the bill subject to the condition that it not affect the director's discretion to determine the legality and sufficiency of the surety being offered as security. Under this bill, the director would retain full discretion.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1015, 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.
Senator Solomon did not concur.

SCRep. 1261 Ways and Means on H.B. No. 1825

The purpose of this bill is to continue the investment yield rate of eight per cent for actuarial valuations for the fiscal years ending June 30, 1989 and 1990.

Your Committee finds that actuarial valuations are prepared annually to determine the employer contributions required to fund the retirement system. With the exception of the investment yield rate, certain noneconomic and economic assumptions recommended by the system's actuary are utilized by the board of trustees to determine the employer's annual contribution to the retirement system. Since the statutory investment yield rate expired on June 30, 1988, it is necessary to establish an investment yield rate for fiscal years 1989-1990.

Your Committee amended this bill by changing the investment yield rate of eight per cent to a blank per cent.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1825, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1825, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1262 Ways and Means on H.B. No. 1859

The purpose of this bill is to provide one additional deputy in the department of taxation to perform the duties assigned by the director of taxation and approved by the governor.

Your Committee finds that under the current administration, the department of taxation has begun various projects to address taxation issues in the State including: the statewide centralization of tax returns on Oahu; the integration of the general excise/withholding and transient accommodations tax systems; development and tax rule changes; and a reorganization to address delinquent collections and the problem of nonfilers.

In order to implement the foregoing projects, there is a need for administrative management programs to be administered with authority at the highest departmental level. The current deputy director is primarily assigned to oversee line operations in the department. This bill will exempt from civil service, one additional deputy in the department of taxation in charge of administration or any other functions within the department as may be assigned by the director of taxation.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1859 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1263 Ways and Means on H.B. No. 1912

The purpose of this bill is to establish a University of Hawaii library special fund into which will be deposited all fees, fines, and other revenues derived from the libraries' operations.

Your Committee finds that the creation of a library special fund for the University of Hawaii libraries would not only be practical but also expedient because it would provide the libraries with a guaranteed and readily available source of revenues to replace or repair lost, stolen, damaged, or outdated library materials and to support or improve library services.

Your Committee further finds that many library tasks such as checking out books, preparing and mailing notices of overdue books, and reshelving and sorting books are tasks that can be performed by student staff, thereby freeing the regular staff to attend to other duties. This bill would also allow the fund to pay for the necessary student staff.

Your Committee has amended the bill to provide that the amounts allocated to each campus library from the special fund will be in proportion to the amount of revenues each library generates.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1912, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1912, S.D. 1.

Signed by all members of the Committee except Senators Fernandes Salling and McMurdo.

SCRep. 1264 Ways and Means on H.B. No. 1812

The purpose of this bill is to:

- (1) Extend the period of flexibility regarding budget allotment control and implementation for the University of Hawaii and the department of education for another three years from June 30, 1989 to June 30, 1992;
- (2) Authorize the governor to suspend for no more than twelve months any allowance or exception granted to the University of Hawaii when it impairs the governor's ability to promote and ensure the economic and efficient management of the State's financial resources;
- (3) Require the governor to notify the legislature within thirty days of any suspension; and
- (4) Require the University of Hawaii to report to the 1990 legislature on its progress in implementing the newly adopted board of regents policy on education assessment, as contained in the "Educational Assessment and Accountability Plan: Technical Report, 1988."

Your Committee has combined H.B. No. 1811 and H.B. No. 1812 which extend budget flexibility for the department of education as well as the University of Hawaii, respectively.

Act 320, Session Laws of Hawaii 1986, granted both the department of education and the University of Hawaii a degree of administrative flexibility in the budget execution process. This flexibility is scheduled to lapse at the end of this fiscal year.

Your Committee finds that the flexibility granted has enabled both the department of education and the University of Hawaii to administer their respective programs more effectively and efficiently. This has resulted in better delivery of their educational services to the public. This bill will continue that flexibility while providing a certain measure of fiscal safety for the State by allowing the governor the flexibility to administer the State's budget.

Your Committee has amended the bill by extending the period of flexibility from three years to five years to conform with S.B. No. 1868, S.D. 1, which your Committee has already passed. The bill is also amended to specifically include the department of education as well as the University of Hawaii in regard to the governor's authority to suspend allowances.

Your Committee has also made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1812, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1812, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1265 Ways and Means on H.B. No. 1196

The purpose of this bill is to allow student organizations and student activity programs at the University of Hawaii to purchase certain items without the prior approval of the board of regents or its designated representative.

Presently, student organizations and student activity programs are required to obtain the approval of the university vice-president for finance and operations prior to making any expenditure. This bill will allow student organizations and student activity programs to make purchases of flowers, leis, food, refreshments, and prizes without prior approval provided that the purchases do not exceed ten per cent of the organization's or program's total available annual funds. Student organizations and student activity programs, however, will still be subject to university policies regarding the expenditure of funds.

Your Committee made a technical, nonsubstantive change on page 2, line 10, to accurately reflect the style used in the underlying text of the Hawaii Revised Statutes.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1196, 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. 1196, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1266 Ways and Means on H.B. No. 1195

The purpose of this bill is to provide increased operational latitude for the implementation of the University of Hawaii's technology transfer and economic development program by authorizing the deposit of specific categories of moneys into the discoveries and inventions revolving fund.

Your Committee finds that this bill permits the revolving fund to receive funding from sources other than legislative appropriations. In addition, this bill provides clear authorization to expend revolving funds for economic development through education and research.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1195, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1267 Judiciary on H.B. No. 523

The purpose of this bill is to amend Sections 574-2 and 574-3, Hawaii Revised Statutes, by revising those portions which infringe on the constitutional rights of parents to give a child any surname they choose.

Your Committee received testimony from concerned private citizens, the Kapiolani Medical Center for Women and Children, and the Department of Health in support of this measure.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 523, 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 Cobb.

SCRep. 1268 Judiciary on H.B. No. 660

The purpose of this bill is to streamline procedures used by the State Bureau of Conveyances. This is accomplished by: modifying the bureau's fee structure; codifying document format requirements; allowing the registrar to enter into agreements authorizing next-day recordation; and expanding the use of document numbers in lieu of book-and-page references.

At its hearing on parallel bill S.B. No. 1152, your Committee received substantial testimony on the steps which have been taken to evaluate the procedures of the Bureau and to create fair and equitable modifications to assist the public and the Bureau. It is your Committee's understanding that the proposals contained in this bill are the result of that process.

This bill is substantively the same as S.B. No. 1152, S.D. 1, although its sections have been rearranged and various grammatical changes have been made.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 660, 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 Cobb.

SCRep. 1269 Judiciary on H.B. No. 133

The purpose of this bill is to amend section 11-212(a), HRS, so that the preliminary report required of each candidate, party, or committee must be filed no later than on the tenth calendar day prior to each election. Presently, such reports are required by the tenth working day before the election.

Your Committee finds the amendment to be appropriate since the current statute requires that certain information be current through the fifteenth calendar day prior to the election. The proposed change would make the statute internally consistent.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 133, 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 Cobb.

SCRep. 1270 Judiciary on H.B. No. 662

The purpose of this bill is to provide for the imposition of of liens against the real and personal property of absent parents who owe overdue child support payments.

Your Committee finds that this bill is necessary to meet the federal requirement of a lien law in the State for the pursuit of overdue child support. The passage of this bill will make it possible to recover a portion of the \$46,000,000 that is currently owed to children in delinquent child support payments.

The bill has been amended to further define the enforcement rights and obligations to issue certificates of release upon payment of the amount due.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 662, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 662, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1271 Judiciary on H.B. No. 301

The purpose of this bill is to improve the delivery of judicial and law enforcement services in Leeward Oahu by transferring the residential subdivisions of Waikakalua, Waipio Acres, and Mililani Town from the Ewa District to the Wahiawa District. Under current law, court cases which arise within these three subdivisions must be brought to the Ewa District Court in Pearl City. This is so, despite the fact that the Wahiawa District Court is geographically much closer to these subdivisions.

This bill would provide several benefits:

1. Residents in the three subdivisions would be able to take advantage of the geographic proximity of the Wahiawa District Court;
2. Judicial workload would be better distributed since the Ewa District Court currently has a heavier workload than the Wahiawa District Court; and
3. Because this boundary change would conform to the geographic division currently used by the Honolulu Police Department, it should alleviate the jurisdictional concerns that have constantly plagued that Department.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 301, 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 Cobb.

SCRep. 1272 Judiciary on H.B. No. 754

The purpose of this bill is to amend the Uniform Probate Code to allow the Department of Human Services to recover payments made for funeral services pursuant to section 346-15, Hawaii Revised Statutes, by an informal affidavit process.

Under Section 346-15, Hawaii Revised Statutes, the Department of Human Services pays for funerals where the decedent's estate cannot afford the cost. This bill allows the Department to recover debts or personal property owed to the decedent in satisfaction of the funeral costs.

Your Committee previously received testimony in favor of companion bill S.B. No. 971 from Winona E. Rubin, Director of the Department of Human Services, State of Hawaii. In her testimony, she stated that the Department seeks to recover funeral payments only in situations where the circuit court is the guardian and the decedent does not have any heirs or next of kin. Although there is usually not a great deal of money involved, the Department must currently go through the formal probate process to perfect its claim. It is anticipated that passage of this bill will result in a simplification of the recovery process.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 754, H.D. 1, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 754, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1273 Judiciary on H.B. No. 650

The purpose of this bill is to extend immunity from civil liability to ethics committees.

Section 663-1.7, Hawaii Revised Statutes, currently provides exemptions from civil liability to members of certain bodies, such as peer review committees. This bill would extend the list of exempted persons to include members of ethics committees.

Your Committee previously received testimony in favor of companion bill S.B. No. 113, S.D. 1, from the Healthcare Association of Hawaii, the Director of Health and from the Medical Coalition for Tort Reform. The Hawaii Academy of Plaintiffs' Attorneys testified that it did not oppose the bill.

Your Committee finds that an effective hospital peer review system requires that members of the ethics committee be free from fear of becoming the targets of litigation.

The Committee has made a nonsubstantive amendment to the organization of this bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 650, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 650, S.D. 2.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1274 Judiciary on H.B. No. 979

The purpose of this bill is to improve the present criminal injuries compensation process by providing for conformity with changes to the Penal Code dealing with violent crimes, and compensation of Hawaii residents injured or killed in an area or place where there is no crime victim compensation program.

Your Committee received generally favorable testimony from the Criminal Injuries Compensation Commission and the Victim/Witness Kokua Services unit of the Honolulu Prosecuting Attorney's Office on this bill.

Based upon the Commission's testimony that the administrative review provision in the bill was not favored by the Commission on philosophical grounds, and due to the substantial increase in staffing which would be required, your Committee has deleted that provision. Your Committee has also retained the current levels of Commissioner compensation after consideration of testimony suggesting that the proposed compensation increase might have the effect of reducing the number of commission hearings which could be held in light of current budget constraints.

Further amendments were made in the interest of clarity.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 979, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 979, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1275 Judiciary on H.B. No. 453

The purpose of this bill, is to amend the State's unclaimed property law to clarify that the existing ten year limitation for the Director of Finance to take action to recover unclaimed property does not apply when the holder is a federal, state, or local government.

According to testimony received from the Department of the Attorney General, this clarification would enhance Hawaii's ability to recover abandoned property from the federal government. Several states recently sued the United States to recover property, and Hawaii has been presented with an opportunity to join as a plaintiff in that action. It has been estimated that Hawaii's chances of recovering would be improved by at least as much as \$500,000 if the Hawaii law were changed.

The Attorney General suggested a modification to clarify the bill further. Your Committee is in agreement with the recommendation made by the Attorney General, and has amended the bill accordingly.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 453, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 453, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1276 Judiciary on H.B. No. 335

The purpose of this bill is to conform existing statutory law to the 1988 amendment to Article I, Section 12, Hawaii State Constitution. That amendment preserves the right of jury trial only in suits where the amount in controversy exceeds \$5,000.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 335 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 Cobb.

SCRep. 1277 Judiciary on H.B. No. 404

In November 1988, the Hawaii Supreme Court rendered a decision in State v. Rowley, which invalidated rules adopted by the Board of Land and Natural Resources governing the State Parks System on the grounds that the public hearing notice provisions of section 91-3, Hawaii Revised Statutes, as interpreted by the Court in the 1982 decision of Costa v. Sunn, had not been complied with when they were originally adopted in 1971 and when they were subsequently amended and reformatted to comply with the administrative rules format required by the Legislature in 1981. In other words, the Court gave a retrospective application to the Costa v. Sunn ruling. The decision has caused a great deal of uncertainty as to the validity of many existing State rules and regulations.

In order to avoid case-by-case challenges to the validity of existing State rules on the basis of faulty hearing notices, agencies of the State or counties will need to readopt their administrative rules at great expense to the taxpayers. To avoid this consequence and to eliminate the confusion generated by the Rowley decision, the purposes of this bill are to:

- (1) Expressly ratify and validate all administrative rules and rule amendments and repeals that were filed pursuant to section 91-4, Hawaii Revised Statutes, before the close of business on December 31, 1986, to the extent that those administrative rules and rule amendments and repeals shall be considered to be free from any noncompliance with the statutory procedural requirements for the adoption, amendment, or repeal of administrative rules;
- (2) Provide clarifying statutory wording that will expressly enable agencies to publish notices that generally describe the subjects involved or the purposes to be achieved by a proposed rule with a description of where and how free copies of the proposed rule may be requested, instead of including in the notice a statement of the substance of the proposed rule; and
- (3) Impose a three-year limitations period on challenges to the validity of any adopted administrative rule adoption, amendment, or repeal on the basis of noncompliance with the procedural requirements for rule adoption, amendment, or repeal.

The Departments of the Attorney General, Human Services, and Land and Natural Resources testified in support of companion bill S.B. 632.

Your Committee notes that this bill reflects amendments which were previously made to reflect the concerns raised by Common Cause Hawaii concerning a blanket validation of all existing rules.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 404, 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 Cobb.

SCRep. 1278 Judiciary on H.B. No. 553

The purpose of this bill is to amend 641-11, Hawaii Revised Statutes, provisions concerning criminal appeals to reflect the fact that the Hawaii Rules of Appellate Procedure currently govern such appeals.

Your Committee previously held a public hearing on the companion bill, S.B. No. 734, at which time testimony was received from Janice Wolf, Administrative Director of the Courts, in support of this proposal.

Presently, Chapter 641, Hawaii Revised Statutes grants the right of any party aggrieved by a judgment in a Circuit Court criminal matter an appeal to the Supreme Court "in the manner and within the time provided by the Hawaii Rules of Criminal Procedure." However, in 1984, all provisions regarding rules for appealing a lower court decision were placed in the Hawaii Rules of Appellate Procedure. This Bill will bring the statute in line with the Hawaii Rules of Court.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. 553, as amended herein, and recommends that it pass Second Reading and placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1279 Judiciary on H.B. No. 1695

The purpose of this bill is to allow for the interstate recovery of child support arrears and moneys paid under the Aid to Families with Dependent Children (AFDC) program through income withholding orders.

Your Committee received testimony in support of companion bill S.B. 743 from the Administrator of the Child Support Enforcement Agency.

From the testimony received, it is your Committee's understanding that the federal government mandates collection of support arrearages and reimbursement of AFDC funds. This bill gives clear authority for enforcement of these obligations through administrative support orders.

Your Committee has amended this bill to conform with S.B. No. 743, S.D. 1, which deleted the court-imposed interstate withholding orders. It is your Committee's understanding that this mechanism is not used because it is more cumbersome and costly than administrative proceedings.

Non-substantive technical amendments have also been made to the bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1695, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1695, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1280 Judiciary on H.B. No. 1215

The purpose of this bill is to restrict the practice of allowing convicted offenders to initiate direct requests to the court to be placed at a community service worksite of their choosing when they are sentenced to do community service. Instead, this measure directs that all convicted offenders sentenced to perform public service work will be under the supervision of an agency that is responsible for coordinating community service work.

Your Committee received testimony in favor of this measure from representatives of the Judiciary, City and County of Honolulu Department of Parks and Recreation, and the Department of Corrections.

Your Committee finds that this measure will provide prior screening of all convicted persons before they are placed for community service. As part of the screening procedure for the Judiciary's Community Service Sentencing Program (CSSP), criminal history background checks can be conducted on all offenders. CSSP has access to the Offender Based Transaction System (OBTS) as well as FBI's National Crime Information Center (NCIC) files.

Without prior screening, there is a possibility that the community-at-large will be placed at risk by allowing offenders to choose their placement by direct request.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1215 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 Cobb.

SCRep. 1281 Judiciary on H.B. No. 1133

The purpose of this bill is to allow owners of leased or rented personal property which is not returned seven days after the termination of the lease or rental contract to file a criminal complaint. This is in addition to the civil remedy of petitioning the District Court for an order to show cause. The bill also defines the failure to return leased or rented personal property as a theft offense under the penal code.

Your Committee received testimony in support of this bill from numerous rental company operators. They state that current criminal laws are ineffective at halting the trend of renters converting rented property.

Under the present statutory provisions, the non-return of leased or rented personal property is classified only as a petty misdemeanor no matter what the actual value of the item involved. The non-return of a rental motor vehicle is classified only as a misdemeanor. Your Committee finds the current statutory penalties not commensurate with the magnitude of the offense, hence the redefinition of such illegal activities within the penal code with its harsher penalty provisions would serve as a deterrent as well as an incentive for law enforcement officers to prosecute such cases.

Your Committee is also convinced that the current statute mandating a fourteen day period after the termination of the lease or rental contract before a criminal complaint can be filed is too lengthy. Within the two week period, the non-returned items could be sold, repainted, serial number defaced, or disassembled for parts, all contributing to the hinderance of any chance of recovery of such items. The measure amends the period to seven days which is more realistic and workable.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1133 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 Cobb.

SCRep. 1282 Judiciary on H.B. No. 564

The purpose of this bill is to define the word "conviction" as applied in the revocation or modification of probation conditions.

Your Committee previously held a public hearing on the companion bill, S.B. No. 740.

Your Committee finds that the Hawaii Supreme Court, in *State v. Rodrigues*, 68 Haw. 125, 133 (1985), stated: "...in the eye of the law a person is not deemed to have been convicted unless it is shown that a judgment has been pronounced upon the verdict." This bill would conform statutory law with the *State v. Rodrigues* case.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 564, 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 Cobb.

SCRep. 1283 Judiciary on H.B. No. 1656

The purpose of this bill is to provide a simplified way of making custodial arrangements for the property of adults, by providing that the property be placed for management in a manner that ensures control of the property when a person becomes incapacitated, and by allowing for the passing of property at death, obviating the necessities of probate or guardianship proceedings.

This bill is substantially identical to S.B. No. 2001, which was previously considered and approved by this Committee after a public hearing.

This measure proposes to provide a new, inexpensive alternative to formal trusts and guardianships for those who do not need extensive planning or who do not have sufficient assets to undertake the estate planning necessary for a formal trust.

A person creates a custodial trust under this proposal by signing a simple statement to the effect that the property is being placed in trust in accordance with the provisions under this measure. This statement sets forth in detail all powers of the trustee as well as all aspects of the trust relationship. No elaborate or lengthy legal trust agreement is needed.

During the period when there is no question of capacity, the bill provides that a person, naming himself or herself as the beneficiary, may create a custodial trust of property by conveying the property to a trustee who retains all powers over that property until the occurrence of incapacity. When incapacity occurs, three appointed trustees continue to manage the property for the beneficiary; there is no need for costly guardianship hearings. The beneficiary retains the right to terminate this trust relationship at any time or to instruct the trustee to distribute the property in a specified way at the beneficiary's death. Such distribution is considered a non-probate transfer of the property.

Your Committee finds that this bill would greatly ease the anxiety of those preparing for the event of personal incapacity or death. This bill provides the vehicle for that preparation and safeguards the integrity and control over an individual's properties while that individual is able.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1656, 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 Cobb.

SCRep. 1284 Judiciary on H.B. No. 1868

The purpose of this bill is to clarify a number of items regarding child support orders. In particular, this bill would:

- (1) Clarify the jurisdiction of the attorney general's child support enforcement agency under chapter 576E, Hawaii Revised Statutes (entitled "Administrative Process for Child Support Enforcement");

- (2) Require that the appointment and commission of hearings officers be made without regard to civil service requirements;
- (3) Specify the proper court office for filing of agency orders;
- (4) Clarify certain procedures for appealing hearing officers' support orders;
- (5) Shorten the time for employers to begin withholding an employee's wages when the agency has issued an order assigning to the agency the responsible parent's income; and
- (6) Make a technical amendment to Section 571-14, Hawaii Revised Statutes, by eliminating a redundant provision in Section 571-14(6), regarding the appointment of a guardian of an adult person.

The bill makes several additional technical amendments to chapter 576 as well.

Your Committee received testimony in support of companion bill S.B. 1798.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1868, 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 Cobb.

SCRep. 1285 Judiciary on H.B. No. 658

The purpose of this bill is to define what an "automatic firearm" is, and to make it illegal for a person to convert a firearm into an automatic firearm.

Your Committee received favorable testimony in support of this measure from the Honolulu Police Department and the Schofield Rod and Gun Club.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 658, 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 Cobb.

SCRep. 1286 Judiciary on H.B. No. 725

The purpose of this bill is to amend and streamline certain Land Court procedures. The bill requires that a grantee's address be endorsed upon every deed, consistent in the recording systems of both the Land Court and the Bureau of Conveyances. The bill would also systematize the exact location of recording information on all filed or recorded documents. Recording fees will be adjusted in accordance with schedules promulgated by the Supreme Court under this measure, and new fees are set for copies of the computerized data of the daily entry record or inquiries into the Land Court automated title system.

Your Committee finds that the Land Court currently requires either the grantee's place of residence or post office address on every deed presented for registration, while the Bureau of Conveyances requires both. This bill would amend the Land Court's requirement so that "the address" of the grantee must be given.

As for the recording of information on documents, the current practice is that the information recorded in the Bureau of Conveyances is placed on the first page of each document while information for documents recorded in the Land Court is placed on the back of each document. Consequently, the back of each Land Court document must also be microfilmed, which could add about 85,000 extra pages a year. This measure eliminates this by requiring both recording systems to place their respective recording information onto the first page.

Your Committee received testimony in support of companion bill S.B. No. 668 from the Chairman of the Board of Land and Natural Resources.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 725, 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 Cobb.

SCRep. 1287 Judiciary on H.B. No. 336

The purpose of this bill is to include the crime of second degree murder within the Probate Code provision prohibiting a beneficiary who kills a person from inheriting from the victim.

Your Committee previously held a public hearing on companion bill S.B. No. 61.

This bill is intended to conform Section 560:2-803, Hawaii Revised Statutes, to the current penal code provisions regarding murder. The offense of murder now includes two degrees. This bill addresses the new offense of murder in the second degree under section 707-701.5, which was not previously included in the probate section of the Hawaii Revised Statutes. Also, this bill clarifies that the killer is prohibited from profiting by either murder or manslaughter, and proof of both is not required to disqualify him as a beneficiary.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 336 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 Cobb.

SCRep. 1288 Judiciary on H.B. No. 402

The purpose of this bill is to require that the juvenile justice interagency board annually elect a chairperson who shall preside at meetings of the board.

Your Committee previously received testimony from the Honorable Daniel G. Heely, chairperson of the juvenile justice interagency board, in support of companion bill S.B. No. 630. His testimony indicated that the statute will enable the eleven member board appointed by the Governor to elect their own chair. At the present time, the chairperson is appointed by the Governor. The Governor's office indicated no opposition to the revision suggested by this bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 402 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 Cobb.

SCRep. 1289 Judiciary on H.B. No. 1711

The purpose of this bill is to create a class of marijuana felony offense to be designated as "commercial promotion of marijuana in the first degree" which is to be classified as a class A felony. The bill would also change the existing crime of commercial promotion of marijuana to the crime of commercial promotion of marijuana in the second degree, and would reduce the threshold quantities of controlled substances necessary to constitute commercial promotion of marijuana in the second degree and promoting a detrimental drug in the first and second degrees. The bill also contains certain evidentiary provisions.

Your Committee heard favorable testimony from the Maui County Prosecutor, Joseph Cardoza, on behalf of the county prosecutors and the State Attorney General, who indicated that the drug problem in Hawaii has become epidemic and is probably the worst in the United States. During a nationwide marijuana eradication program, Hawaii accounted for twenty-five per cent of all the marijuana seized. This is cause for alarm in light of the size and population of our State, according to the testimony.

Your Committee also heard testimony against the bill from the Office of the Public Defender. That testimony suggested that the offense categories created by this bill are arbitrary, are not necessary at this time since the current law was recently enacted, and unfair given the degree of societal danger posed by marijuana. The Public Defender's testimony was carefully considered by the Committee in revising this bill.

Although the Public Defender's testimony is well taken on an academic level, the practical truth is that Hawaii does not have a class A felony marijuana statute. Those who are involved in the activities of possessing, cultivating, or distributing marijuana at any level never face any penalty higher than a class B felony. Large-volume promoters of marijuana impact most negatively on our communities and your Committee finds they should be punished accordingly.

The bill has been amended to restore provisions previously deleted. Your Committee believes that the original form of this proposal provided a systematic, coherent amendment to current law which should be followed. However, the provision classifying the distribution of marijuana or any schedule V substance to a minor as a class A felony has been altered to incorporate the act within "commercial promotion of marijuana in the second degree", a class B felony. This is based upon concerns that the limited sentencing options available for class A felonies might unduly punish certain offenders.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1711, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1711, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1290 Judiciary on H.B. No. 405

The purpose of this bill is to amend Section 199-7, Hawaii Revised Statutes, to authorize the seizure of all natural resources taken or used in violation of the provisions of Chapter 6E, Title 12, or any rules adopted thereunder.

Your Committee previously received testimony in favor of companion bill S.B. No. 671 from the Department of Land and Natural Resources. Your Committee understands this bill to be an administrative housekeeping bill to clarify an area where the authority of an agent of the Department to confiscate unlawfully acquired natural resources is unclear.

This bill allows the search, seizure and forfeiture of "natural resources," and defines "natural resource" to include any archaeological artifacts, minerals, any aquatic life or wildlife or parts thereof, including their eggs, and any land plants or parts thereof, including seeds.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 405 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1291 Ways and Means on H.B. No. 924

The purpose of this bill is to provide lump sum payments to all former excluded managerial employees who were incumbents when the excluded managerial compensation plan (EMCP) went into effect on July 1, 1981, and to those former employees who were similarly assigned to the plan without a pay increase prior to July 1, 1982 (charter members).

Your Committee finds that Act 400, Session Laws of Hawaii 1988 authorized the necessary pay adjustments for charter members of the EMCP. The adjustments were made to correct situations wherein the pay of long-term employees had been exceeded by the pay of more recently promoted counterparts, because of changes in the method of computing promotional pay increases. However, Act 400 did not address the problem of those employees who, for various reasons, were no longer a part of the excluded managerial compensation plan.

The adjustments under this bill corrects this inequity. Your Committee notes that this bill is identical to S.B. No. 1556, S.D. 2, which was reported out of your Committee on March 3, 1989 for passage on Third Reading.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 924, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1292 Ways and Means on H.B. No. 962

The purpose of this bill is to provide a bonus effective July 1, 1989, and each July 1 thereafter, to those retirants and pensioners who have ten or more years of service. The bill provides for varying bonus amounts which are based on the number of years the person has been retired, with the largest bonus amount provided for those who have been retired thirty or more years.

Your Committee has amended the bill by leaving the bonus amounts blank and by inserting an appropriation of \$1 for fiscal year 1989-1990.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 962, 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. 962, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1293 Ways and Means on H.B. No. 1378

The purpose of this bill is to add the term "group life benefit programs" to section 87-23, Hawaii Revised Statutes.

Under the current law, the public employees health fund makes a monthly contribution for each covered employee who participates in an employee organization's group life insurance program. These contributions, however, are specifically limited to "group life insurance programs," probably because life insurance was the most prevalent protection available to public employees at the time the health fund was created. This bill would allow employee organizations to seek different, possibly more advantageous, kinds of group life benefit protection for their members.

Your Committee notes that this bill is identical to S.B. No. 1968 which was reported out by your Committee on March 3, 1989, for passage on Third Reading.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1378, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1294 Ways and Means on H.B. No. 1358

The purpose of this bill is to authorize the board of trustees of the Hawaii public employees health fund to provide and administer a long-term care insurance plan for employee-beneficiaries of the health fund and their spouses.

Your Committee finds that the financing of long-term care is the most critical issue facing Hawaii's elderly in this decade and agrees that it would be appropriate for the health fund to provide its employee-beneficiaries and their spouses the opportunity to participate in a long-term care insurance benefits plan as long as they assume responsibility for the cost of the benefits plan.

Your Committee has amended the bill by adding an appropriation amount of \$72,700 for fiscal year 1989-1990.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1358, 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. 1358, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1295 Ways and Means on H.B. No. 1806

The purpose of this bill is to authorize the establishment of cafeteria benefit plans for state and county employees.

Presently, there is no program for a cafeteria benefit plan as authorized under section 125 of the Internal Revenue Code. This bill would establish a qualifying plan and allow participating state and county employees to reduce their before-tax compensation in return for payment by the State or county for the costs of eligible benefits. The plan would be an adjunct to the public employees health fund.

A cafeteria benefit plan allows participating employees to take home more pay each pay period and allows employers to design an array of flexible benefit programs which provide both freedom of choice and tax savings to employees.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1806, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and McMurdo.

SCRep. 1296 Ways and Means on H.B. No. 1853

The purpose of this bill is to adjust the mechanism by which rates for related shortage category classes are determined, and to provide retention adjustments for senior workers in shortage categories.

Your Committee received testimony from several groups including the department of personnel services, the judiciary, and the Hawaii Government Employees Association.

Your Committee finds that providing sufficient monetary inducements to employees in specific occupations suffering from labor market shortages has been important for recruiting new workers but the statutes have not provided for the payment of competitive rates to retain current employees in shortage occupations. This bill is intended to provide a tangible retention incentive to state employees in shortage categories who are not new employees, by providing a pay adjustment depending on the employee's current step or pay rate. This process would recognize existing employees for their competence and loyal service while continuing the previous pay relationship between new hires and existing employees. It is important to retain existing employees by minimizing turnover in shortage category occupations.

Your Committee also finds that a second change proposed by this bill to adjust the mechanism for determining the differential for supervisors in shortage categories so that experienced supervisors would receive differentials equivalent to those received by newly promoted supervisors would allow for proper pay relationships between workers with different years of experience. This proposed change would also help retain experienced supervisors in shortage category occupations.

Your Committee has amended this bill to appropriate the sum of \$1.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1853, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1853, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1297 Ways and Means on H.B. No. 1854

The purpose of this bill is to make salary adjustments for the governor, lieutenant governor, cabinet and sub-cabinet officers, and certain other executive officers. The bill also provides for the establishment of a salary commission to regularly review salaries of elected and appointed officials of the state executive branch.

Your Committee agrees with the Committee on Labor and Employment that adequate compensation of executive branch officials will facilitate the recruitment and retention of the highest qualified individuals to public service, and enable state government to compete more effectively with the private sector. In this vein, your Committee also believes that the salaries of the administrators of the state legislative agencies should also be adjusted. Accordingly, your Committee has amended the bill to reflect salary adjustments for the administrators of the legislative reference bureau, the office of the legislative auditor, the state ethics commission, and the office of the ombudsman.

Your Committee has also amended the bill by changing all salary amounts of \$1 to \$2 and 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. 1854, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1854, H.D. 2, S.D. 1.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1298 Ways and Means on H.B. No. 43

The purpose of this bill is to establish a permanent center for alternative dispute resolution, making alternative dispute resolution a feature of state government. The center's function would include resolving complex civil disputes and public disputes involving the allocation or management of public resources or the siting of public facilities.

Your Committee finds that there is considerable support for this bill and that it will broaden the use of alternative dispute resolution methods and make them more readily available.

Your Committee further finds that citizens throughout the world remain deeply fearful of the possibility of a nuclear holocaust. Many nations continue to engage in conventional wars, civil wars, terrorism, racial strife, and violence. However, many potentially explosive conflicts among nations have been avoided through the techniques such as

negotiation, conciliation, mediation, and arbitration. Your Committee finds that an institute for peace and conflict resolution will promote peace and nonviolence among all nations and peoples throughout the world.

In this regard, your Committee has amended this bill by designating sections 1 through 4 as "Part I", and by including "Part II" which relates to the establishment of a Pacific institute for peace and conflict resolution. The purpose of the institute shall be to coordinate, stimulate, and initiate programs relating to peace with a special focus on Hawaii and the Pacific. The institute shall be established within the office of the governor for administrative purposes.

Your Committee has also amended this bill by deleting section 3, which would have appropriated funds for the center, because funding for the program has been included in the judiciary budget. Finally, your Committee has 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 H.B. No. 43, 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. 43, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1299 Ways and Means on H.B. No. 1882

The purpose of this bill is to provide an alternative method of computing the post retirement allowances for retired members of the employees' retirement system (ERS) who are sixty-five years of age or older to allow retirees to receive adequate protection against inflation.

This bill proposes to calculate the annual post retirement allowances payable on each July 1, as a percentage of the original benefit equal to the greater of 2.5 per cent or one-half of the percentage increase in the Honolulu consumer price index. The bill also provides that the maximum post retirement allowance shall not exceed 4 per cent of the monthly pension, annuity, or retirement allowance as originally computed and paid.

This bill is the result of a study conducted pursuant to Senate Resolution No. 87, S.D. 1, 1986 requesting the ERS Board of Trustees to study the present post retirement allowance to retirees and beneficiaries of the System. The study included a review of ERS post retirement allowance provisions and the financing thereof, employee contributions, the Legislative Reference Bureau's Post Retirement Increases in the Employees' Retirement System of Hawaii, adjustment plans in other states, and an analysis of actuarial costs and other possible amendments to the ERS post retirement provisions.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1822, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and McMurdo.

SCRep. 1300 Ways and Means on H.B. No. 235

The purpose of this bill is to encourage open and fair elections. As received, the bill establishes a fair campaign practices commission, which will receive, review, and issue findings on complaints of unfair campaign practices. The commission will be placed within the lieutenant governor's office for administrative purposes.

This measure represents an attempt to address concerns relating to the increased use of "unethical" or "unfair" campaign practices by creating a public forum in which candidates can receive quick, unbiased hearings and resolution of complaints. This bill requires that the commission adopt rules which provide for expedited hearings of complaints received less than seven days before an election to address the problem of last minute "smears" which cannot be handled under the normal commission procedures. In addition, this bill limits the immunity of commission members and staff where malicious and unlawful actions are taken and provides for enforcement of commission subpoenas. Lastly, this bill addresses two other major concerns in the area of campaign ethics, receipt of contributions, and voluntary participation by government officers and employees.

Your Committee finds that it is necessary to enact state campaign contribution limitations. These limitations preclude all contributions by foreign nationals, and direct contributions by federally-chartered corporations and national banks. Your Committee further finds that the issue of foreign campaign contributions must be addressed now to avoid the erosion of public confidence in the democratic process in terms of foreign influence on state and local elections. This bill attempts to accomplish this goal by clearly defining which persons and entities are foreign nationals, and by prohibiting contributions from them.

Since the federal government may unquestionably limit the activities of federally-chartered corporations and national banks, this bill mirrors federal election law by prohibiting solicitation and receipt of direct contributions from those entities. However, your Committee wishes to stress that contributions by federal savings banks, savings and loans, and other federally-chartered institutions are permitted under this bill through the use of political action committees and other mechanisms.

While the contributions prohibited under this section are the same as those which the federal government contends are illegal in state or local elections under its laws and regulations, this bill is not intended to demonstrate any acquiescence to that contention. On the contrary, the legislature does not recognize federal jurisdiction in this area, and is therefore free to create an independent Hawaii campaign contribution law. The changes enacted in this bill to the Hawaii campaign contribution law will create uniformity between federal, state, and local election requirements, thereby reducing the possibility of confusion by candidates and campaign organizations.

Your Committee has become aware of a law under which government officers and employees are not permitted to hand "any money or things of value on account of or to be applied to the promotion of any political object whatever" to another officer or employee, even if the exchange is voluntary, takes place off state premises, and is during the person's own time. Given the substantial protections against coercion already available under the civil service and ethics laws, this provision is unnecessary and contrary to the intent of the legislature to allow full and free access to the political process by all eligible persons and has been repealed accordingly.

Your Committee has made technical, nonsubstantive amendments to this bill, and has included an additional conforming amendment to reflect changes made to the numbering of definitions in section 11-191.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 235, 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. 235, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1301 Ways and Means on H.B. No. 401

The purpose of this bill is to establish a permanent position of special assistant to the state attorney general in the department of the attorney general.

This bill provides that the special assistant will be:

- (1) Appointed by and subject to dismissal by the attorney general;
- (2) Responsible for initiating, directing, or monitoring administrative or managerial special projects of the attorney general; and
- (3) The representative to, and responsible for monitoring and appraising the attorney general of, the activities of various national, regional, state, and local organizations and committees in which the attorney general has membership, participation, or interest.

This bill also provides that the attorney general may appoint a secretary for the special assistant.

Your Committee notes that this bill is a companion to S.B. No. 629 which was reported out of this Committee.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 401 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1302 Ways and Means on H.B. No. 536

The purpose of this bill is to establish a mechanism for the licensure of private persons to serve process, who will function in addition to the current sheriffs, deputy sheriffs, and police officers.

Your Committee finds that the police departments are often not available to serve process in private civil actions. Allowing private process servers would alleviate the tremendous manpower demands currently being placed on the office of the sheriff.

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. 536, H.D. 1, S.D. 1, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 536, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1303 Ways and Means on H.B. No. 548

The purpose of this bill is to encourage participation in the electoral process by raising the compensation of precinct officials. This bill also appropriates \$108,195 to the office of the lieutenant governor to carry out those purposes. This bill also amends the state election law by prohibiting the solicitation and receipt of direct political contributions from foreign nationals, federally-chartered corporations, and national banks.

Your Committee finds that precinct officials provide the community with a valuable service which is difficult to quantify in terms of compensation. Their services are more of an expression of commitment to the electoral process rather than efforts to receive pay for services rendered. The last increase in compensation for precinct officials was in 1982, which raised the pay of the average precinct official from \$45 to \$60.

Your Committee finds that it is necessary to enact state and local election campaign contribution limitations. These limitations should preclude all contributions by foreign nationals, and direct contributions by federally-chartered corporations and national banks.

Your Committee finds that the issue of foreign contributions must be addressed to avoid the erosion of the public's confidence in the democratic process in terms of foreign influence on local elections. This bill addresses this problem by clearly defining which persons and entities are foreign nationals, and by prohibiting contributions from them.

Since the federal government may unquestionably limit the activities of federally-chartered corporations and national banks, this bill mirrors federal election law by prohibiting the solicitation and receipt of direct contributions from those entities. However, your Committee notes that contributions from federally-chartered institutions are permitted under this bill through the use of political action committees and other mechanisms as is permitted under federal law.

While the contributions prohibited under this bill are the same as those which the federal government contends are illegal in state or local elections under its laws and regulations, your Committee wishes to make it completely clear that this bill is not intended to demonstrate any acquiescence to that contention.

On the contrary, the legislature wishes to send a signal that it does not necessarily recognize federal jurisdiction in this area, and is therefore free to create an independent Hawaii campaign contribution law. The changes enacted in this bill to the Hawaii campaign spending law will create uniformity between federal, state, and local election requirements, thereby reducing the possibility of confusion by candidates and campaign organizations. It was for this reason that the office of the lieutenant governor submitted testimony in favor of these contribution limitations.

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

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

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1304 Ways and Means on H.B. No. 254

The purpose of this bill is to promote the use of the Hawaii election campaign fund by raising the maximum amount available to candidates for all offices for any primary, special primary, or general election from \$50 to \$250. This bill also increases the maximum amount of public funds available to candidates from \$100 to \$500 in any election year. This bill also increases the amount of private contributions needed to qualify a candidate for the increased public funding proposed in other sections of this bill.

Your Committee finds that few candidates take advantage of the public campaign fund. Consequently, the fund has been accumulating a surplus since its inception. Your Committee finds that this bill will serve to encourage the use of the Hawaii campaign fund by candidates for office.

Your Committee has made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 254, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 254, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1305 Ways and Means on H.B. No. 630

The purpose of this bill is to effect a number of changes to Hawaii's election law, including:

- (1) Granting the chief election officer the power to hold special elections to fill vacancies which occur in circumstances not otherwise covered in the election law;
- (2) Increasing the penalties for voter registration fraud;
- (3) Redefining and clarifying the responsibilities, powers, and jurisdiction of the chief election officer, county clerks, and other election officials;
- (4) Allowing voters with questionable addresses to verify their voter registration;
- (5) Providing election officials more flexibility to effect the transfer of registered voters who move;
- (6) Allowing voters to register and vote on election day;
- (7) Clarifying the rights of aggrieved persons to appeal decisions by the county clerks and boards of registration;
- (8) Prohibiting members of the board of registration from running for office;
- (9) Exempting board of registration hearings from the contested case requirements of the Hawaii Administrative Procedure Act;
- (10) Repealing the "sunset" of the authorization to use sixteen- and seventeen-year-olds as precinct workers and redefining the date on which they become eligible for employment;
- (11) Requiring that employers give notice to employees of their right to take time off to vote, and requiring the lieutenant governor to compile the notice;
- (12) Modifying the procedures for filling vacancies caused by candidate or officeholder withdrawal, death, or disqualification;

- (13) Establishing a mandatory tie-breaking system;
- (14) Allowing nomination papers to be made available earlier;
- (15) Extending the period during which the chief election officer or county clerk may object to the validity of candidates' nomination papers;
- (16) Reducing the number of votes a nonpartisan candidate must receive in the primary to be placed on the general election ballot;
- (17) Redefining the statutory definition of the board of education districts to conform with the latest redesignation of representative districts;
- (18) Adjusting the procedural timetable for filling vacancies in the state senate, board of education, and office of Hawaiian affairs; and
- (19) Repealing section 17-5, Hawaii Revised Statutes, relating to procedures in the event of a failure to elect.

The bill also appropriates \$35,000 for fiscal year 1990-1991 to implement these changes.

Your Committee has amended this bill by:

- (1) Deleting the provisions which would allow voters to register and vote on election day and the appropriation section which would have appropriated funds to implement election day registration;
- (2) Adding the phrase: "where the candidate has been found to have knowingly falsified nomination papers" to the section extending the period during which the chief election officer or county clerk may object to the validity of candidates' nomination papers;
- (3) Renumbering Sections 7 through 30 to Sections 6 through 27; and
- (4) Making technical, nonsubstantive amendments.

Your Committee notes that except for these amendments, this measure is similar to S.B. No. 721, which was previously approved by this Committee and passed by the Senate.

Your Committee finds that this bill is necessary to streamline and update present statutory provisions relating to the State's election laws.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 630, 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. 630, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1306 Ways and Means on H.B. No. 694

The purpose of this bill is to provide general fund appropriation to satisfy claims against the State of Hawaii for refunds, reimbursements, payments of judgments, settlements, and other payments.

Your Committee finds that the attorney general does not willingly request the legislature for the appropriation in Robinson v. Ariyoshi, but is forced to do so by the actions of the federal district court. Your Committee further finds that the attorney general intends to appeal this fee award and that pending appeal the funds appropriated to satisfy the fee award will be deposited in escrow.

Your Committee notes that this bill is the companion bill to S.B. No. 628 which this Committee reported out earlier.

Your Committee further notes that additional claims may be settled prior to the bill passing, therefore, your Committee does not intend that this be the final version of the bill. Upon receipt from the attorney general of additional claims against the State have been settled or in which a judgment has been entered the bill will be amended, prior to Final Reading, to reflect these items.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 694, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1307 Ways and Means on H.B. No. 976

The purpose of this bill is to ensure the continued availability and cooperation of witnesses in criminal cases by increasing the fees and per diem payments for those witnesses.

Specifically, the bill:

- (1) Increases the per diem allowance per day per witness to \$20 for witnesses on Oahu;

- (2) Amends the mileage allowance to a reasonable amount to be determined by rules adopted by the judiciary and includes travel to and from airports for witnesses from out-of-state or another island;
- (3) Establishes an out-of-state witness allowance which includes the actual cost of plane travel and \$110 per twenty-four hour day; and
- (4) Raises the neighbor island witness allowances other than the actual cost of plane travel to \$55 per twenty-four-hour day.

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. 976, 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. 976, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senators Fernandes Salling and McMurdo.

SCRep. 1308 Ways and Means on H.B. No. 1348

The purpose of this bill is to create parity in retirement benefits for district court and district family court judges, who presently receive lesser retirement benefits than do justices of the supreme court and judges of the intermediate appellate and circuit courts.

Your Committee finds that district court judges are held to the same standards as judges and justices of the other courts, and that it is inequitable to afford them with a lesser set of retirement benefits than those afforded to these other state judges.

Your Committee notes that it passed out S.B. No. 840, S.D. 1, which similarly provided for an increase in retirement benefits for district court and district family court judges to the level of the other state judges, and that this bill passed the Senate.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1348, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1309 Ways and Means on H.B. No. 552

The purpose of this bill is to increase the number of judges of the state intermediate court of appeals by adding one additional judge and to appropriate the necessary funds for this purpose.

Your Committee finds that increasing the number of judges on the state intermediate court of appeals from three to four will allow that court to hear arguments in rotating panels of judges, effectively freeing one judge to work on research and opinion drafting. This will allow the court to dispose of the increasing caseload more efficiently and expeditiously.

Your Committee notes that it previously reported out the companion to this bill, S.B. No. 729.

Your Committee has amended this bill by changing the effective date from upon approval to July 1, 1989, 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. 552, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 552, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1310 Ways and Means on H.B. No. 631

The purpose of this bill is to allow for the registration of voters through a self-subscribing oath prescribed by the chief election officer. This bill also permits any person who is unable to appear in person before a county clerk to register to vote by mail on the Affidavit on Application for Voter Registration or any other form prescribed by the chief election officer.

Your Committee finds that the current notary requirement presents an obstacle to people who want to register to vote. The elimination of this requirement will make the process of voter registration more convenient.

Your Committee further finds that the current requirements, to appear in person before the county clerk for the purpose of registering to vote, may present problems to certain individuals wishing to register. This bill will permit individuals to register to vote by mail on the Affidavit on Application for Voter Registration. Your Committee finds that this will encourage the registration of voters in this State.

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

Your Committee notes that this bill is the companion measure to S.B. No. 717 which was approved earlier by this Committee.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 631, 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. 631, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1311 Ways and Means on H.B. No. 1701

The purpose of this bill is to establish within the department of human services an autonomous office of youth services to house youth social services programs.

The bill appropriates \$660,904 to the office of youth services and requires the office to develop operational and organizational plans that will serve as blueprints for the transfer of specific programs from the department of corrections, department of human services, department of health, and the family court. The bill requires that the plans be submitted to the legislature for consideration during the 1991 regular session and states the legislature's intent that the office of youth services encompass the types of functions that were addressed in the original version of S.B. No. 783, except for the detention facilities function.

The bill also includes appropriations for: (1) the expansion of services to troubled youth and homebased services under the department of human services; (2) substance abuse treatment, wilderness/ocean challenge, counseling, and transition programs under the department of corrections; (3) substance abuse treatment programs under the department of health; (4) staff training and development for the department of the attorney general; (5) the establishment of wilderness/ocean challenge, independent living programs and a classification system for juvenile offenders in the first circuit of the family court; and (6) substance abuse treatment, outreach services, and a high-control shelter for the second circuit of the family court.

Upon further consideration, your Committee decided to amend this bill to reflect the provisions in S.B. No. 783, S.D. 2, which was reported out of your Committee on March 3, 1989. Accordingly, your Committee has deleted all the appropriations made in the bill in sections 7 through 12. 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. 1701, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1701, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1312 Ways and Means on H.B. No. 1717

The purpose of this bill is to comply with the constitutional requirement, in Article VI, section 3, of the State Constitution, that requires the establishment of a judicial salary commission. This bill establishes the commission, which shall be composed of five members, two appointed by the governor and one each by the speaker of the house of representatives, the president of the senate, and the chief justice of the supreme court. The commission shall submit its salary recommendations to the legislature by October 15 of each year that precedes a fiscal biennium, and the amounts shall be submitted by the chief justice as a part of the judiciary's proposed budget.

Your Committee finds that this bill will comply with the constitutional mandate, and will also help in the recruitment and retention of judges by ensuring that salary reviews shall be held on a regular basis. Your Committee notes that it passed out S.B. No. 1935, the companion bill to H.B. No. 1717, which subsequently passed in the Senate.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1717 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1313 Ways and Means on H.B. No. 1718

The purposes of this bill are to:

- (1) Change the salaries for supreme court justices and intermediate court of appeals, circuit court, and district court judges; and
- (2) Propose a constitutional amendment to have the governor appoint full-time district court judges.

Your Committee strongly supports the establishment of adequate financial incentives to recruit and maintain qualified and experienced practitioners to serve on the courts of this State. Your Committee finds that judicial salaries should be evaluated on a comprehensive basis in light of any proposed executive branch salary increases, as well as the projected outcome of collective bargaining with the public employee unions. Pending an accurate estimate of these salaries, your Committee has retained the \$1 salary allocations contained in this bill. Your Committee further finds that a constitutional amendment is necessary to confer upon the governor, the authority to appoint district court judges, subject to the advice and consent of the senate.

Your Committee has amended this bill to delete the provision for severability and to make technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1718, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1718, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1314 Ways and Means on H.B. No. 1619

The purpose of this bill is to provide funds for the development of a coordinated youth gang response system, incorporating the elements of law enforcement and intelligence, training and awareness, intervention, prevention, and evaluation.

Your Committee finds that a comprehensive, coordinated approach is necessary to control the gang problem and which will benefit the State.

The bill directs the juvenile justice interagency board (JJIB), which is attached to the department of the attorney general, to create a long-term statewide master plan for dealing with youth gangs. The plan is required to:

- (1) Define the nature and scope of youth gang activity;
- (2) Identify problems faced by various government agencies dealing with youth gangs;
- (3) Establish long-range policies and goals;
- (4) Identify problems faced by social service program providers relating to youth gangs and to give them guidance;
- (5) Establish a continuum of programs and services to implement statewide goals and policies; and
- (6) Delineate a plan of action and milestones timetable for government agencies involved in the youth gang effort.

This bill also requires the JJIB to report to the 1990 and 1991 regular sessions of the legislature on progress in developing the master plan, and on expenditures made by the department of the attorney general to carry out this bill.

This bill also appropriates \$194,000 to the Honolulu police department for fiscal year 1989-1990 to:

- (1) Develop a statewide gang-information system and clearinghouse;
- (2) Aid public education and help create public support;
- (3) Monitor gang activities and establish gang prevention programs; and
- (4) Establish an interagency force.

\$75,000 is also appropriated for fiscal year 1989-1990 for the police departments of the counties of Hawaii, Maui, and Kauai to monitor gang activities and to establish gang prevention programs.

Your Committee has amended this bill to clarify that \$25,000 is appropriated for each of the counties of Hawaii, Maui, and Kauai in Section 3. Your Committee has also made a number of technical nonsubstantive amendments for the purposes of clarity and style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1619, 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. 1619, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senators Fernandes Salling and McMurdo.

SCRep. 1315 Ways and Means on H.B. No. 1871

The purpose of this bill is to extend the existence of the Hawaii criminal justice data interagency board through June 30, 1993, and to appropriate funds to cover the travel expenses of neighbor island board members.

Your Committee finds that the criminal justice data interagency board performs a beneficial function in promoting interagency cooperation in the development of a statewide criminal justice information retrieval and reporting system for the State. Your Committee previously reported out the companion to this bill, S.B. No. 1801.

Your Committee has amended this bill by making a technical, nonsubstantive, grammatical change for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1871, 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. 1871, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1316 Ways and Means on H.B. No. 1844

The purpose of this bill is to establish an adult protective services program within the department of human services to assist adults who are victimized either physically or financially because they are physically or mentally impaired and therefore, are dependent on others.

Among the provisions contained in this bill, those of specific concern include:

- (1) Who and under what circumstances is a person required to report incidences of abuse of a dependent adult;
- (2) Under what circumstances may the department of human services or a guardian ad litem obtain the records of a dependent adult without a court order; and
- (3) When a forced entry into the home of a dependent adult suspected of being abused or threatened with imminent abuse may be allowed.

This bill also amends section 571-14, Hawaii Revised Statutes, to allow the family court to waive its jurisdiction over a case involving abuse of a dependent adult and section 571-84, Hawaii Revised Statutes, to make the family court records of a dependent adult abuse proceeding confidential.

Your Committee notes that this bill is similar to S.B. No. 470, which this Committee reported out earlier.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1844, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1317 Ways and Means on H.B. No. 189

The purpose of this bill is to appropriate funds for the programs of the Judiciary for the 1989-91 fiscal biennium.

For the most part, appropriations have been made to meet the Judiciary's most urgent program and operational requirements, although in the aggregate, the appropriations are less than the amounts requested in the Judiciary's budget. For FY 1989-90, the Judiciary's general fund budget request was \$69.8 million whereas your Committee has determined that a total appropriation in the amount of \$65.4 million is sufficient. For FY 1990-91, your Committee recommends program appropriations which total \$66.4 million against the Judiciary's general fund request of \$71.6 million.

In recommending the program appropriations, your Committee recognizes the burgeoning requirements placed on the Judiciary by increasing workloads and the corresponding need to modernize its various management systems. The application of modern technology to court operations and supporting systems is crucial to the Judiciary being able to fulfill its mission. In order to proceed with further computerization, however, the Judiciary still needs to develop a detailed tactical plan which establishes priorities for projects, identifies resource requirements, sets timeframes for implementation and the management arrangements for project execution. Because this has not been done, applications up to now have been on a piecemeal basis.

For this reason, your Committee has been stringent in appropriating funds for computerization projects. It is recommending funds only for those projects deemed absolutely necessary to resolve pressing problems. For example, funding is being allowed for the Optical Disk Hardware project requested by the Judiciary. However, this project is to be implemented on a one-year pilot project basis, the Judiciary is to lease--and not purchase--the equipment, and it is directed to submit an evaluation report to the Legislatures on the results of the project and an analysis of future benefits.

Two years ago, in considering the Judiciary's budget for the 1987-89 fiscal biennium, it was the position of the Senate that the Judiciary needed to exert financial discipline to reign in its budget and that lower levels of expenditures could be achieved without disturbing essential Judiciary programs and operations. Your Committee especially urged that in budgetary and financial matters, the Judiciary should pursue new procedures and more efficient methods of operation.

Your Committee's experience with the Judiciary's 1989-91 budget request leads to virtually the same conclusions. Two examples flowing from your Committee's review of the Judiciary's budget illustrate the lack of--and the corresponding need for--budgetary and financial accountability.

1. In its management and financial audit of the Judiciary, the Legislative Auditor, among many other findings, reported that the Judiciary had been making large purchases of equipment from funds that had been budgeted for that purpose, literally going on year-end "spending sprees." To determine the extent to which "savings" from position vacancies contributed to such practices, your Committee sought information from the Judiciary on the amount of "savings" resulting from vacancies. As straightforward as this request was and as routinely as this information is available and is provided by executive branch agencies, the Judiciary responded: "We are unable to identify the amount of savings as a result of vacancies."

The casual approach to unbudgeted expenditures is reflected in an internal Judiciary memorandum which expressed the belief, after the auditor's report was issued, that it is a fairly common practice among state agencies to expend year-end savings for unbudgeted equipment purchases. For the record, there is a provision in the State Constitution which states: "No public money shall be expended except pursuant to appropriations made by law." Except to the extent that the appropriations bill may allow the Judiciary to make certain transfer of appropriations, your Committee expects the Judiciary to expend funds only for the specific purposes of which the appropriations are made and to cease the practice of making unbudgeted equipment purchases and other expenditures from so-called "savings" derived from vacant positions or from whatever source. The Legislative Auditor will review this specific aspect to ensure compliance.

2. The Judiciary has requested large amounts of funds for temporary positions, totaling some \$2.3 million for FY 1989-90 alone. The Legislative Auditor and others have documented the problems which result from the pervasive use of temporary positions. Thus, one would ordinarily expect that from personnel administration standpoint, the Judiciary would have a strong interest in applying controls to ensure that temporary positions are used only for specific, limited purposes. But there is a budgeting and accountability problem as well. Your Committee tried to determine from the Judiciary what kinds and number of temporary positions it intends to establish. Such supporting information is necessary to determine the reasonableness of the amount of funds requested and should have been routinely available. However, the information was never submitted, and in the absence of justification by the Judiciary, the only responsible course for your Committee is to reduce the amounts requested for temporary positions.

Budget autonomy for the Judiciary--the insulation of the Judiciary from the controls of the executive branch--was the result of legislation initiated by the Senate in 1974. With the removal of executive controls, the Judiciary gained budgetary independence, but it was then the expectation--as it is now--that the Judiciary would develop its own system of budgetary controls and accountability. If the Judiciary fails to make improvements in budgetary accountability, the alternative is to establish a system of accountability by law.

Your Committee urges that the Chief Justice give these problems his close attention and that he involve other key personnel in the Judiciary in a broadly based effort to make improvements in budgeting and other aspects of Judiciary operations.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 189, 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. 189, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1318 Ways and Means on H.B. No. 205

The purpose of this General Appropriations Bill of 1989 is to appropriate funds for the operating and capital improvement expenditures of executive agencies for the 1989-91 fiscal biennium.

FINANCIAL AND BUDGETARY OVERVIEW

When the executive budget was submitted to the Legislature in December, the Governor's general fund financial plan projected a surplus of \$429.2 million at the end of the current fiscal year. The tax revenues side of the plan was based on the September 1988 estimates of the Council on Revenues, which forecast that general fund tax revenues in the current fiscal year would increase by 9.2% over the last fiscal year and that revenues would then increase by 9.1% in FY 1989-91 and by 7.8% in FY 1990-91.

Subsequent to the submission of the budget, the Council on Revenues has submitted two updates of its estimates, the latest of which was submitted on March 12, 1989. The updated forecast indicates that general fund tax revenues in the current fiscal year will increase by 13.1%, instead of the 9.2% estimate used in the executive budget, and that in the next two fiscal years, the increases will be 11.3% for FY 1989-90 (instead of 9.2%) and 9.3% for FY 1990-91 (instead of 7.8%).

The estimate upon which the greatest reliance can be placed is that for the short term, i.e., for the current fiscal year. The general fund tax revenue performance from July 1, 1988 through the eight months ending February 18, 1989 indicates a substantial growth of 14.4% over revenues for the same period in the previous fiscal year. Thus, it appears that the Council on Revenues current estimate of 13.1% is pretty much on target and will be realized. This would mean that the surplus at the end of this fiscal year is likely to be somewhat larger than the previous estimate of \$429.2 million.

Less certain are the increases which have been estimated for the years of the budget biennium since those estimates are based on existing taxes and existing rates. With several tax relief measures likely to be enacted by the Legislature this session, the tax revenue increases for the next two years are not likely to go higher than the levels currently estimated by the Council on Revenues, and they could very well be lower.

The overall fortunate and favorable financial condition of the State, supported by an expanding economy and fueled especially by growth in construction and record highs in tourism, indicates that several courses of action can be pursued simultaneously. These courses are first, the enactment of tax relief measures; second, the provision of tax credits or tax refunds triggered by the level of the general fund balance; and third, new program initiatives and reinforcement of existing programs through this General Appropriations Bill and other measures.

The extent of tax relief and the magnitude of tax credits or tax refunds are still open matters and are to be finally decided only after conferring with the House of Representatives. The outcome of those negotiations will also have an impact on program and appropriation levels provided by this bill and other measures. However, your Committee is confident that the budget that it has developed has been carefully drawn, that it will result in the provision to the people of needed and better services, and that priorities have been properly assigned to those needs requiring the most urgent attention. The remainder of this report summarizes some of the more important decisions and considerations of your Committee.

ECONOMIC DEVELOPMENT

Tourism. Increasing competition in the visitor industry has led to more aggressive and expanded marketing of Hawaii by both the State and the private sector. Your Committee has enhanced the tourism advertising budget for all markets, while emphasizing the importance of sustaining the base market.

While the Hawaii Visitors Bureau will continue to receive state funding as the marketing arm of the State's tourism program, your Committee believes that more financial participation by HVB's private membership is necessary. Therefore, your committee recommends that HVB's membership contribute \$1,622,985 in FY 1989-90 and \$5,322,491 in FY 1990-91 to support the HVB's administration with State funds to be directed to advertising, marketing, and promotional activities.

Your Committee has also provided \$2,150,000 for the continued destination marketing of the neighbor islands in order to encourage a statewide approach in the promotion of Hawaii. Funds are also provided to promote Hawaii as a sports and cultural center through such sporting events as the Honolulu Marathon and the Hula Bowl, and cultural attractions such as the Hawaii Maritime Museum, the Festival of the Pacific, and the Hawaii International Film Festival.

Business development. Hawaii's focus in this area is to internationalize our economy through trade, financial services, film and high technology industries. Your Committee has provided funding to explore the establishment of an affiliated trading floor in Honolulu through the California-based Pacific Stock Exchange. your Committee has increased funding for the expansion of Hawaii's film industry by providing an additional \$625,000 for promotion and incentives to encourage filmmaking in Hawaii.

Capital improvement projects which received funding include the Natural Energy Laboratory of Hawaii, Hawaii Ocean Science and Technology Park, and Keahole Point. Funds were also provided for an aquaculture research and training facility and continued support of geothermal development.

Agricultural products. Continued support for the promotion of diversified agricultural products is provided as well as increased funding for pest control and eradication projects relating to fruitfly, gorse infestation, and webworm. Funds are provided for capital improvement projects including development of a livestock agricultural park and statewide water development and irrigation system projects.

EMPLOYMENT

Placement services. Your Committee has appropriated funds to provide job seekers with easily accessible job search/vocational guidance to fulfill their career goals. Funding has also been provided to establish Job Help Stores in West Oahu and West Hawaii to deliver employment, training, and other human services to job seekers. Job Help Stores will also serve as resource centers for employers and labor organizations.

Employment and training programs. Matching funds have been provided to receive federal funds for the veterans program. Funds are earmarked for training and furnishing job placement services to Vietnam-era, recently separated, and service-connected disabled veterans who fail to qualify for programs under the Job Training Partnership Act.

Transition centers. Your Committee has appropriated funds for transition services to special education students. Participants in the program are provided with a spectrum of career/employment planning services which assists them in making a successful transition from school to the workplace.

TRANSPORTATION

Airports. The increasing number of visitor arrivals continues to place a severe strain on our existing airport facilities. Your Committee has provided funds for runway extensions at Lihue, Keahole, and Kahului airports, and the Department of Transportation will be coordinating approvals for the runway projects with the respective counties. In addition, funds have been provided for 63 new positions to operate and maintain the soon to be completed Kahului Airport. When completed in July 1990, the \$73 million Phase I of Kahului Airport will greatly improve airport operations to handle the estimated 5 million passenger traffic expected by the end of FY 1989-90.

Highways. Your Committee is aware that by the end of FY 1990-91, the highway fund's permanent sources of revenue will not be able to meet the operating and maintenance cost of Hawaii's roads and highways. For purposes of efficiency and effectiveness, funding has been provided to allow for the maintenance of our highways on a planned 10-year cycle instead of the current 17-year cycle. Your committee feels that a regular 10-year resurfacing program will reduce the need to do major repairs and maintenance of the state highways and result in significant savings. To bring an additional measure of relief to the highway fund, your Committee will also allow for the transfer of airport special funds to the highway special funds if federal approval is received.

Your Committee has also provided funding for capital projects including Kalaniana'ole highway, Interstate H-3, Fort Weaver road, contra-flow lanes, Honoapiilani highway, the Saddle road and various safety improvements for Kauai.

Harbors. Your Committee fully supports the Governor's proposed redevelopment of the waterfront area and his commitment to maintain the Kapalama Military Reservation and surrounding areas as public lands. To these ends, your Committee has approved the appropriation of \$90 million in general obligation bonds to purchase the Kapalama Military Reservation and adjoining lands. Your Committee has also provided capital improvement funds for enhancements to existing harbors including those at Honolulu, Barbers Point, Kawaihae and Nawiliwili, and expansions of interisland transit between Maui and Molokai.

Administrative support. General support services to enhance engineering, design, fiscal, and administration services have been provided to the three major divisions through funding of electronic data processing consultant contracts and the Intergraph CADD (Computer Aided Design and Drafting). The Intergraph CADD will notably assist the department in reviewing proposed highway projects.

ENVIRONMENTAL PROTECTION

Protection of our limited island resources is critical to maintaining our residents well-being as well as our State's economic health. To encourage increased wastewater management throughout the state, your Committee has provided \$50 million for the establishment of a wastewater revolving fund. As part of the grants in aid program, each county will receive funds for specific projects. Other funding is provided to assist the counties in improving their landfill management capabilities. Your Committee has also provided funds for increased ground water support services, underground injection control and monitoring, a geothermal and volcanic emission monitoring pilot project, and \$750,000 during the biennium for implementation of the state water code.

HEALTH

Universal health insurance. Your Committee supports the initiative to provide health insurance coverage for Hawaii's "gap group". Thus, your Committee is providing \$4 million in FY 89-90 for program planning and design per H.B. 1906. Your Committee will review the program design during the 1990 Session prior to appropriating funds for implementation in FY 1990-91.

Mental health. Hawaii's rank as last among the states in providing mental health services is of great concern to your Committee. Therefore, increased funding of \$1.42 million in FY 1989-90 and \$1.49 million in FY 1990-91 has been provided in all areas involving services to children and adolescents, as well as treatment for adult substance abuse and psychosocial services statewide. Additional permanent positions have been allocated to Hawaii State Hospital to assist with recruitment and retention. Capital improvements have been also provided for Waimano and Hawaii State Hospital.

Community health. The health of all Hawaii's populace from infancy to adulthood must be acknowledged if Hawaii is to become recognized as the "Health State". Thus, your Committee has provided funding for the following preventive health and treatment programs. Infant health and child development will be supported statewide through full funding for the "Healthy Start" program of prenatal and infant care, as well as funds for early intervention services for infants and toddlers.

Enhancements to programs relating to sexually transmitted diseases, Hansen's disease, and chronic diseases such as hypertension control and cancer treatment have been provided through increased funding. Additional emergency medical services will be available on Lanai and the Big Island through funding for the purchase of an additional ambulance and life support units. The developmentally disabled will be assisted through medicaid matching funds for community based services. A grant-in-aid request for capital improvements has been approved for the Waianae Coast Comprehensive Health Center.

County/State hospitals. During the past fiscal biennium, your Committee carefully reviewed the financial operations and management of the county/state hospital system and took steps to ensure its financial and operational integrity. Based on departmental concerns that the system needed some degree of flexibility in order to operate more effectively, Your Committee has approved a pilot project for hiring within the system of shortage classes such as registered nurses. Your Committee has also agreed to allow the hospitals to retain up to twenty five percent of excess special revenues for designated hospital projects, while still requiring the remaining special funds to be used in lieu of general fund subsidy. Various capital improvement projects have been funded for hospitals in Hilo, Kula, Kona, and Leahi, and for a new hospital in North Hawaii.

Administrative support. Your Committee recognizes the need for additional resources to assist the Department of Health in meeting increasing demands for services. Thus, your Committee is providing for positions and funds for a departmental reorganization and an additional \$419,386 for public health nursing shortage differentials as well as additional positions. Funds to proceed with the construction of a new state laboratory are also provided for statewide support of various programs needing lab services.

HUMAN SERVICES

Child care and protective services. One of Hawaii's most serious problems continues to be the lack of affordable, quality child care. Your Committee has provided funding to initiate before and after-school care demonstration projects at 22 schools statewide. Funds have also been provided to the Office of Children and Youth for the development of a statewide strategic plan.

Serious problems in the areas of child abuse and neglect must be addressed. Your Committee has responded to the immediate need for improvement of child protective services (CPS) by increasing resources for statewide implementation of a new "CPS-team" approach, shortage pay differential, training, and recruitment and retention of case workers. Expansion of and increases in foster board payments and assistance for AFDC families will also help children in need of care.

Elder care and protective services. Hawaii's elderly population continues to grow and thus increases the need for long-term care and protective services. Your Committee has approved increased funding of additional elderly protective services staff, and increased amounts for payments to adult residential care homes and chore services for the home-bound. Your Committee has also appropriated funds for construction of elderly housing facilities in Central and Leeward Oahu.

The Executive Office on Aging has received increased funding for several projects including the development of a case management model for the elderly, an older worker recruitment program, a program for older women, and a public employees caregiver study.

Health care payments. Your Committee has continued its support of preventive and alternative health care programs by providing funds for programs such as community-based care for victims of acquired immune deficiency syndrome (AIDS) and ventilator-dependent patients, increase funding for medical options for the mothers and infants program, nursing

homes without walls, and the Queen's Hospital long-term community care program. Your Committee has also provided sufficient funding to maintain the 56% reimbursement level for Medicaid providers and for continued dental health care.

Administrative support. In order to continue to improve the overall efficiency and effectiveness of the Department of Human Services, your Committee has provided funds for departmental reorganization, increased staff support, worker incentive program, improved automation, and a volunteer coordinator program. In order to enhance its automated information system, \$1.2 million has also been provided to the department.

Capital improvement projects. Your Committee has provided funding for various capital projects relating to low-income housing developments, shelters for the homeless, further development of Hawaiian home lands projects, and a new state veterans cemetery.

LOWER EDUCATION

The role education plays in preparing Hawaii's children for tomorrow's challenges is well-recognized. The resolute commitment demonstrated by your Committee in past years to a sound and responsive public education system is well-documented. Today, at a time when the Governor has expressed his commitment to educational reform, your Committee is supporting efforts to bring about enduring changes and improvements.

School based management. The primary focus of your Committee's efforts to improve the school system lies with the concept called "school-based management". Under school-based management, decision making is decentralized allowing schools to more fully determine their own destiny. Based on models successfully used elsewhere, there is much to be gained. At the same time, your Committee realizes the importance of prudence in implementation. Accordingly, your committee has provided funds to enable 30 schools to participate in a demonstration program. Once established, additional schools will be brought on-line until all schools are included.

School priority fund. Your Committee reaffirms support of the School Priority Fund which permits each school flexibility in the use of certain funds above and beyond its basic needs. Your committee has not only approved the department's request to increase the per student allotment from \$17 to \$25, but has increased the priority fund allotment by \$4.2 million above the department's recommendation to allow for a \$50 per student allotment.

Textbooks and related supplies. Excellence in education requires the necessary tools. Textbooks and related supplies are essential to proper learning. Your Committee has provided funding of \$2.4 million to replace and update textbooks and related supplies on a timely basis.

Discretionary personnel pool. Your Committee has established a temporary personnel position pool to resolve or mitigate recurring problems of personnel shortages and the subsequent creation of unauthorized positions. Establishment of the personnel pool will enable the department to address shortages caused by unanticipated enrollment increases and to allocate personnel to other areas deemed necessary. Funds in the amount of \$1.5 million each year have been provided for the personnel pool.

Core learning. Core learning involves the equitable provision of language arts, mathematics, social studies, science, and other subjects. Your Committee recognizes the importance of establishing a firm base from which to develop and nurture the various programs. In so doing, your Committee has provided funds for 212 core positions and \$6.3 million over the biennium for core learning.

Special education. Special education students have unique needs that must be met. To meet the projected rise in enrollment, your Committee has increased funding for special education by an additional \$3.3 million and 87 positions.

Repair and maintenance. Providing the proper environment is paramount to learning and teaching. Schools must be safe, functional, properly equipped, and a source of pride for students, teachers, and the community. Consequently, an additional \$30 million for the biennium has been allocated for special repair and maintenance. Your Committee is concerned, however, that the answer to the repair and maintenance problem is not necessarily found in making additional appropriations. Despite the award of general allotments in past years, disturbing differences in school appearance remain. As a result, your Committee has called for a study which will identify the reasons for such disparities and propose possible solutions. Your Committee has also approved an aggressive long-term capital improvement program by appropriating \$90 million each year over a seven-year period for major renovation of existing facilities and for new construction.

Financial management system. Your Committee has appropriated \$10.3 million for a new financial management system to facilitate current school operations, promote organizational effectiveness, and aid schools operating under school based management to arrive at informed and educated decisions.

Special needs schools. Certain schools, for varying reasons, will not be able to realize their full potential through programs and funds currently available. Your Committee has provided \$4.2 million over the biennium to address the special needs of 10 special needs schools.

Learning centers. Learning centers offer students opportunities in educational and personal development not available in the "regular" school system. Funding has been appropriated to expand these learning centers to an additional six schools.

Microcomputers in education. In recognition of the value of computer literacy and the positive effects of computers on learning, your Committee has appropriated \$3.2 million over the biennium for computer equipment.

Starlab. The highly innovative starlab pilot project attempts to bring the experiences and excitement of a planetarium to every elementary school. Funding has been provided to allow for one starlab and one support person for each county, with Honolulu receiving two.

HIGHER EDUCATION

Undergraduate programs. Recognizing the importance of the "Year of the Undergraduate," your Committee has provided additional funding for undergraduate education systemwide and more specifically to support writing assistance programs, minorities and non-traditional students, and the establishment of a Women's Center at UH-Manoa. Your Committee also recognizes the need for expansion of undergraduate facilities and therefore has provided planning funds for a new West Oahu College campus.

Retention and recruitment. One of the most critical needs facing the University of Hawaii is salary shortfall. In order to meet the University's commitment to attract and retain high calibre faculty, recruitment and retention incentives are needed, but the result has been a shortfall in the operating budget. Your Committee has provided funds to offset the anticipated shortfall in its operating budget. However, your Committee also requests the university evaluate its current practices to determine a more reasonable method of planning for these expenditures.

Program enhancements. With the expansion of the university, several program areas need enhancement, especially in the area of capital improvements. Your Committee has provided funds for the construction of a School of Architecture and for purchase of computer equipment for architecture students. Additional capital projects which received funding include the Agricultural Sciences Building, Hawaiian Studies Center, Student Services Center, and Wist Hall. Capital improvement projects were also approved for Kapiolani community college's Diamond Head campus, Maui community college agriculture facilities, and a community theatre for Kauai community college.

University priorities. In response to the statewide nursing shortage, 42 nursing instructor positions and \$3.5 million have been provided for the 1989-91 fiscal biennium to increase the number of nursing graduates. Your Committee expresses the caution that the quality of the program not be jeopardized in the effort to produce a large number of graduates.

Your Committee is concerned that the University has restricted funds in previous budgets for research on ciguatera toxin. The effect of this toxin has severe health and safety implications and this research project in the School of Medicine should be given the highest priority.

Your Committee is further concerned with the fact that the Governor is determining University priorities despite the presence of the Board of Regents. The flexibility given to the university is not being honored if the executive and the Board of Regents do not interact in setting the goals and direction for the university.

CULTURE AND RECREATION

Ocean-based recreation. With the increase in ocean-based activities, there has been increasing public concern expressed about the safety and welfare of resident and visitor populations utilizing our recreation areas. Your Committee has recognized the lack of adequate law enforcement in Hawaii's ocean recreation areas, and therefore has provided 11 new marine patrol officers to upgrade enforcement of state rules and regulations in Hawaii's ocean areas.

Your Committee has also provided funding for capital improvements projects at Aloha Stadium and various state parks.

PUBLIC SAFETY

Funds are provided to support continued improvements in the state's correctional system. Particular attention has been focused on accomplishing provisions of the consent decree related to programs and facilities at the Oahu and Women's Community Correctional Centers, including construction of urgently needed new facilities and development of alternatives to incarceration. Your Committee has also made provision for the purchase of innovative temporary housing structures for a pilot project at Maui Community Correctional Center.

Continued increases in inmate populations require enhanced efforts throughout the system for expanded health services, upgraded educational and vocational instruction, substance abuse testing and treatment, and correctional industries. Other programs approved include alternative supervision arrangements for some categories of adult and youth offenders, and computerized record keeping.

GOVERNMENT-WIDE SUPPORT

Legal services. To meet the challenge of the increasingly competitive market for skilled, experienced attorneys, your committee has provided for increased compensation to attract and retain deputy attorneys within the Department of Attorney General, Department of Commerce and Consumer Affairs, and Public Defender. Funds provided should raise attorney salaries to levels comparable with the Honolulu Prosecutor's office.

In view of overwhelming support expressed by every department in the executive branch, your Committee has provided continued funding to the electronic data processing division of the department of budget and finance to support the operations of the Ho'ike data-base system.

Aid to counties. In lieu of enacting the proposal to transfer the liquor and tobacco taxes to the counties, a plan has been developed for additional funding of grants in aid. The regular base has been some \$19 million apportioned to the four counties. To that amount, your Committee is appropriating an additional \$30 million for allocation to the counties. In addition, the counties are being assisted through various grants in aid for specific capital improvement projects which are under their administrations.

RECOMMENDATION

In summary, the appropriations highlighted in this report as well as others that have been provided for in the bill comprise an aggressive and broad budgetary approach in addressing the major program need of the State.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 205, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 205, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1319 Ways and Means on H.B. No. 1258

The purposes of this bill, as received, are to appropriate funds to: (1) the office of the legislative auditor to study how the legislatures of other states provide public access to the legislative process and data by electronic means and to survey the automated operations of those states; and (2) the legislative reference bureau to coordinate efforts with the senate and the house of representatives to improve public access to legislative information.

Upon further consideration, your Committee has amended this bill by deleting all of the provisions except for the first paragraph in the purpose clause and substituting therefor provisions which direct the electronic data processing division of the department of budget and finance to contract with an independent consultant to conduct an evaluation of the legislature's existing automated systems and to make recommendations for the long-range development of a comprehensive and coordinated automated system for the legislature which provides optimum public access and efficient use of resources.

Your Committee has included an appropriation of \$50,000 to be expended by the department of budget and finance for the study required under this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1258, 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. 1258, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senators Fernandes Salling and McMurdo.

SCRep. 1320 Ways and Means on H.B. No. 1797

The purpose of this bill is to provide continued administrative flexibility to the department of education and to the University of Hawaii. The bill also incorporates the recommendations made by the legislative auditor in Report No. 89-18, entitled "Evaluation of the Administrative Flexibility Legislation Affecting the Department of Education and the University of Hawaii, Acts 320 and 321, Session Laws of Hawaii 1986, Final Report."

The bill:

- (1) Extends for another five years to June 30, 1994, the administrative flexibility granted to the department of education and the University of Hawaii under Act 321, Session Laws of Hawaii 1986;
- (2) Keeps the payroll function with the department of accounting and general services instead of allowing it to be transferred to the department of education and the University of Hawaii;
- (3) Requests the legislative auditor to conduct another evaluation of the administrative flexibility legislation, including an evaluation of the progress of educational assessment activities at the department of education and the University of Hawaii for consideration by the legislature in 1994; and
- (4) Requires the department of education and the University of Hawaii to provide reports on the progress of their respective educational assessment activities to the legislature during the first week of each of the next five legislative sessions from 1990 to 1994.

Your Committee has made technical, nonsubstantive amendments to correct:

- (1) Page 2, line 13 to replace "on" with "of";
- (2) Page 2, line 19 to replace "condition" with "conditions";
- (3) Page 3, line 1 to replace "six" with "educational"; to accurately reflect existing statutory language. Your Committee also replaced the word "evolution" with "evaluation" on page 3, line 3.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1797, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1797, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1321 Ways and Means on H.B. No. 646

The purpose of this bill is to appropriate funds for the 1989-91 biennium budget of the Office of Hawaiian Affairs (OHA).

Your Committee carefully examined the biennial budget request submitted by OHA and made provisions for those program activities which clearly addressed the achieving of OHA's goals and objectives. In its review, your Committee was well aware of the areas of concern, and provided the necessary appropriations for the new Administrator to carry out the duties and responsibilities of OHA and most important, improve its image with the Hawaiian community and its working relationship with other public and private agencies.

Your Committee has addressed OHA's concern for reparation by providing funds for refinement of draft legislation and supporting documentation and for producing a video documentary addressing Native Hawaiians' claims and reparation. In addition, funds have been provided to address the question of blood quantum for Hawaiians.

Your Committee recognizes the need for OHA to develop detailed plans to address the critical needs of necessary services for the Native Hawaiian and the Hawaiian population by providing funds to establish a Governor's task force for the development of a master plan to coordinate the provision of services by public and private entities.

Your Committee also recognizes the need for OHA to address the health problems and health needs of Hawaiians by providing funds to create an organization to be known as "Papa Ola Lokahi" who's purpose is to develop a Native Hawaiian (no blood quantum) comprehensive health care master plan. Public Law 100-579 calls for an estimated \$19,600,000 of federal funds to be expended over a four year period for a major Hawaiian health care program.

As in prior sessions, your Committee recommends that OHA's board should reaffirm its primary role of serving the Hawaiian community as a whole and focus mainly on establishing policies, formalizing its policy making process, developing and improving external relationships, and improving its overall effectiveness. Further, the board should delegate more control to its new administrator and establish clearer lines of authority.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 646, 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. 646, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1322 Ways and Means on H.B. No. 1801

The purpose of this bill, as received, was to abolish the Aloha Tower development corporation and to transfer its responsibilities for the Aloha Tower complex to the Hawaii community development authority, to establish the Honolulu waterfront development district, to create a Honolulu waterfront fund, and to authorize revenue bonds to fund the new development district.

Your Committee has amended this bill by removing the provisions relating to the Honolulu waterfront development district, fund, and revenue bonds. Your Committee has instead added provisions amending the bill by placing the Aloha Tower complex within the Kakaako community development district; repealing the Aloha Tower development corporation, authorizing the issuance of revenue bonds for the Aloha Tower complex; creating an Aloha Tower fund; permitting the Hawaii community development authority to develop projects within the Aloha Tower complex to be exempt from statutes, ordinances, charter provisions, and administrative rules; and amending the law relating to the Kakaako community development district by adding "maritime" to the permitted uses.

With respect to the appropriation of \$200,000,000 out of revenues bond funds and the authorization to issue the revenue bonds contained in this bill, it is the intent of your Committee that these provisions reinstate the appropriation and authorization provided by prior law which has since lapsed.

Your Committee received testimony from the department of transportation, the office of state planning, and the Hawaii community development authority.

Your Committee finds that there may have been a problem with the previous draft of this bill in that the title might not have been broad enough to encompass the creation of a new development district. This concern was also expressed by the office of state planning and the Hawaii community development authority. Your Committee believes that the changes it has made to the bill will keep intact the intent of the previous draft while bringing the subject matter within the scope of the title.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1801, 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. 1801, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senators Fernandes Salling and McMurdo.

SCRep. 1323 Ways and Means on H.B. No. 1156

The purpose of this bill is to appropriate funds to the office of information to establish a pilot state capitol tours and information services program and to determine the scope of this program.

Your Committee finds that currently, the sergeant-at-arms office of the house of representatives conducts tours of and provides information on the state capitol. Your Committee further finds that as the number of visitors to our State increases the demand for these tours and information will also increase, thus exceeding the resources of the sergeant-at-arms office. To continue to provide the visitors of the State, and residents alike, with these tours and information it is necessary that these services be expanded.

Specifically, this bill provides for:

- (1) The appropriation of \$75,000 for the establishment of a pilot capitol tours and information services program;
- (2) The transfer of the responsibility of conducting the capitol tours from the sergeant-at-arms of the house of representatives to the office of information; and
- (3) The establishment of an interim committee to determine whether a year-round state capitol tours and information services program is warranted.

Your Committee has amended this bill by changing the amount appropriated for the fiscal biennium to \$75,001, by changing the effective date to July 1, 1989, and 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. 1156, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1156, H.D. 2, S.D. 1.

Signed by all members of the Committee except Senators Fernandes Salling and McMurdo.

SCRep. 1324 Judiciary on H.B. No. 225

The purpose of this bill is to amend, reenact, or repeal various provisions of the Hawaii Revised Statutes for the purposes of correcting errors, clarifying language, correcting references, and deleting obsolete or unnecessary provisions. All amendments are of a purely technical nature and contain no substantive changes to the law.

The reasons for amending the sections are as follows:

Section 1. L 1988, Act 403, section 1, amended section 11-204, Hawaii Revised Statutes, and in so doing, inadvertently neglected to delete the word "or" when it deleted "political action committee" so that the resulting sentence is awkward if not incorrect as it now reads: "(e) All payments made by a person or whose contributions or expenditure activity is financed..." This section is amended to delete the first reference to the word "or".

Section 2. L 1971, Act 106, established a state information office. Section 2 of that Act contained the phrase: "The Hawaii Revised Statutes is amended to provide for the establishment of a centralized state information service in the office of the governor..." which was codified as section 27C-2, Hawaii Revised Statutes. This is stylistically inappropriate language for the Hawaii Revised Statutes, as the language is already included in the Hawaii Revised Statutes. The phrase is amended to read: "There is established...", instead of "The Hawaii Revised Statutes is amended to provide for the establishment of..."

Section 3. L 1987, Act 339, section 1, amended the Hawaii Revised Statutes by establishing a department of human services and a department of corrections out of the former department of social services and housing. Section 46-15.5 is amended to change the reference to the department of social services and housing to the department of human services to conform to the name change which occurred in 1987.

Section 4. L 1988, Act 266, section 3, repealed chapter 41, which related to state insurance administration and created a new chapter 41D relating to state risk management and insurance administration. A reference to chapter 41 is contained in section 103-7, which exempts projects covered by chapter 41 from requiring authorization by the legislature and the governor. The repeal of chapter 41 and the substitution of chapter 41D in its place require that this cross reference in section 103-7 be changed to refer to the new chapter created by Act 266.

Section 5. L 1988, Act 353, section 1, amended section 103-22 and in so doing, inadvertently changed "informal" to "formal" in subsection (b)(2) when referring to bids between \$4,000 and \$10,000. The fact that the change was made without the usual bracketing and underscoring indicates that the change was probably an inadvertent typographical error rather than an intentional amendment. This section is amended to change "formal" to "informal".

Section 6. L 1988, Act 275, section 2, amended chapter 134, Hawaii Revised Statutes (firearms, ammunition, and dangerous weapons), by replacing the existing part providing for general regulations with a new part. Section 134-8(a), referring to the prohibited ownership or possession of machine guns, automatic rifles, silencers, etc., and penalties thereto, contains an extraneous "or" in the phrase: "...any other similar coating or designed primarily to enhance its capability to penetrate metal..." Section 134-8(a) is amended to delete the superfluous "or" from this phrase.

Section 7. L 1988, Act 275, section 3, amended section 134-32 by adding a new paragraph (4) regarding the physical inspection of licensees' firearms by the chief of police of each county. This paragraph refers to firearms "registered pursuant to section 134-3(e)", which appears to be a typographical error, as section 134-3(e) simply prohibits registration fees. Section 134-3(c), on the other hand, refers to the registration of firearms by dealers as an exception to the general requirement of registration and physical inspection of firearms by the chief of police at the time of registration. Section 134-32(4) is amended to change the reference to section 134-3(e) to 134-3(c).

Section 8. Section 155-6 contains a reference to section 403-3, which defined the term "commercial bank". L 1988, Act 343, repealed section 403-3 and also amended section 403-2 to include the definition of "commercial bank". Section 155-6(c) is amended to refer to section 403-2 instead of the repealed section.

Section 9. Section 199-7 contains a reference to section 701-119, which sets forth the necessary procedure to be followed when a court declares any item to be forfeited to the State. L 1988, Act 260, section 4, repealed section 701-119. Section 1 of that Act also created a new chapter 712A, entitled "Forfeiture" to among other things, replace the repealed section 701-119. Section 199-7 is amended to delete the repealed section and to include the reference to the new chapter.

Section 10. L 1987, Act 337, repealed chapter 359G, and added a new chapter 201E, containing sections formerly in chapter 359G. Section 205-4 refers to section 359G-4.1, which was part of the repealed chapter. The functional equivalent of section 359G-4.1 in chapter 201E is section 201E-210. Section 205-4 is amended to refer to section 201E-210.

Section 11. Section 219-8 contains a reference to section 403-3, which defined the term "commercial bank". L 1988, Act 343, repealed section 403-3 and also amended section 403-2 to include the definition of "commercial bank". Section 219-8 is amended to refer to section 403-2 instead of the repealed section.

Section 12. L 1988, Act 317, repealed chapter 221, which created the Commission on the Year 2000. Section 222-2 states that one of the duties of the Hawaii research center for futures study shall be to serve as a research arm of the commission on the year 2000. With the repeal of chapter 221, this responsibility no longer exists for the research center for futures study. Section 222-2 is amended by deleting the reference to the commission on the year 2000.

Section 13. Section 329C-3 contains a reference to section 701-119, which sets forth the necessary procedure to be followed when a court declares any item to be forfeited to the State. L 1988, Act 260, section 4, repealed section 701-119. Section 1 of this Act also created a new chapter 712A, entitled "Forfeitures" to among other things, replace the repealed section 701-119. Section 329C-3 is amended to delete the repealed section and to include the references to the new chapter.

Section 14. Section 359-141 contains a reference to chapter 361, entitled the "Community Home Mortgage Program". L 1988, Act 100, section 2, repealed chapter 361. Section 359-141 is amended to delete the references to the repealed chapter and program.

Section 15. Section 403-74 contains reference to sections 403-3, 403-4, and 403-5, which define the terms "commercial bank", "savings bank", and "foreign bank", respectively. L 1988, Act 343, repealed these sections and also amended section 403-2 to include these definitions. Section 403-74 is amended to refer solely to section 403-2.

Section 16. L 1988, Act 65, amended various sections of the Hawaii Revised Statutes to substitute "condominium property regime" for "horizontal property regime". Section 514A-70 was not included in the list of substitutions, and is amended to substitute "condominium" for "horizontal" in the phrase: "horizontal property regime".

Section 17. L 1988, Act 65, amended various sections of the Hawaii Revised Statutes to substitute "condominium" for "horizontal" in the phrase: "horizontal property regime". L 1988, Act 298, section 1, enacted a new chapter on the right of first refusal for apartment owners in condominiums and cooperative housing corporations. Section 514C-1 of this new chapter refers to "horizontal property regime" instead of "condominium property regime" in its definition of "condominium project" and is amended to conform to the amendments made by Act 65.

Section 18. Section 571-51.5(h) contains a reference to section 571-52.1, which provides for the determination and enforcement of support orders. L 1988, Act 200, repealed section 571-52.1. Section 571-51.5 is amended by deleting subsection (h).

Section 19. L 1988, Act 300, amended section 707-8200 and in so doing, inadvertently dropped the word "service" in subsection (1)(b) when referring to "cable television...device". The word "service" appeared correctly in this subsection in the 1987 supplement to the Hawaii Revised Statutes. The fact that the word was simply dropped and not deleted through the usual bracketing indicates that the deletion was inadvertent, rather than an intended amendment. The word "service" is added to correct this error.

Sections 20 to 22. Sections 708-8204, 710-1001, and 712-1230 contain references to section 701-119, which sets forth the necessary procedure to be followed when a court declares any item to be forfeited to the State. L 1988, Act 260, section 4, repealed section 701-119. Section 1 of that Act also created a new chapter 712A, entitled "Forfeiture" to replace the repealed section 701-119. Sections 708-8204, 710-1001, and 712-1230 are amended to delete the repealed section and to include the reference to the new chapter.

Section 23. L 1987, Act 139, amended section 804-4 and inadvertently added a repetitious phrase: "after conviction and prior to sentencing in cases where bail was available". The section is amended to delete the repetitious phrase.

Section 24. L 1987, Act 209, section 1, amended section 11-72, to allow the chief election officer to employ minors of at least sixteen years of age to work as precinct workers in the event that adult workers are not available in sufficient numbers. The effective date of the Act simply said it would take effect upon approval and be repealed on December 31, 1989. Because the effective date section did not indicate that section 11-72 would be reenacted in the form in which it read on the day before the approval of Act 209, an ambiguity is created as to whether the entire section or only the 1987 amendment would be repealed on December 31, 1989. Conference Committee Report No. 59 (April 25, 1987), reported that there would be a trial period to extend to December 31, 1989, to give the Lieutenant Governor time to evaluate the system. The intention, therefore, appeared that only the amendment permitting the appointment of minors, not the entire section pertaining to precinct officials, was to be repealed on December 31, 1989. To eliminate this ambiguity, and to specifically provide that only the 1987 amendment, rather than the entire section is repealed, section 3 of Act 209 is amended to provide that section 11-72 is reenacted in the form in which it read on the day before the approval of Act 209.

Your Committee finds that section 12 of this bill contains paragraphs (2) through (7) from the incorrect section of the Hawaii Revised Statutes (section 221-2, instead of section 222-2, Hawaii Revised Statutes), and has corrected it to the proper section of the Hawaii Revised Statutes.

Your Committee finds that section 24 of this bill which amends the effective date of Act 209, Session Laws of Hawaii 1987, may be affected by an amendment proposed by S.B. No. 721.

Your Committee finds that section 12 of S.B. No. 721, S.D. 1, amends the effective date of Act 209, Session Laws of Hawaii 1987, by deleting the sunset provision: "and shall be repealed on December 31, 1989." If a measure is enacted which repeals that sunset provision, then sixteen-year-olds may continue to be employed as precinct workers and section 11-72 will not be repealed on December 31, 1989. If no other measure is enacted to clarify the effective date provision, then the concern regarding the repeal of the entire section would still be valid and the reenactment of section 11-72 in the form in which it read on the day before the approval of Act 209 would be necessary.

In order to provide for the foregoing contingency, your Committee has amended this bill by adding a new section, section 25, providing that if any other Act is enacted by the legislature in the Regular Session of 1989 which amends section 3 of Act 209, Session Laws of Hawaii 1987, then that Act shall prevail.

Your Committee has made technical, nonsubstantive changes to the bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 225, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 225, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1325 Judiciary on H.B. No. 231

The purpose of this bill, as received, was to extend the provisions of Act 2, First Special Session Laws of Hawaii 1986, from October 1, 1989 to October 1, 1991. The bill would also clarify the practice of pleading unidentified defendants.

At the hearing on this bill, the Department of the Attorney General questioned the need for a statutory promulgation of the unidentified defendant standard set forth in Rule 17, Hawaii Rules of Civil Procedure. Similar concerns were expressed by the Chamber of Commerce of Hawaii and the Medical Coalition for Tort Reform. The Hawaii Academy of Plaintiffs' Attorneys favored statutory promulgation, but indicated that it would not object to amendment of the provision.

Given the questions raised about the unidentified defendant provision, your Committee has deleted it from the bill. Your Committee has also amended the bill to make the tort reform provisions of Act 2, 1986 Special Session, of indefinite duration.

This bill has also been amended to provide that a construction design professional shall be immune from third-party liability for work site injuries under Chapter 386, Hawaii Revised Statutes, the Workers' Compensation Law, unless the construction design professional specifically accepts responsibility for compliance with safety practices. Your Committee believes that this amendment will address an area of increasing litigation which should, in fairness, be governed by the workers' compensation laws.

Chapter 386 is designed, among other things, to eliminate litigation stemming from work site injuries. A fundamental component of this Chapter is that an injured worker is precluded from bringing civil suit against the worker's employer. Increasingly, however, injured workers have been bringing third party liability suits against construction design professionals, who have no protection under Chapter 386. This bill will provide construction design professionals with a limited liability to such suits.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 231, 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. 231, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1326 Judiciary on H.B. No. 932

The purpose of this bill is to clarify the civil rights guarantees of handicapped individuals by specifically including programs receiving state funds. This measure also provides a specific definition of a "handicapped individual".

Your Committee received favorable testimony on this bill from a number of social service organizations. Based on that testimony, your Committee has revised this bill to more clearly define those programs and activities which are to be covered.

While your Committee is very sensitive to the need for legislation which will preclude discrimination against handicapped persons, it also wishes to protect individuals and business organizations from excessive government regulation. In balancing these factors, your Committee has extended the coverage of this anti-discrimination proposal to social service agencies and other organizations which are funded to provide services to the public on behalf of the State. Private businesses, such as suppliers of materials to the government, commercial fishers who have received state loan guarantees, and high-technology corporations which are being developed with State guidance and technical support, are excluded from the coverage of the anti-discrimination provision.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 932, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 932, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1327 Judiciary on H.B. No. 1188

The purpose of this bill is to increase the membership of the Juvenile Justice Interagency Board.

Testimony regarding this measure was received from the chair of the Juvenile Justice Interagency Board and from the Center for Youth Research of the University of Hawaii.

Your Committee finds that the board promotes the implementation of the juvenile justice master plan, deals with issues and concerns of youth involved with the juvenile justice system, assists with coordination of services, and is charged with the responsibility of developing a juvenile justice information system. Currently, all the members of the board represent agencies directly involved in the juvenile justice process. Your Committee finds that adding a representative of the University of Hawaii to the board will provide another dimension not represented on the current board.

The bill was amended to delete the provision adding an additional representative of private social agencies to the board. Your Committee finds that those agencies are currently represented on the board, and that the total membership of the board should be kept within manageable limits.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1188, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1188, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1328 Judiciary on H.B. No. 181

The purpose of this bill is to encourage voluntary private mediation by protecting communications made as part of the mediation process from use in any subsequent litigation on the dispute. As received, this bill created a new statutory chapter regarding confidentiality in mediation.

Your Committee received testimony on Senate Bills 69 and 85 on this subject. S.B. 69 proposed an amendment to Rule 408, Hawaii Rules of Evidence, to prevent use of communications made during mediation in the same manner as the Rule presently protects other types of settlement discussions.

Based upon the testimony received, and its own consideration of existing law, your Committee must conclude that an amendment to Rule 408 is the least burdensome method of protecting mediation discussions from use in subsequent litigation. Your Committee has amended this bill to follow this approach.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 181, H.D. 1, as amended, and recommends that it pass Second Reading in the form attached as H.B. No. 181, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1329 Judiciary on H.B. No. 557

The purpose of this bill is to amend section 806-73, Hawaii Revised Statutes, to broaden access to adult probation records by certain state and federal entities.

Your Committee received testimony in favor of companion bill S.B. 739. The testimony indicated that State adult probation divisions have experienced problems because the present law unduly restricts the release of information contained in adult probation records to individuals and entities outside of the adult probation division generating the records.

Your Committee has made technical, nonsubstantive amendments to the bill for the purposes of style and clarity.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 557, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 557, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1330 Judiciary on H.B. No. 112

The purpose of this bill is to amend Section 708-812, Hawaii Revised Statutes, to prohibit the knowing possession or duplication, without authorization, of any master or duplicate key by a person who intends or knows that some other person intends to use it to gain unlawful entry. In addition, this bill amends Sections 708-838 and 708-839, Hawaii Revised Statutes, to prohibit: (1) the unauthorized removal of a "do not duplicate" statement from a key; and (2) the possession of a key from which the "do not duplicate" statement has been removed for the purpose of obtaining an unauthorized copy. The bill also makes gender neutralizing amendments to Sections 708-812 and 708-838.

Your Committee received testimony in support of this bill from Mr. Thomas Oshiro, a concerned member of the public.

Your Committee has amended this bill to make certain typographic, technical and stylistic changes. No substantive changes have been made.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 112, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 112, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1331 Judiciary on H.B. No. 561

The purpose of this bill is to require that a probationer be placed in custody after arrest for a probation violation.

Your Committee received testimony in favor of companion bill S.B. No. 741, from Janice Wolf, administrative director of the courts. She indicated that although present law authorizes the arrest of the probationer by a police officer or probation officer when there is probable cause to believe that a probation violation has occurred, it does not specify whether such a violation allows a law enforcement agency to book and process an offender as they would for a criminal offense.

Your Committee has amended this bill to permit an arrested probationer to post bail in certain circumstances.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 561, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 567, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1332 Judiciary on H.B. No. 124

The purpose of this bill is to make it a petty misdemeanor for a person to enter or remain unlawfully on school premises.

Your Committee finds that it is appropriate to provide some measure of deterrence against vandalism, theft, burglary, and drug trafficking which may take place on unsupervised school property. Under section 708-813(c), Hawaii Revised Statutes, failure to leave school premises after reasonable warning or request by school authorities or a police officer is classified as criminal trespass in the first degree, a misdemeanor. However, the kinds of misbehavior contemplated by this measure are unlikely to occur during hours when school authorities or police officers would be present.

This bill proposes that there be two different offenses related to entering or remaining unlawfully on school premises: (1) a misdemeanor when the person refuses to leave after being told to do so by a competent authority; and (2) a petty misdemeanor when there is no one present to tell the trespasser to leave.

In order to address concerns that this proposal would result in the arrest and prosecution of persons who might use school premises for recreational sports and other legitimate activities, your Committee has amended this bill to make the petty misdemeanor offense take effect at times when such activities do not usually take place. This includes school hours, which are generally between 7:50 a.m. and 2:40 p.m. on weekdays, as well as the late-night hours.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 124, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 124, S.D. 2.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1333 Judiciary on H.B. No. 232

The purpose of this bill is to amend section 572-6, Hawaii Revised Statutes, to remove questions regarding the applicants' race, their occupation, and whether the applicants' parents are alive from marriage license applications; to require that the applicants state that prior marriages (if any) have been dissolved by death or dissolution; to require that, where applicable, applicants state the date of death of the last prior spouse or the date and jurisdiction in which the last decree of dissolution was entered; and to make optional the provision of certain other information requested for statistical or other purposes. This bill also makes certain stylistic changes.

Your Committee received testimony in support of S.B. No. 926, which is the companion to this bill. The American Civil Liberties Union of Hawaii supports this proposal, and the Department of Health does not oppose it in its current form.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 232, 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 Cobb.

SCRep. 1334 Judiciary on H.B. No. 571

The purpose of this bill is to amend Section 291-4, Hawaii Revised Statutes, by allowing the courts to require those convicted of driving under the influence of alcohol to reimburse or make restitution for expenses incurred for any blood tests that were administered.

Your Committee heard supporting testimony from the Department of Transportation, Police Department of the County of Kauai, Honolulu Police Department, and Mothers Against Drunk Driving (MADD). Testimony against the bill was received from Mr. Jahan Byrne.

Your Committee is sensitive to the concerns raised by Mr. Byrne concerning possible abuses of this provision. For that reason, it has amended the bill to vest the courts with discretion to impose this form of restitution, and to limit the amount imposed to the actual test costs incurred by the administering agency.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 571, H.D. 1, as amended, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 571, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1335 Judiciary on H.B. No. 148

The purpose of this bill is to amend Chapter 291C-103, Hawaii Revised Statutes, by adding a definition of the term "exhibition of speed" and to amend the penalty for violations thereof.

This bill would define "exhibition of speed" to mean the sudden acceleration of a vehicle resulting in the screeching of the vehicle's tires which is done to intentionally draw the attention of persons present toward the vehicle. The bill also changes the penalty for violations by substituting community service for possible imprisonment.

Your Committee received testimony in support of this bill from the Department of Transportation, the Office of the Public Defender, the Chief of Police of the County of Kauai and the Honolulu Police Department, and finds that providing a definition for an exhibition of speed would greatly assist the police departments of each county in enforcing traffic safety in their respective jurisdictions.

Upon consideration of the testimony, your Committee has amended the bill to reinstate imprisonment as a possible sanction. The matter of drag racing is extremely serious, since such "sport" on the highways can result in death and injury to innocent persons. The courts should have discretion to sanction racing by more than fines and community service.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 148, H.D. 1, S.D. 1, as amended, and recommends that it pass Third Reading in the form attached as H.B. No. 148, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1336 Judiciary on H.B. No. 339

The purpose of this bill is to redefine the time, location, and nature of prohibited campaign activities.

Your Committee received testimony on parallel bill S.B. No. 37 indicating that the Lieutenant Governor did not object to this proposal, and that the Honolulu Police Department supported the provisions of the bill which appeared to reenact Section 291C-77(c), Hawaii Revised Statutes.

Your Committee's review of the proposed language used in the bill suggests that the proffered definition of prohibited activities is more vague than the existing provision. Further, Section 291C-77(c), Hawaii Revised Statutes, which was included in the bill, has been held unconstitutional by the United States Court of Appeals for the Ninth Circuit in the case of Aiona v. Paj, 516 F.2d 892 (9th Cir. 1975). The bill's language did not address the First Amendment violation found by the court in the Aiona case.

For these reasons, your Committee has amended the bill by restoring the specific definition of "campaign activities" in Section 19-6(7), Hawaii Revised Statutes, and by deleting the amendments to Section 291C-77(c), Hawaii Revised Statutes.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 339, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 339, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1337 Judiciary on H.B. No. 183

The purpose of this bill is to amend the eligibility requirements for candidates for State Senate and House of Representatives. This bill provides that residency, age, and voter status qualifications shall be satisfied at the time of filing of nomination papers.

This bill seeks to clarify an ambiguity in the present qualification requirements.

Your Committee previously received testimony on companion bill S.B. No. 41 from the Honorable Benjamin J. Cayetano, Lieutenant Governor of the State of Hawaii, stating that he had no objections to the proposed amendment. In his testimony, he stated that the ambiguity caused by the failure of Article III, Section 6 of the Hawaii Constitution to specifically state when the candidate must qualify has led to some confusion.

In a letter opinion dated July 29, 1982, the Attorney General's office interpreted this provision in conjunction with Hayes v. Gill, 52 Haw. 251, 473 P.2d 872 (1970), appeal dismissed 41 U.S. 968 (1971), as requiring a candidate to be qualified in the appropriate district by the date of the general election. However, since 1987, changes to the law regarding voter registration have meant that a candidate must meet voter registration requirements by the registration deadline, thirty days prior to election.

The amendment proposed by this bill would require a candidate to be a qualified voter for the appropriate district at the time of filing of nomination papers.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 183 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 Cobb.

SCRep. 1338 Judiciary on H.B. No. 1698

The purpose of this bill is to require the Child Support Enforcement Agency to keep confidential all applications and records concerning applicants for support services or recipients of public assistance, and to disclose such records only under certain conditions to authorized agencies, persons, or representatives.

Your Committee finds that the bill would provide for the safeguarding of information and the protection of records. This bill satisfies federal regulations mandating such statutory provisions ensuring continued federal funding.

Your Committee received testimony from the Judiciary expressing the concern that this bill would be interpreted as covering family court records. The bill has been amended to incorporate language proposed by the Judiciary to address its concerns.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1698, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1698, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1339 Judiciary on H.B. No. 583

The purpose of this bill is to provide for the award of court costs, including reasonable attorney's fees, to a health care professional who prevails in a tort action initiated by another health care professional for defamation, damage to reputation, or other loss based on information provided by the defendant relating to a professional review proceeding, if the action was found to be frivolous, unreasonable, without foundation, or in bad faith.

Your Committee finds that for a peer review proceeding to be truly effective, participants must be free to express themselves without fear of reprisal. This bill would provide a substantive safeguard against unwarranted tort actions, and is therefore a positive step in improving the peer review process.

Your Committee on the Judiciary is in accord with the intent and purpose of H.B. No. 583, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1340 Judiciary on H.B. No. 1476

The purpose of this bill is to limit personal tort liability for persons who give assistance to minors.

As received, this bill addressed the issue of immunity for those persons giving shelter and support to runaway children by creating a new tort for abducting or inducing minors to run away or remain away from home, and immunity for certain persons. Your Committee held a hearing on this bill, and gave the proposed approach careful consideration. Although the proposal might have produced the desired protective effect, your Committee found that the bill raised many legal questions which could have resulted in more, not less, litigation in this area.

The proponents of this bill subsequently submitted a revised proposal, which has been incorporated into the bill. Under this proposal, a person shall not be liable in tort to the parent merely by reason of the person's giving shelter or support to a minor child known by the person to have already left home without the parent's permission. The proposal expressly denies protection to those persons who abduct or induce a minor child to either leave home or to remain away from home without permission. This bill shall not in any way limit the liability of a person who negligently, recklessly, intentionally, or wilfully harms the child, or who acts in negligent, reckless, or wanton disregard of the child's reasonable best interests.

In addition, your Committee received testimony indicating that persons who volunteer their time to parent-teacher and parent-teacher-student associations may be subject to personal tort liability for injuries sustained during PTA and PTSA functions. Your Committee was apprised of a case in which the State refused to provide a defense where a volunteer was sued because of alleged negligence at a school fundraiser. The volunteer was therefore required to rely on his own resources to defend against the suit.

Your Committee is convinced that volunteer services rendered to authorized PTA and PTSA organizations benefit the public schools as much as services given directly to the schools. In the latter situation, however, the volunteer is considered a state "employee" for purposes of the state tort claim act, and the state may provide a defense and indemnity from certain tort actions. Your Committee has amended this bill to make PTA and PTSA volunteers "employees" under the state tort claim act.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1476, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1476, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1341 Judiciary on H.B. No. 1703

The purpose of this bill is to reduce the quantities required for conviction of serious drug offenses.

This measure will provide law enforcement officers a much needed tool in the war on drugs. It has been observed that even when an arrest can be made, the quantity of drugs required to convict a person for a more serious felony remains too high since those statutory quantities were enumerated many years ago. Moreover, the most successful way to make a drug related arrest is the use of undercover operations. With the price of drugs escalating and the amounts required to produce significant arrests, police officers are hampered by the scarcity of funds.

Your Committee held public hearings on both this bill and its companion bill, S.B. 1151. Based on the testimony received, your Committee is concerned that under this bill the penalties for possession of "harmful drugs" would, in some cases, constitute an unjustifiably more severe crime than possession of the same quantities of more dangerous drugs.

The Committee has therefore revised the proposed amendment to Section 712-1244, Hawaii Revised Statutes, so that Promoting a Harmful Drug in the First Degree would be committed when: (1) a person possesses one hundred (as opposed to fifty) or more capsules or dosage units containing one or more of the harmful drugs, or one or more of the marijuana concentrates, or any combination thereof; or (2) a person possesses one or more preparations, of an aggregate weight of one-half (as opposed to one-eighth) ounce or more, containing one or more of the harmful drugs or one or more of the marijuana concentrates or a combination thereof. Your Committee has deleted the proposed reduction in the amount of preparations, compounds, mixtures, or substances containing harmful drugs necessary to sustain a conviction for Promoting a Harmful Drug in the Second Degree to conform it with the other changes.

Your Committee has also made technical nonsubstantive amendments to the bill for the purpose of style and clarity. Your Committee has further amended this bill to correct technical drafting errors.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1703, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1703, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1342 Judiciary on H.B. No. 559

The purpose of this bill is to require that the courts grant credit for defendants who have been sentenced to imprisonment as a condition of probation and who have been detained in a correctional or other institution following arrest for the crime for which sentence is imposed.

Your Committee received testimony in favor of companion bill S.B. No. 738 from the Judiciary. From the testimony, it appears that the state courts currently order such credit in some cases. This measure will provide clear statutory authorization for bestowing presentence imprisonment credit.

Upon consideration of the bill, your Committee has amended it to make the granting of credit mandatory.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 559, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached as H.B. No. 559, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1343 Judiciary on H.B. No. 566

The purpose of this bill is to amend Chapter 576-37.5 by deleting the requirements that foreign support orders for income withholding be filed with the courts of this State. It also provides that notice be provided prior to the initiation of withholding.

Your Committee has received testimony in support of this bill and finds that the filing requirement has unnecessarily delayed income assignment of child support to the custodial parent. Your Committee further finds that this bill will make the procedure for interstate income assignments of child support consistent with procedures for in-state income assignments.

Upon review of the bill, the Committee determined that requiring receipt of advance notice before initiating withholding could cause administrative problems where the obligor refuses to accept certified mail. The bill has therefore been amended to require the sending of a notice, but to eliminate the receipt requirement.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 566, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 566, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1344 Judiciary on H.B. No. 1847

The purpose of this bill is to enhance the ability of the Department of Health to protect the public from HIV infection, AIDS related Complex (ARC), and AIDS by amending the conditions under which medical records and information may be gathered by the Department. As received, this bill also provided for the award of attorney's fees where confidentiality is willfully breached. It also provided for the administration of an HIV test without informed consent in certain circumstances where a health care worker is at risk of HIV infection because of exposure to blood or bodily fluids.

Your Committee previously received testimony in favor of companion bill S.B. No. 1879, S.D. 1, from the Life Foundation, Kapiolani Medical Center for Women and Children, Hawaii Medical Association, and the American Civil Liberties Union of Hawaii.

Your Committee is in favor of the confidentiality and testing provisions contained in this bill. However, it believes that the allowance of attorney fees in cases of unauthorized disclosure is not appropriate at this time, in the absence of any evidence that suits are being frustrated by the lack of such awards. That provision has therefore been deleted.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1847, 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. 1847, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1345 Judiciary on H.B. No. 837

The purpose of this bill is to clarify the intent of section 333F-16, Hawaii Revised Statutes, relating to voluntary readmittance of a person to Waimano Training School and Hospital.

As the statute presently reads, persons admitted to Waimano Training School and Hospital prior to July 1, 1987 are wards of the Director of Health and the Director is authorized to voluntarily admit them. Such persons are deemed to have met the criteria for admission. A parent, guardian, or other interested person may petition the Family Court to remove the Director as guardian of any person committed on July 1, 1987.

Under this language, it could be inferred that the legislature intended only persons specifically admitted on July 1, 1987 to benefit from such petitions. The language would also appear to create a presumption that all persons committed to Waimano Training School and Hospital prior to July 1, 1987 were properly admitted.

Your Committee received testimony from the Director of Health, the Commission on the Handicapped, and the Judiciary, and finds that it was the intent of the legislature to allow any parent or guardian to petition for removal of the Director as guardian where guardianship had automatically taken place, and to protect individuals from unnecessary institutionalization by providing that a person's prior admission would not guarantee readmission.

During the Committee's hearing on this bill, it became clear that the proponents of the measure were not in complete harmony on the intent of the bill and the methods of carrying out that intent. Under the guidance of your Committee's Vice Chairman, the bill's proponents reached a compromise which is reflected in the amendments which have been made.

These amendments call for patients subject to readmission to meet the criteria for admission established by Chapter 333F. In addition, readmission must be accomplished through a written application to the Director of Health.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 837, 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. 837, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1346 Judiciary on H.B. No. 1593

The purpose of this bill is to explicitly state that evidence of spousal abuse is to be considered a criteria for awarding custody of minor children.

Your Committee has received favorable testimony from the Victim/Witness Kokua Services, Department of the Prosecuting Attorney of the City and County of Honolulu; the Waikiki Community Center; Alternatives to Violence; Fairness for Abused Women; the YMCA of Oahu; Child & Family Service; family law attorneys; and several individuals who related personal experiences of spouse abuse and concerns regarding custody of their children.

The witnesses expressed concern that a custodial parent who is also an abusive spouse places the child in danger as well, that battered spouses often remain in an abusive relationship because of concerns regarding custody, and that an abusive spouse who is awarded custody may create an environment for the child that is detrimental to the child's health and well-being. The witnesses also discussed the occasional situations in which family court judges refused to hear or discounted evidence of spousal abuse in child custody cases.

Your Committee has also heard testimony from the Judiciary indicating that while evidence of spousal abuse is a factor that is relevant to "the best interests of the child," this bill will highlight spousal abuse, which the court deems to be only one of several criteria to be considered. The Judiciary took no position on the bill, but noted that the term "spouse abuse" should be broadened to "family violence" to cover other detrimental intra-familial conduct.

Upon consideration of the Judiciary's suggestion, your Committee has amended this bill to make evidence of family violence (including spouse abuse) one of the factors considered in child custody and visitation proceedings. The bill has also been modified to clarify that this factor is to be considered in both types of proceedings.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1593, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1593 H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1347 Judiciary on H.B. No. 403

As received, the purpose of this bill was to provide the State Comptroller with concurrent authority with the Attorney General to pay tort claims against the State for \$10,000 or less and to allow claims to be filed directly with the Comptroller. The bill also proposed to remove the \$10,000 limit for claims which the Attorney General may settle without the filing of a lawsuit and court approval.

The Attorney General testified in support of companion bill S.B. 6. In that testimony, he indicated that allowing the Comptroller to settle relatively small claims would enable the Attorney General's legal staff to concentrate on the numerous large claims against the State. The considerable effort devoted to handling the hundreds of small tort claims now submitted to the Attorney General could be redirected to defend cases which are much more significant.

The Attorney General also testified that the elimination of the lawsuit and court approval requirement for settling claims over \$10,000 would unburden the Court, the State, and the private party involved in a potential tort claim. Neither the federal government nor the City and County of Honolulu require judicial review of settlements, and the Attorney General is aware of no abuses involving settlements in this area by the respective federal and city executive branches.

Your Committee has amended this bill based on the testimony received on S.B. 6 to raise the informal settlement authority limit to \$25,000.00.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 403, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 403, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1348 Judiciary on H.B. No. 569

The purpose of this bill is to provide a process for removal or resignation of a guardian of the person without the necessity of a hearing when the Public Guardian is to be appointed as a temporary or successor guardian.

Your Committee received testimony from the Family Court, the State Planning Council on Developmental Disabilities, the Commission on the Handicapped, and the National Association of Social Workers, Inc., in favor of this bill.

This bill would allow guardianship of over 900 wards of the Department of Health to be easily transferred to the Public Guardian, thereby removing the conflict of interest which exists because the Department of Health currently acts as both guardian and service provider to each of these wards.

Your Committee on Judiciary is in accord with the intent and of H.B. No. 569, 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 Cobb.

SCRep. 1349 Judiciary on H.B. No. 558

The purpose of this bill is to amend the provisions of Section 560:5-309, Hawaii Revised Statutes, relating to notice of guardianship proceedings under the probate code. This bill provides that notice of proceedings shall be sent to the office of the public guardian where the public guardian is being nominated as the guardian of an incapacitated person.

Your Committee received testimony on companion bill S.B. 736 from Janice Wolf, administrative director of the courts. She testified that this proposal will guarantee that the public guardian will be notified of any pending hearings where it is the proposed guardian. Presently, there are instances where petitions are filed with the Family Court seeking apportionment of a public guardian as the guardian of the person, and where the office of the public guardian is not notified. Your Committee recognizes the importance of timely notification so that proper assessment and evaluation can be completed before the guardianship hearing.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 558, 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 Cobb.

SCRep. 1350 Judiciary on H.B. No. 560

The purpose of this bill is to raise the filing fee of the Appellate Courts from \$50.00 to \$75.00.

Your Committee received testimony in favor of companion bill S.B. No. 728, from Janice Wolf, administrative director of the courts. She testified that the last time this filing fee was raised was in 1957, over thirty years ago. Due to the rate of inflation and demands on the court operations, the modest increase proposed in the bill appears to be reasonable. Section 607-2, Hawaii Revised Statutes, mandates that all filing fees are to be deposited into the State general fund.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 560 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1351 (Majority) Judiciary on H.B. No. 1538

The purpose of this bill is to allow Hawaii corporations to limit the personal liability of their officers and directors under certain circumstances.

Your Committee previously received testimony in favor of companion bill S.B. No. 1469, S.D. 1, from Sharon R. Himeno, Esq., who represented Alexander & Baldwin, Inc.

This bill empowers a corporation to eliminate or limit the personal liability of its directors or officers in any action brought by the shareholders or the corporation for breach of their fiduciary duty as a director or officer. This bill requires authorization and approval of the shareholders to provide immunity. The bill also establishes requirements for authorizing a waiver.

The bill prohibits a corporation from eliminating or limiting the personal liability of a director or officer for fraudulent, dishonest or illegal conduct. The bill requires that the shareholders receive written notice of any proposal by the corporation to eliminate or limit the personal liability of the directors or officers. Corporations covered are those having a class of equity securities registered pursuant to the Securities Exchange Act of 1934, which are either listed on a national securities exchange or traded over the counter on the National market of the National Association of Securities Dealers, Inc. automated quotation system.

Under this bill a director, in determining the best interests of the corporation, may consider the following: (1) the interest of the corporation's employees, customers, suppliers and creditors; (2) the economy of the state and nation; (3) community and societal considerations; and (4) the long term and short term interests of the corporation and its shareholders.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1538, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Cobb.
Senator Levin did not concur.

SCRep. 1352 Judiciary on H.B. No. 1135

The purpose of this bill is to amend section 707-716 of the Penal Code (terroristic threatening in the first degree) to clarify and expand the definition of "public servant" to include educational workers.

Your Committee finds that it is imperative that our school campuses be as safe as possible. Under this amendment, educational workers would include administrators, specialists, counselors, teachers, other employees of the Department of Education, or volunteers as defined in section 90-1, in school programs, activities, or functions that are established, sanctioned, or approved by the Department, or a person hired by the Department on a contractual basis and engaged in carrying out an educational function.

Your Committee believes that this bill will make our school environments safer by deterring terroristic threatening of educational workers and better enable prosecuting attorneys to obtain convictions for such offenses.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1135, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1353 Judiciary on H.B. No. 122

The purpose of this bill is to remove impediments to the participation in and promotion of ridesharing.

The existing statute exempts from liability employers who encourage participation in ridesharing. This bill would extend the exemption to include the State, counties, schools, community organizations, private non-profit organizations, and rideshare coordinators.

Your Committee finds that participation in ridesharing can help to alleviate traffic congestion. Testimony in support of this measure was received from the Department of Education, the Department of Transportation, and the Mililani Paratransit organization.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 122, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1354 Judiciary on H.B. No. 227

The purpose of this bill is to expand the range of scientific testing which can be used in the process of determining paternity by inclusion of the broader and more generic term "genetic test" in sections 584-11 to 584-16, Hawaii Revised Statutes.

Your Committee has received testimony in support of this measure from the Office of the Corporation Counsel for Maui County, and the State Child Support Enforcement Agency, and finds that the bill will assist in the determination of paternity. Moreover, this bill complies with federal regulation mandates of the Family Support Act of 1988, thereby ensuring the continuation of federal funding.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 227, 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 Cobb.

SCRep. 1355 Judiciary on H.B. No. 241

The purpose of this bill is to allow the parties to a medical tort suit to bypass the court annexed arbitration program and institute immediate litigation after submitting the claim to the medical claims conciliation panel.

Currently, the parties in medical tort cases must go through three steps in the resolution process: (1) file a claim with the medical claim conciliation panel, (2) submit the matter to arbitration if the claim has a probable jury award value equal to an amount for which arbitration is mandatory under Section 601-20, Hawaii Revised Statutes, and (3) institute litigation in court. Your Committee finds that the elimination of mandatory arbitration at the option of either the plaintiff or defendant will reduce delays in resolving medical tort claims.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 241, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1356 Judiciary on H.B. No. 567

The purpose of this bill is to amend the existing law to give Family Courts the authority, under appropriate circumstances, to grant an uncontested divorce without a court hearing.

Your Committee has received testimony in support of companion bill S.B. No. 744 from the Family Court.

Under the present law, a court hearing is required before any divorce, whether contested or uncontested, may be granted. In uncontested divorce cases, these hearings have usually been pro forma, with only the plaintiff present.

It is your Committee's understanding that the Family Court of the First Circuit has in place new procedures which streamline the processing of uncontested divorce cases by giving the plaintiff the option of filing an affidavit with the court in lieu of a court appearance. In this affidavit, the plaintiff attests to the facts which he or she would normally have presented orally in Court. These new procedures have greatly assisted both judges and court staff by expediting the processing of uncontested divorce cases. These new procedures simplify the uncontested divorce process and have made it less expensive for the parties.

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

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 567, H.D. 1 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 567, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1357 Judiciary on H.B. No. 1680

The purpose of this bill is to enact the Uniform Durable Power of Attorney Act. Current State law provides for a durable power of attorney but gives little guidance to those who use it. The Uniform Act will provide comprehensive guidelines including the effectiveness of a power and the obligation of a third party to honor a power.

Your Committee received testimony in favor of this bill from the Commission to Promote Uniform Legislation and an attorney practicing in the area of estate planning.

Your Committee has also made technical, nonsubstantive amendments to conform the bill with terminology used in other portions of the Hawaii Revised Statutes.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1680, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1680, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1358 Judiciary on H.B. No. 1709

The purpose of this bill is to revise the statutes concerning testing for blood alcohol content, driving under the influence of drugs, and related statutes.

Your Committee received testimony from: John C. Lewin, M.D., Director of the Department of Health, the State Attorney General and Prosecutors and Police Chiefs of the City and County of Honolulu and Counties of Kauai, Maui and Hawaii, Mothers Against Drunk Driving (M.A.D.D.), the American Civil Liberties Union, and the Department of Transportation on this bill.

Concerns were raised as to the testing of persons believed to be operating vehicles under the influence of drugs for "current impairment", as there is no accurate way to establish this fact for many drugs. For this reason, your Committee has deleted that phrase from the bill.

Your Committee retained the provisions contained in Sections 9 to 10 of the bill, which establish a new chapter entitled "Substance Abuse Testing", based upon the prerogative of prior concurrence exercised by the chairman of your Senate Health Committee. Moreover, the following amendments were made at the request of the Senate Health Committee chairman:

(1) Deleting the limitation provision contained in Section 12 of the bill, and substituting:

§ -3 Limitation; exceptions. No person, agency, employer or any other entity shall require, request, or suggest that any individual submit to a substance abuse test which does not meet all the requirements of this chapter. The provisions of this chapter shall not apply to blood alcohol level tests administered pursuant to chapters 286 and 291.

(2) Substituting "chromatography/mass spectrometry (GC/MS)" for "gas chromatography or mass spectrometry". This amendment was made in light of the fact that there are a number of gas chromatography tests of which GC/MS is the most reliable. In addition, mass spectrometry is not a test but a methodology.

(3) Substituting the word "individual" for "employee" to be consistent with the language throughout the bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1709, 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. 1709, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1359 (Majority) Judiciary on H.B. No. 240

The purpose of this bill is to amend section 11-157, HRS, to provide for a statutory method of breaking ties in election results.

Currently, Chapter 11, Hawaii Revised Statutes, allows for the breaking of an election tie by means of lot, provided that the candidates agree. The statute is silent in the situation where the tied candidates decline to decide the issue in this manner. The committee recognizes, however, that ties must be resolved. It also believes that the voting public must participate to the greatest extent possible in the process used to break ties.

Upon review of the tie-breaking mechanisms used in other states, your Committee has determined that the holding of a run-off election creates the greatest sense of political involvement in those rare cases where ties exist. This bill has therefore been amended to create a run-off election mechanism, while retaining the provision which permits candidates to agree to decide the election by lot.

Under this bill, candidates who are tied for the greatest number of votes in a primary election will both advance to the general election. The candidate receiving a majority of the votes cast in the general election will be elected to the office. If no candidate receives a majority, a special run-off election is held between the two candidates who obtain the most votes, with the winner declared elected.

In cases involving a tie in the general election, candidates tied for the greatest number of votes would advance to a special run-off election, with the winner declared elected.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 240, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 240, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.
Senator Crozier did not concur.

SCRep. 1360 Judiciary on H.B. No. 1382

The purpose of this bill is for the State to opt out of part A of the Federal Health Care Quality Improvement Act of 1986 and to extend the civil liability protections provided in section 663-1.7, Hawaii Revised Statutes, to persons who assist or provide information for peer review committees or hospital or clinic quality assurance committees.

Hawaii's laws already protect members of peer review committees and hospital or clinic quality assurance committees from civil liability. However, there is also a need to provide protection for physicians and other individuals who attend the proceedings of hospital or clinic quality assurance committees and for staff and witnesses who assist or participate in peer review committees or hospital or clinic quality assurance committees. This bill would promote more effective peer

review and quality assurance processes by encouraging cooperation by participants who might not otherwise come forward without protection.

At the hearing on this bill, your Committee received testimony generally supporting the bill from the Department of Commerce and Consumer Affairs, Department of Health, Medical Coalition for Tort Reform, Healthcare Association of Hawaii, Hawaii Academy of Plaintiffs' Attorneys, Kaiser Permanente, Straub Clinic & Hospital, Kuakini Medical Center, Kapiolani Medical Center for Women and Children, and the Hawaii Interhospital Quality Assurance Group.

Some of the testimony questioned whether this bill would afford the antitrust protection for health care peer review contained in S.B. 1476, S.D. 2. As this is a matter of concern to the health care community, your Committee has amended this bill to incorporate the provisions of S.B. 1476, S.D. 2. This amendment provides standards for professional review actions and limitation of liability; provides notice of peer review hearings and regulates their conduct in areas of legal representation, creation of a record, witnesses, evidence, and the rights of a physician after the hearing; and regulates attorney's fees. It also empowers the Director of the Department of Commerce and Consumer Affairs to adopt rules and voluntary guidelines to effectuate this law.

In addition, your Committee has amended the bill to clarify which records of hospital or clinic quality assurance committees are not subject to discovery pursuant to §624-25.5, Hawaii Revised Statutes. This amendment was agreed upon by the Hawaii Academy of Plaintiffs' Attorneys and the representative of the health care providers which testified at the hearing.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1382, 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. 1382, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1361 Judiciary on H.B. No. 1537

The purpose of this bill is to adopt the 1985 revised version of the Uniform Limited Partnership Act.

Your Committee received testimony in favor of companion bill S.B. No. 556, S.D. 1, from the Department of Commerce and Consumer Affairs and the State's Commission to Promote Uniform Legislation.

Your Committee has amended this bill to incorporate the changes recommended by the Department of Commerce and Consumer Affairs.

The Uniform Limited Partnership Act was originally promulgated in 1916. The Act was amended by the National Conference of Commissioners on Uniform State Laws in 1976 and 1985. Parts II and III of Chapter 425, Hawaii Revised Statutes, which govern domestic and foreign limited partnerships are based on the 1916 Act. This bill amends the Hawaii law to conform with the modern version of the Uniform Limited Partnership Act.

Instead of replacing Parts II and III of Chapter 425, Hawaii Revised Statutes, a new chapter is proposed so that the section numbers can track the uniform act for clarity in reference and interpretation.

The bill makes several changes to the uniform act. These changes are for the purpose of modifying the uniform act to meet some of the unique aspects of Hawaii business practice.

The provisions regarding the filing of documents with the Director of Commerce and Consumer Affairs have been revised to follow the general corporate law, so that there will be consistency in the filing standards with the Department of Commerce and Consumer Affairs. Your Committee notes that the Department does not "file" a document until it has been reviewed to determine compliance with statutory requirements. On the other hand, the uniform act deems a document to be "filed" when delivered to the Department. Under this bill, a document would be delivered to the director for filing, and filing would occur after the document has been reviewed and all fees have been paid. New sections have been added to the uniform act setting forth the filing duties of the director and the procedure for correcting a previously filed document.

The sections relating to name clearance and name reservation have been revised to follow current practice and the general corporate law. Consequently, the availability of a name will be equally applicable whether the applicant is a general or limited partnership, corporation or trade name, trademark or service mark and domestic or foreign. The option given to a foreign corporation, whose name in its place of domicile is not available for registration in Hawaii because of a prior registration, to register under its own name and to transact business under a registered trade name is being extended to foreign limited partnerships.

Section 425-8, Hawaii Revised Statutes, has been amended to extend the period for holding a name reservation to one hundred twenty days for general partnerships as well as corporations and limited partnerships.

The uniform act has also been revised to require the residence, rather than the business, address of general partners be included in filing, which is consistent with current practice in corporate law.

Current law requires that a certificate of amendment be filed before a person can effectively become a limited partner in a limited partnership. The names of the limited partners are also required to be included in the annual statement filed by each limited partnership. The Department of Commerce and Consumer Affairs expends numerous personnel hours in reviewing lists of limited partners for each amendment and annual statement filed. Oftentimes, the amendment or annual statement is rejected because the names listed do not exactly match that which are on record with the Department. The uniform act does not provide for the filing of any information regarding the names or numbers of limited partners. This bill recognizes the need to require that the names of the limited partners be included in the filing of the original certificate

of limited partnership, as well as on the annual statements. These filings would be for informational purposes only and the limited partnership agreement and records of the limited partnership would control as to the date a person becomes a limited partner, thereby deleting the requirement that an amendment be filed every time a new person becomes a limited partner.

New sections have been added to require the filing of annual statements by domestic and foreign limited partnerships. This would be a continuation of current requirements. Annual filings are necessary for maintaining current registration; if a limited partnership fails to make the annual filing for two years, the partnership registration may be canceled by the Director. Thus, records can be purged of inactive businesses and names can become available for new businesses.

Penalty provisions based on chapter 425, Hawaii Revised Statutes, for failure to make required filings and for false statements in filings, have been added to the uniform act.

Fees for the filing of a foreign limited partnership amendment and foreign limited partnership agent change have been added, as those documents currently do not have a filing fee.

The procedure for withdrawal has been modified to make certain that before a foreign limited partnership is permitted to withdraw from transacting business in this state, notice will have been given to creditors and assurance given that all debts and liabilities have been paid or adequate provision for their payment has been made.

Your Committee has amended this bill to make grammatical corrections.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1537, 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. 1537, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1362 Judiciary on H.B. No. 1716

The purpose of this bill is to update the provisions of Hawaii's laws on the interceptions of wire, oral, and electronic communications to conform with the federal Electronic Communications Privacy Act of 1986.

Your Committee received testimony from the State Attorney General and Prosecutors and Police Chiefs of the City and County of Honolulu, and the Counties of Kauai, Maui and Hawaii in support of parallel bill S.B. 1158.

The Attorney General testified that this bill was needed in light of the fact that Section III of the federal Electronic Communications Act of 1986 provided for a two-year grace period to enable the various states to enact laws which would conform to the requirements of the Act. That grace period ended on October 21, 1988. Any and all interceptions of communications must comply with the federal standards in the Act after that date to be legal and valid.

Your Committee made several modifications to the bill in such areas as: (1) specifying which court the law enforcement officials should appear before to receive required court orders, (2) specifying how telephone pagers, cellular telephones, cordless telephones, etc. are to be treated, and (3) clarifying the "probable cause" standard.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1716, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1716, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1363 Ways and Means on S.C.R. No. 100

The purpose of this concurrent resolution is to request the assistance of Hawaii's congressional delegation to:

- (1) Introduce an amendment to Public Law 100-180, §2332, to give the State of Hawaii priority in negotiating the acquisition of certain lands at Kapalama Military Reservation from the United States Army; and
- (2) Request the Secretary of Defense to suspend the United States Army's efforts to sell the land at the reservation at public auction until the proposed amendment can be fully considered by Congress.

Your Committee finds that the Kapalama Military Reservation adjoins Honolulu Harbor, through which passes almost eighty per cent of all goods utilized in Hawaii. The acquisition of Kapalama Military Reservation will allow the State to expand the facilities at Honolulu Harbor to provide for modern methods of shipping, as well as to allow for future expansion to meet essential maritime needs. Your Committee also finds that Kapalama Military Reservation is the last area available for the expansion of Honolulu Harbor.

Your Committee finds that Public Law 100-180, §2332 mandates a sale of Kapalama Military Reservation at public auction, and that the State would be unable to compete with the private sector in purchasing Kapalama Military Reservation at public auction. It is crucial to the State's efforts to purchase Kapalama Military Reservation that an exemption be made to this public law, and that the auction be suspended temporarily until the exemption is considered by Congress. This concurrent resolution is intended to accomplish both aims.

Your Committee received favorable testimony from the Department of Transportation and the Office of State Planning.

Your Committee on Ways and Means concurs with the intent and purpose of S.C.R. No. 100 and recommends its adoption.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1364 Agriculture on S.C.R. No. 63

The purpose of this concurrent resolution is to request the Department of Agriculture to determine the feasibility of raising the ceiling on class "A" agricultural loans and to report its findings to the next session of the Legislature.

Your Committee heard testimony in support of this bill from the Department of Agriculture, which is authorized to make loans to qualified farmers and to participate in loans made to them by private lenders. Your Committee finds that the Department of Agriculture should determine the feasibility of raising the ceiling on class "A" agricultural loans.

Your Committee has amended this concurrent resolution to require the Department of Agriculture to report its findings to the 1990 session of the Legislature.

Your Committee on Agriculture 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 Senator Matsuura.

SCRep. 1365 Agriculture on H.C.R. No. 3

The purpose of this House Concurrent Resolution is to commend the United States Department of Agriculture in its work to eradicate fruit flies in Hawaii.

Your Committee on Agriculture heard testimony in support of this Concurrent Resolution from the College of Tropical Agriculture and Human Services of the University of Hawaii, the Board of Agriculture, and the Environmental Center of the University of Hawaii at Manoa.

Your Committee finds that eradication of fruit flies will help Hawaii achieve its true agricultural potential. It will also remove a threat to the agricultural crops of other states and remove the environmental and health concerns expressed by many over the use of pesticides and irradiation methods.

Your Committee has amended H.C.R. No. 3, H.D. 1, by including at the end of the first "BE IT RESOLVED" clause, "particularly with regard to their specific efforts to develop biologically and environmentally acceptable methodologies without recourse to massive aerial applications of pesticides for fruit fly control."

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 3, 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. 3, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1366 Agriculture on S.R. No. 46

The purpose of this resolution is to establish an interim committee to review the milk control process in Hawaii.

This resolution would request the Senate President to establish an interim committee which is directed to review the Department of Agriculture's independent audit process; determine whether or not producers are misrepresenting mainland-produced milk and milk products by not clearly indicating that such products were produced elsewhere; examine the quota system as it applies to the producers of raw milk; review the Milk Control Act to determine whether or not its regulatory provisions are adequate and whether or not closer regulation is required for milk processors; examine the potential of the impact on Hawaii's economy should local dairies begin exporting milk; and submit findings, recommendations, and proposed legislation to the Legislature.

Your Committee finds that in 1988, the Legislature amended the Milk Control Act to require the Board of Agriculture to conduct independent monthly audits for the purpose of examining and verifying milk utilization by the processing plants. Although the intent of the Legislature was for these monthly audits to be immediately released upon completion, it appears that these audits have not been conducted in a timely manner. Your Committee finds that the review of the milk control process proposed by this resolution is needed in order to determine whether the process is meeting its objectives of promoting equity among the producers, fair competition in the market place, and ensuring that clean wholesome fresh milk is available for consumers.

Your Committee has amended this resolution by substituting the word "processors" for the word "producers" on page 2, item 2.

Your Committee on Agriculture concurs with the intent and purpose of S.R. No. 46, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 46, S.D. 1.

Signed by all members of the Committee except Senator Matsuura.

SCRep. 1367 Agriculture on S.R. No. 72

The purpose of this resolution is to request the convening of a rabies prevention and animal quarantine task force to study the problems posed by the current quarantine requirement and how it can be modified to accommodate the special circumstances of the handicapped without significantly endangering the people of Hawaii.

Your Committee heard supporting testimony from the National Federation of the Blind of Hawaii, the Board of Agriculture, and several others and finds that the current quarantine requirement has proven to be not only inconvenient and costly to animal importers and pet owners but also extremely disruptive to the lives of physically handicapped people who are dependent on their animals to assist them in their daily lives.

Your Committee has amended this resolution by:

- (1) deleting the seventh WHEREAS clause;
- (2) inserting, in the ninth WHEREAS clause after the word "requirement," the phrase "as well as the potential exposure to rabies;"
- (3) deleting the second paragraph from the ninth WHEREAS clause;
- (4) adding at the end of the first BE IT FURTHER RESOLVED clause the phrase "and the community at large;"
- (5) deleting from the second BE IT FURTHER RESOLVED clause the word "determine" and inserting instead the phrase "consider but not be limited to;" and
- (6) making minor language and technical changes which have no substantive effect.

Your Committee on Agriculture concurs with the intent and purpose of S.R. No. 72, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as S.R. No. 72, S.D. 1.

Signed by all members of the Committee except Senator Aki.

SCRep. 1368 Agriculture on S.C.R. No. 70

The purpose of this concurrent resolution is to request the convening of a rabies prevention and animal quarantine task force to study the problems posed by the current quarantine requirement and how it can be modified to accommodate the special circumstances of the handicapped without significantly endangering the people of Hawaii.

Your Committee heard supporting testimony from the National Federation of the Blind of Hawaii, the Board of Agriculture, and several others and finds that the current quarantine requirement has proven to be not only inconvenient and costly to animal importers and pet owners but also extremely disruptive to the lives of physically handicapped people who are dependent on their animals to assist them in their daily lives.

Your Committee has amended this resolution by:

- (1) deleting the seventh WHEREAS clause;
- (2) inserting, in the ninth WHEREAS clause after the word "requirement," the phrase "as well as the potential exposure to rabies;"
- (3) deleting the second paragraph from the ninth WHEREAS clause;
- (4) adding at the end of the first BE IT FURTHER RESOLVED clause the phrase "and the community at large;"
- (5) deleting from the second BE IT FURTHER RESOLVED clause the word "determine" and inserting instead the phrase "consider but not be limited to;" and
- (6) making minor language and technical changes which have no substantive effect.

Your Committee on Agriculture concurs with the intent and purpose of S.C.R. No. 70, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 70, S.D. 1

Signed by all members of the Committee except Senator Aki.

SCRep. 1369 Human Services on S.R. No. 11

The purpose of this Resolution is to request the design of a model for continuing social work education, proposed implementing legislation, and a joint report to the next Legislature.

Your Committee finds that recruitment for State social worker positions and retention of those hired are difficult because of heavy caseloads and attendant low morale. A limited amount of education leave with stipends is available in the Department of Human Services, which has had good experience with it. Section 76-33, Hawaii Revised Statutes, provides for sabbatical leave for educational purposes for State employees after seven years, but this is inadequate to attract and retain social workers in State service. A new model for the continuing education of social workers is needed.

Your Committee further finds that there is overwhelming support from interested and knowledgeable parties for the development of a continuing education model. Those parties also suggested amendments to the Resolution which your Committee finds desirable.

Your Committee has amended this Resolution by requesting the study of a proposal to increase the percentage of salary payable to an employee on educational leave from seventy-five to eighty percent, with a two-year employment commitment following educational leave, specifying those social workers employed by various State departments and the Judiciary, listing additional participants in the design of the model for continuing education, and by making minor language and technical changes which have no substantive effect.

Your Committee on Human Services concurs with the intent and purpose of S.R. No. 11, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 11, S.D. 1.

Signed by all members of the Committee except Senators Aki and Cobb.

SCRep. 1370 Human Services on S.C.R. No. 7

The purpose of this Concurrent Resolution is to request the design of a model for continuing social work education, proposed implementing legislation, and a joint report to the next Legislature.

Your Committee finds that recruitment for State social worker positions and retention of those hired are difficult because of heavy caseloads and attendant low morale. A limited amount of education leave with stipends is available in the Department of Human Services, which has had good experience with it. Section 76-33, Hawaii Revised Statutes, provides for sabbatical leave for educational purposes for State employees after seven years, but this is inadequate to attract and retain social workers in State service. A new model for the continuing education of social workers is needed.

Your Committee further finds that there is overwhelming support from interested and knowledgeable parties for the development of a continuing education model. Those parties also suggested amendments to the Concurrent Resolution which your Committee finds desirable.

Your Committee has amended this Concurrent Resolution by requesting the study of a proposal to increase the percentage of salary payable to an employee on educational leave from seventy-five to eighty percent, with a two-year employment commitment following educational leave, specifying those social workers employed by various State departments and the Judiciary, listing additional participants in the design of the model for continuing education, and by making minor language and technical changes which have no substantive effect.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 7, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 7, S.D. 1.

Signed by all members of the Committee except Senators Aki and Cobb.

SCRep. 1371 Government Operations on S.R. No. 8

The purpose of this resolution is to request that President George Bush approve the expenditure of \$500 million per year in reparations to the loyal citizens of Japanese ancestry interned by the United States government during World War II.

Congress authorized reparation payments of \$20,000 to each internee, a total of \$1.25 billion for these reparations, with no more than \$500 million to be spent in one fiscal year. The current authorized allocation for 1990, however, is only \$20 million, which will delay full payment for decades.

Your Committee finds that many of the internees are elderly and cannot wait decades to receive reparations. This resolution urges timely compensation for the unjust action taken by the United States.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 8 and recommends its adoption.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1372 Government Operations on S.C.R. No. 5

The purpose of this concurrent resolution is to request that President George Bush approve the expenditure of \$500 million per year allocated in reparations to the loyal citizens of Japanese ancestry interned by the United States government during World War II.

Congress authorized reparations payments of \$20,000 to each internee, a total of \$1.25 billion for these reparations, with no more than \$500 million to be spent in one fiscal year. The current authorized allocation for 1990, however, is only \$20 million, which will delay full payment for decades.

Your Committee finds that many of the internees are elderly and cannot wait decades to receive reparations. This resolution urges timely compensation for the unjust action taken by the United States.

Your Committee on Government Operations concurs with the intent and purpose of S.C.R. No. 5 and recommends its adoption.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1373 Government Operations on Gov. Msg. No. 193

Recommending that the Senate advise and consent to the nomination of RICHARD K. YONEZAKI to the Civil Defense Advisory Council, for a term to expire June 30, 1993.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1374 (Joint) Health and Consumer Protection and Commerce on S.C.R. No. 24

The purpose of this Concurrent Resolution is to request an assessment of the social and financial impact of mandating insurance coverage for naturopathic medical care.

Your Committees heard supporting testimony from Dr. Myron Berney, N.D. and testimony from the Director of Health, the Hawaii Medical Service Association, the Hawaii Federation of Physicians and Dentists opposing the mandating of insurance coverage for naturopathic medical care. Your Committee finds that a study of the social and financial impact of mandating such coverage should be done.

Your Committees have amended this Resolution by deleting the first seven WHEREAS clauses.

Your Committees on Health and Consumer Protection and Commerce concur with the intent and purpose of S.C.R. No. 24, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 24, S.D. 1.

Signed by all members of the Committees except Senators Cobb, Chang, Ikeda, McMurdo, McCartney and Nakasato.

SCRep. 1375 Consumer Protection and Commerce on H.C.R. No. 6

The purpose of this concurrent resolution is to request the Insurance Commissioner to find ways to enable human services agencies to acquire necessary liability insurance.

The Commissioner would identify mechanisms existing under present law that would require the insurance industry to absorb some of the risk of insuring human services agencies. Possibilities include pooling and distribution of risks over all such agencies or establishment of a joint underwriting plan such as is in place for motor vehicle insurance. The Commissioner is also requested to consider the efficacy of a special legislative appropriation such as was provided for rural physicians.

A poignant example of the need for such research and analysis is the case of the Institute of Human Services, the "Peanut Butter Ministry," whose insurance is rising from \$4,000 per year to \$40,000, which they cannot afford. IHS may have to close, which would be a terrible loss to the community. Clearly it is in the public interest to try to find solutions to the liability insurance crunch as it applies to the network of private nonprofit human services agencies upon which the State relies to provide a wide range of mandated services.

Your Committee received supporting testimony from the Insurance Division and the Director of Health.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of H.C.R. No. 6 and recommends its adoption.

Signed by all members of the Committee except Senators Cobb, Ikeda and Koki.

SCRep. 1376 Consumer Protection and Commerce on Gov. Msg. Nos. 150, 151, 152, 153, 154, 155, 186 and 187

DAVID BOBACK and CHRISTOBAL J. QUINTANA to the Board of Barbers, for terms to expire June 30, 1993;

STEPHEN OKUMURA to the Board of Chiropractic Examiners, for a term to expire June 30, 1993;

TOSHIO FUJIMOTO to the Credit Union Review Board, for a term to expire June 30, 1993;

GENE T. NISHIMOTO to the Elevator Mechanics Licensing Board, for a term to expire June 30, 1993;

ROBERT K. OHIGASHI, WAYNE RICHARDSON III, and LEIGHTON WONG to the Motor Vehicle Industry Licensing Board, for terms to expire June 30, 1993;

CEDRIC K. AKAU, M.D., and JONI S. KANAZAWA to the Board of Physical Therapy, for terms to expire June 30, 1993;

NANCY HONG, WILLIAM M. KANEKO and CHARLES T. KUDO to the Board of Public Accountancy, for terms to expire June 30, 1993; and

THOMAS MARK GREEN, MARCY MIEKO KAWASAKI HAINES, D.D.S., JENNIFER RUSH PIRIE and MARTIN H. ZAIS, D.D.S., to the Board of Dental Examiners, for terms to expire June 30, 1993,

Signed by all members of the Committee except Senators Cobb, Ikeda and Koki.

SCRep. 1377 Education on S.C.R. No. 73

The purpose of this concurrent resolution is to request the Legislative Auditor to review the Teacher Standards Board proposed by S.B. No. 896, S.D. 1.

The Department of Education currently certifies public school teachers on the basis of education, experience, and qualifications. However, it has been proposed as a feature of the revitalization of the public education system in Hawaii

that a Teacher Standards Board be established as a comprehensive credentialing body to certify Hawaii's public school teachers. The Board would be placed in the Department of Commerce and Consumer Affairs for administrative purposes and would consist of members representing a broad spectrum of educational interests ranging from teaching to administration. The study proposed by this concurrent resolution would be carried out pursuant to Section 26H-6, Hawaii Revised Statutes.

Your Committee received supporting testimony from the Chairperson of the Board of Education and the HSTA and finds that a sunrise review of the proposed Teacher Standards Board would be useful in determining the need for an independent teacher credentialing body and clarifying possible overlapping of functions between the proposed Board and the Department of Education.

Your Committee has amended this concurrent resolution by deleting the word "minimum" in the fourth "WHEREAS" clause.

Your Committee on Education 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.

SCRep. 1378 Education on S.C.R. No. 61

The purpose of this concurrent resolution is to request the Department of Education, with the cooperation of the Department of Accounting and General Services, to develop strategies to reduce distractions to the learning process arising from school construction.

The Department of Education is specifically requested to consider the costs and benefits of building schools completely before opening, rather than in increments, and limiting construction to periods other than regular school hours.

Your Committee received testimony from the Superintendent of Education and the Department of Accounting and General Services and finds that a study of this nature would be beneficial in exposing any new ideas that could be effectively used to mitigate the noise problem at the public schools.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 61 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1379 Education on S.R. No. 63

The purpose of this resolution is to request the Department of Education, with the cooperation of the Department of Accounting and General Services, to develop strategies to reduce distractions to the learning process arising from school construction.

The Department of Education is specifically requested to consider the costs and benefits of building schools completely before opening, rather than in increments, and limiting construction to periods other than regular school hours.

Your Committee received testimony from the Superintendent of Education and the Department of Accounting and General Services and finds that a study of this nature would be beneficial in exposing any new ideas that could be effectively used to mitigate the noise problem at the public schools.

Your Committee on Education concurs with the intent and purpose of S.R. No. 63 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1380 Education on S.C.R. No. 27

The purpose of this concurrent resolution is to request the Board of Education to amend the school code to account for school personnel who are charged with criminal offenses involving students.

On Lanai, a teacher was arrested and charged with a criminal violation involving students among the victims. However, the teacher was allowed to remain in place, raising deep concerns about Department of Education policies that relate to misconduct. Apparently two regulations in the school code might have been applicable but were not applied: Regulation 5107 which authorizes the Superintendent of Education to transfer a teacher for the welfare of the students or the Department, and Regulation 5110 which provides for suspension without pay, or demotion, or discharge or other discipline for proper cause.

Your Committee received testimony from the Superintendent of Education and the HSTA and finds that there is reason to believe that some action should have been taken in view of the seriousness of the teacher's actions and the teacher's apparent lack of regard for the Department or the fiduciary responsibilities attendant to the teaching profession.

However, your Committee also finds that the lack of action on the part of the Department does not clearly indicate inadequacy in the school code. It may be that the code is sufficient but misinterpreted. Therefore, your Committee has amended this concurrent resolution as follows:

- (1) Requested the Department to review, rather than amend, the school code with the assistance of the Attorney General's Office, and changed the title accordingly;

- (2) Requested the Department to also review the school code to cover the indictment of school personnel for criminal offenses that involve students;
- (3) Requested the Department to submit a report of findings, conclusions, and recommendations to the Legislature no later than twenty days prior to the convening of the Regular Session of 1990; and
- (4) Provided for a copy of the concurrent resolution to be transmitted to the Attorney General.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 27, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 27, S.D. 1.

Signed by all members of the Committee.

SCRep. 1381 Education on S.R. No. 30

The purpose of this resolution is to request the Board of Education to amend the school code to account for school personnel who are charged with criminal offenses involving students.

On Lanai, a teacher was arrested and charged with a criminal violation involving students among the victims. However, the teacher was allowed to remain in place, raising deep concerns about Department of Education policies that relate to misconduct. Apparently two regulations in the school code might have been applicable but were not applied: Regulation 5107 which authorizes the Superintendent of Education to transfer a teacher for the welfare of the students or the Department, and Regulation 5110 which provides for suspension without pay, or demotion, or discharge or other discipline for proper cause.

Your Committee received testimony from the Superintendent of Education and the HSTA and finds that there is reason to believe that some action should have been taken in view of the seriousness of the teacher's actions and the teacher's apparent lack of regard for the Department or the fiduciary responsibilities attendant to the teaching profession.

However, your Committee also finds that the lack of action on the part of the Department does not clearly indicate inadequacy in the school code. It may be that the code is sufficient but misinterpreted. Therefore, your Committee has amended this resolution as follows:

- (1) Requested the Department to review, rather than amend, the school code with the assistance of the Attorney General's Office, and changed the title accordingly;
- (2) Requested the Department to also review the school code to cover the indictment of school personnel for criminal offenses that involve students;
- (3) Requested the Department to submit a report of findings, conclusions, and recommendations to the Legislature no later than twenty days prior to the convening of the Regular Session of 1990; and
- (4) Provided for a copy of the resolution to be transmitted to the Attorney General.

Your Committee on Education concurs with the intent and purpose of S.R. No. 30, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 30, S.D. 1.

Signed by all members of the Committee.

SCRep. 1382 Energy and Natural Resources on S.R. No. 98

The purpose of this resolution is to present to the Senate for review and concurrence, the action of the Board of Land and Natural Resources, regarding the exchange of State lands for lands from the Richard Smart Trust.

Pursuant to Section 171-50, Hawaii Revised Statutes, any exchange of public lands for private lands shall be subject to review and disapproval of the Legislature by two-thirds vote of either the Senate or the House of Representatives or by majority vote of both. The Department of Land and Natural Resources is required to submit a resolution for review of the exchange action taken by the Board of Land and Natural Resources.

The Board on June 26, 1987, approved the exchange of 12.667 acres of State lands at Waimea, Hawaii for 17.488 acres of lands and \$40,000 from the Richard Smart Estate. The parcels conveyed to the State will be used for the proposed addition to the Waimea Elementary School and for the proposed addition to the Kamuela Vacuum Cooling Plant Site. The value of the lands and considerations exchanged is \$502,900.

Your Committee finds that the land exchange is in the public interest and as such should not be disapproved.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.R. No. 98 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1383 Energy and Natural Resources on S.R. No. 64

The purpose of this resolution is to request the State and county administrations to pursue financial assistance from the United States Farmers Home Administration for qualified rainwater catchment system areas in Hawaii.

Testimony in support of this measure was received from the Department of Land and Natural Resources.

Your Committee finds that many households in rural areas rely on rainwater catchment systems to collect and store water for personal needs and that financial assistance for water resource development and improvement in these areas is often inadequate. One of the primary purposes of the Farmers Home Administration's financial assistance program is to improve, enlarge, and restore deteriorating water supplies in rural or low income communities. Your Committee finds it appropriate that State and county administrations assist in pursuing Farmers Home Administration financial assistance for these areas.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.R. No. 64 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1384 Corrections on S.C.R. No. 107

The purpose of this resolution is to request the Governor to appoint a special master to assist the Department of Corrections in attacking persistent problems in the corrections program with the full force of the executive branch.

Your Committee finds that the problems of the corrections system require special action by the administration. The problems are of long standing, their causes in some cases stem from interdepartmental jurisdiction, and the prospect of court intervention is real. In other prison jurisdictions, the appointment of a master has resulted in quick action.

Your Committee received testimony in support of this resolution from the Department of Corrections and the American Civil Liberties Union. No one testified against this measure. The Department of Corrections welcomes the opportunity for assistance; the ACLU views the appointment of the special master as "timely and necessary" to effect change.

Your Committee on Corrections concurs with the intent and purpose of S.C.R. No. 107 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1385 Corrections on S.R. No. 104

The purpose of this resolution is to request the Governor to appoint a special master to assist the Department of Corrections in attacking persistent problems in the corrections program with the full force of the executive branch.

Your Committee finds that the problems of the corrections system require special action by the administration. The problems are of long standing, their causes in some cases stem from interdepartmental jurisdiction, and the prospect of court intervention is real. In other prison jurisdictions, the appointment of a master has resulted in quick action.

Your Committee received testimony in support of this resolution from the Department of Corrections and the American Civil Liberties Union. No one testified against this measure. The Department of Corrections welcomes the opportunity for assistance; the ACLU views the appointment of the special master as "timely and necessary" to effect change.

Your Committee on Corrections concurs with the intent and purpose of S.R. No. 104 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1386 Energy and Natural Resources on H.B. No. 434

The purpose of this bill is to amend Section 188-68, Hawaii Revised Statutes, to prohibit the sale of certain species of coral.

This bill would prohibit the sale of any species of stony coral of the taxonomic order, Madreporaria, including the Fugidae or Pocilloporidae families after July 1, 1990.

Testimony in support of this bill was heard from the Department of Land and Natural Resources, the Environmental Center of the University of Hawaii, the Ocean Recreation Council of Hawaii, and Dive Hawaii.

Your Committee finds that the value of living corals to our fishery and tourism industries, and the residents of Hawaii, outweigh their value as souvenirs.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 434, 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. 1387 Energy and Natural Resources on H.B. No. 212

The purpose of this bill is to amend Section 188-46, Hawaii Revised Statutes, to make it illegal to possess any fish or animal bait on any fishing boat with lift net aboard within the waters off the coast of South Kona, island of Hawaii, between the Kiilae-Keokea boundary and the Kapua-Kaulanamauna boundary.

This bill would further clarify and strengthen Section 188-46, Hawaii Revised Statutes, which prohibits the use of fish and animal bait for taking opelu within the specified boundaries except when hook and line fishing.

Testimony in support of this bill was presented by the Department of Land and Natural Resources.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 212, 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. 1388 Corrections on S.R. No. 71

The purpose of this resolution is to request the Department of Corrections to study the feasibility of and to develop a plan to enable prisoners to establish businesses that they can continue upon their release.

The Department of Corrections testified that the department is already expanding an established correctional industries program so studying the feasibility of a correctional industries program is not a compelling issue. However, the department believes that some inmates could benefit from an education program on entrepreneurship.

Your Committee recognizes the limits placed by statute on the correctional industries program and supports every possible means to prepare inmates for release. Your Committee believes that expediting and expanding the current program, including education on entrepreneurship, would yield the quickest results and encourages the department to do so.

Accordingly, your Committee has amended this resolution, including its title, to focus upon preparation for entrepreneurship.

Your Committee on Corrections concurs with the intent and purpose of S.R. No. 71, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 71, S.D. 1.

Signed by all members of the Committee.

SCRep. 1389 Corrections on S.C.R. No. 69

The purpose of this concurrent resolution is to request the Department of Corrections to study the feasibility of and to develop a plan to enable prisoners to establish businesses that they can continue upon their release.

The Department of Corrections testified that the department is already expanding an established correctional industries program so studying the feasibility of a correctional industries program is not a compelling issue. However, the department believes that some inmates could benefit from an education program on entrepreneurship.

Your Committee recognizes the limits placed by statute on the correctional industries program and supports every possible means to prepare inmates for release. Your Committee believes that expediting and expanding the current program, including education on entrepreneurship, would yield the quickest results and encourages the department to do so.

Accordingly, your Committee has amended this concurrent resolution, including its title, to focus upon preparation for entrepreneurship.

Your Committee on Corrections concurs with the intent and purpose of S.C.R. No. 69, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 69, S.D. 1.

Signed by all members of the Committee.

SCRep. 1390 Consumer Protection and Commerce on H.B. No. 161

The purpose of this bill is to add psychology to the list of professional services for which a professional corporation may be formed under Chapter 415A, Hawaii Revised Statutes.

Chapter 415A allows the formation of professional corporations for the purpose of rendering specific professional services. However, the current definition of "professional service" does not include psychological services, although it does include chiropractic, dentistry, medicine and surgery, naturopathy, optometry, osteopathy, pharmacy, public accountancy, veterinary medicine, trustees, and attorneys. This bill would add services rendered by persons licensed under Chapter 465 to the definition of "professional service" under Section 415A-2, thereby allowing psychologists to form professional corporations or become members of corporations involving two or more providers of professional services.

Your Committee received supporting testimony from Straub Clinic & Hospital, the Hawaii Psychological Association, and several psychologists and finds that it is appropriate to recognize licensed psychologists as providers of professional services.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 161 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 Cobb, Matsuura and Nakasato.

SCRep. 1391 Consumer Protection and Commerce on H.B. No. 943

The purpose of this bill is to prohibit unlicensed persons from advertising themselves as naturopaths.

Current law prohibits the practice but not the advertising of naturopathy without a license. This bill would subject a violator to a fine of not less than \$500 nor more than \$10,000 for each violation of false advertising.

Your Committee received supporting testimony from the Board of Examiners in Naturopathy and finds that this measure will help to ensure that persons who advertise themselves as naturopathic physicians are qualified practitioners and have met rigorous educational and practical experience requirements.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 943 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 Cobb, Matsuura and Nakasato.

SCRep. 1392 Consumer Protection and Commerce on H.B. No. 1534

The purpose of this bill is to clarify the authority of the Contractors License Board to issue conditional licenses.

Current law is silent on the subject; however, the Legislative Auditor has indicated that the Board lacks statutory authority to issue conditional licenses.

Your Committee received supporting testimony from the Contractors License Board, the Plumbing and Mechanical Contractors Association of Hawaii, and the Hawaii Business League, and finds that conditional licenses are appropriate for certain situations in which it would be impractical for an individual to obtain a regular contractors license. The Board currently issues such licenses but imposes strict criteria which the applicant must agree, in writing, to meet.

Your Committee also finds that there is no evidence to indicate that contractors on conditional status present more of a risk to the general public than other contractors; rather, conditionally licensed contractors probably operate with more caution because of the agreement they have made with the Board. In consideration of these findings it is appropriate to provide the statutory authority for the Board to issue conditional licenses.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1534 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 Cobb, Matsuura and Nakasato.

SCRep. 1393 Higher Education on S.R. No. 87

The purpose of this Resolution is to determine the feasibility of establishing Hawaiian Language Centers at Maui and Kauai Community Colleges.

Your Committee finds that both Maui and Kauai have significant Hawaiian communities with unique language resources. Both islands, at their respective community colleges, also have unique instructional resources relating to Hawaiian language instruction. The development of Hawaiian language centers at both community colleges, in conjunction with the Hawaiian language program at the University of Hawaii at Hilo, would significantly contribute to the growth of the study of the Hawaiian language in the State.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 87 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1394 Higher Education on S.C.R. No. 89

The purpose of this Concurrent Resolution is to determine the feasibility of establishing Hawaiian Language Centers at Maui and Kauai Community Colleges.

Your Committee finds that both Maui and Kauai have significant Hawaiian communities with unique language resources. Both islands, at their respective community colleges, also have unique instructional resources relating to Hawaiian language instruction. The development of Hawaiian language centers at both community colleges, in conjunction with the Hawaiian language program at the University of Hawaii at Hilo, would significantly contribute to the growth of the study of the Hawaiian language in the State.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 89 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1395 Higher Education on S.R. No. 93

The purpose of this Resolution is to request that the President and the Board of Regents of the University of Hawaii place the implementation of Phase III of the Hamilton Library building higher on their Capital Improvement Priority List so that the Legislature may provide for funding for the project during this Legislative Session.

Testimony in support of this resolution was received from the President of the University of Hawaii.

Your Committee finds that due to the increasing amount of storage space required for books in the Hamilton Library, the seating capacity of the library will be reduced to only 400 users by the year 1992, making implementation of Phase III imperative.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 93 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1396 Higher Education on S.C.R. No. 95

The purpose of this Concurrent Resolution is to request that the President and the Board of Regents of the University of Hawaii place the implementation of Phase III of the Hamilton Library building higher on their Capital Improvement Priority List so that the Legislature may provide for funding for the project during this Legislative Session.

Testimony in support of this concurrent resolution was received from the President of the University of Hawaii.

Your Committee finds that due to the increasing amount of storage space required for books in the Hamilton Library, the seating capacity of the library will be reduced to only 400 users by the year 1992, making implementation of Phase III imperative.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 95 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1397 Transportation on Gov. Msg. No. 204

Recommending that the Senate advise and consent to the nominations of MICHAEL K. IMURA, M.D., and DAVID Y. KIMURA, M.D., to the Medical Advisory Board, for terms to expire June 30, 1993.

Signed by all members of the Committee.

SCRep. 1398 Transportation on H.C.R. No. 17

The purpose of this concurrent resolution is to request the Department of Transportation to determine the feasibility of constructing an automated fixed rail "people mover" at the Honolulu International Airport.

Your Committee finds that for the past twenty years, the Wikipiki bus system has transported people within the airport terminal. The volume of visitors to Hawaii has increased over the past two decades and continues to grow at a rapid rate. The increase in demand for transportation services at the airport will eventually exceed the capacities of the buses. Your Committee further finds that an assessment of the feasibility of constructing an automated fixed rail "people mover" to help alleviate the limited capacity of the buses at the airport is necessary.

Your Committee on Transportation concurs with the intent and purpose of H.C.R. No. 17 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1399 Transportation on S.C.R. No. 80

The purpose of this concurrent resolution is to oppose a proposal before Congress to increase the federal gasoline tax in order to reduce the federal budget deficit.

Your Committee finds that approximately half of the price of gasoline consists of taxes already, making it one of the most heavily taxed of all essential commodities. The federal gasoline tax is presently dedicated to rehabilitate and reconstruct the nation's transportation infrastructure, and diversion of gasoline tax funds for other purposes would undermine an already ailing system vital to the nation's economy. Your Committee also notes that an increased federal gasoline tax would be regressive, putting more of the burden on those at low income levels, and that the federal deficit is a national problem that should be borne by everyone, not just by those who use the highways.

Your Committee received testimony in support of this concurrent resolution from the Department of Transportation.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 80 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1400 Transportation on S.C.R. No. 72

The purpose of this concurrent resolution is to request the department of transportation to plan and install traffic safety improvements along Farrington Highway from Nanakuli surf beach to Makaha surf beach.

Your Committee finds that this particular stretch of highway contains unsafe highway conditions which over recent years have resulted in serious traffic accidents. In 1987 alone, 787 traffic accidents, six of which were fatal, were reported on Farrington Highway. Your Committee further finds that residents in the Waianae coast area have expressed their concern over the dangerous conditions and the need for more traffic signals, guardrails, and traffic barriers.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 72 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1401 Transportation on S.R. No. 74

The purpose of this resolution is to request the department of transportation to plan and install traffic safety improvements along Farrington Highway from Nanakuli surf beach to Makaha surf beach.

Your Committee finds that this particular stretch of highway contains unsafe highway conditions which over recent years have resulted in serious traffic accidents. In 1987 alone, 787 traffic accidents, six of which were fatal, were reported on Farrington Highway. Your Committee further finds that residents in the Waianae coast area have expressed their concern over the dangerous conditions and the need for more traffic signals, guardrails, and traffic barriers.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 74 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1402 Judiciary on S.C.R. No. 263

The purpose of this resolution is to request that the Senate and House Judiciary Committees hold hearings during this session regarding the impact of federal campaign contributions law on Hawaii state and local elections, and the appropriateness of state campaign contribution restrictions which parallel the federal law and regulations.

Your Committee previously addressed these issues during a hearing on S.B. No. 1668 and S.B. No. 1091. As a result of that hearing, your Committee determined that there is a dispute over the applicability of federal campaign contribution laws and regulations to state and local elections, that there are sound policy reasons for enacting parallel state campaign contribution requirements, and that the agency charged with administering the federal law and regulations has not established definitive methods of separating prohibited and permitted contributions.

The policy considerations for enacting a state campaign contribution law are: (1) to minimize confusion by candidates, their committees, and potential donors concerning the permissibility of contributions; and (2) to promote public confidence in the electoral system by minimizing the influence of foreign nationals on state and local elections.

Your Committee believes that both the consideration of this resolution and the mandated follow-up hearing will provide valuable information to be used in the legislature's deliberations on two pending House Bills on this subject: H.B. No. 548, H.D. 2, S.D. 2, and H.B. No. 235, H.D. 2, S.D. 2.

Your Committee on Judiciary concurs with the intent and purpose of S.C.R. 263 and recommends its adoption.

Signed by all members of the Committee except Senators Chang, Cobb, Crozier and Holt.

SCRep. 1403 Consumer Protection and Commerce on Gov. Msg. Nos. 188, 189, 190, 191, 214, 215, 216, 217 and 218

Recommending that the Senate advise and consent to the nominations of the following:

DAHPNE E. BARBEE to the Board of Dispensing Opticians, for a term to expire June 30, 1993;

RACHEL S. CHANG and RONALD H. KIENITZ, D.O., to the Board of Osteopathic Examiners, for terms to expire June 30, 1993;

JOHN C. PURTZER, D.O., to the Board of Osteopathic Examiners, for a term to expire June 30, 1992;

THOMAS H. H. NAGO and ROY M. SHIMOTSUKASA to the Pest Control Board, for terms to expire June 30, 1993;

ANNETTE A. SHIMIZU, Ph.D., to the Board of Psychology, for a term to expire June 30, 1993;

HENRY H. CHAN, KAM SANG CHUN and WILLIAM MALIK COTTER to the Board of Acupuncture, for terms to expire June 30, 1991;

TED S. WATANABE, D.C., to the Board of Acupuncture, for a term to expire June 30, 1990;

DALTON G. FUJII, JOSO UYETAKE and WALTER K.W. YOUNG, M.D., to the Board of Hearing Aid Dealers and Fitters, for terms to expire June 30, 1993;

CHARLOTTE A. CARTER-YAMAUCHI to the Board of Massage, for a term to expire June 30, 1993;

CALVIN C. FUJITA and FRED T. YOUNG to the Board of Private Detectives and Guards, for terms to expire June 30, 1993; and

KATHLEEN H. CAMPBELL, DOUGLAS KAYA, MAILE TANAKA SINGSON and FAYE KAZUE YAMAUCHI to the Board of Speech Pathology and Audiology, for terms to expire June 30, 1992,

Signed by all members of the Committee except Senators Cobb, Ikeda, McCartney and Tungpalan.

SCRep. 1404 Judiciary on S.C.R. No. 84

The purpose of this resolution is to request that the Lieutenant Governor convene a temporary advisory committee to consider the feasibility of employing an electronic voting system for Hawaii's elections.

Your Committee received testimony in support of the resolution from the Lieutenant Governor's Office and the Association of Clerks and Election Officers of Hawaii. The testimony indicated that the Lieutenant Governor fully supported the resolution, and had included funds in the executive budget request to facilitate operation of the proposed committee.

Your Committee has amended the title of the resolution in the interest of clarity.

Your Committee on Judiciary concurs with the intent and purpose of S.C.R. No. 84, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 84, S.D. 1.

Signed by all members of the Committee except Senators Cobb, Crozier and Holt.

SCRep. 1405 Judiciary on Gov. Msg. No. 245

Recommending that the Senate advise and consent to the nominations to the Criminal Justice Data Interagency Board of the following:

ROBERT M. MONDEN, WARREN FERREIRA, WENDELL KAIPO HUDDY and AILEEN LUM, for terms to expire June 30, 1993; and

CORA K. LUM, for a term to expire June 30, 1991.

Signed by all members of the Committee except Senators Cobb and Holt.

SCRep. 1406 Judiciary on Gov. Msg. No. 201

Recommends that the Senate advise and consent to the nomination of LANI LIU EWART to the Commission to Promote Uniform Legislation, for a term to expire June 30, 1993.

Signed by all members of the Committee except Senators Cobb and Holt.

SCRep. 1407 Judiciary on Gov. Msg. No. 200

Recommends that the Senate advise and consent to the nomination of DOUGLAS GIBB to the Juvenile Justice Interagency Board, for a term to expire June 30, 1992.

Signed by all members of the Committee except Senators Chang, Cobb and Holt.

SCRep. 1408 Judiciary on Gov. Msg. No. 158

Recommending that the Senate advise and consent to the nomination of DANE K. ODA to the Hawaii Criminal Justice Commission, for a term to expire June 30, 1989.

Signed by all members of the Committee except Senators Cobb and Holt.

SCRep. 1409 Transportation on S.C.R. No. 28

The purpose of this concurrent resolution is to request the Department of Transportation to report on the plans for the respective counties to construct bicycle paths to accompany any new road or street construction within the State. The report is to include the feasibility of including bicycle paths, the cost of including such paths, and a plan for implementation.

Your Committee received favorable testimony from the Department of Transportation. Bicycle paths offer clean, nonpolluting alternate transportation options to the public, and a comprehensive statewide plan is needed.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 28 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1410 Transportation on S.R. No. 31

The purpose of this resolution is to request the Department of Transportation to report on the plans for the respective counties to construct bicycle paths to accompany any new road or street construction within the State. The report is to include the feasibility of including bicycle paths, the cost of including such paths, and a plan for implementation.

Your Committee received favorable testimony from the Department of Transportation. Bicycle paths offer clean, nonpolluting alternate transportation options to the public, and a comprehensive statewide plan is needed.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 31 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1411 Agriculture on H.B. No. 172

The purpose of this bill is to prohibit the sale of beverage containers that are connected by plastic ring connectors which are not degradable.

Your Committee heard testimony in support of this bill from the Anheuser-Busch Company and the Department of Health.

Your Committee finds that nondegradable plastic ring connectors are a threat to the environment and, therefore, the use of such devices should be curtailed. This bill accomplishes this purpose and will also help to reduce the amount of litter generated.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 172, 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. 1412 Agriculture on S.R. No. 40

The purpose of this Resolution is to request the Natural Area Reserves System Commission to recommend an appropriate natural reserve area to be named and dedicated in honor of the late Dr. Wayne Gagne.

Dr. Gagne was an internationally renowned conservationist and contributed immeasurably toward the preservation and understanding of endangered wildlife and habitats throughout the world. His work in Hawaii to promote and protect the environment through various environmental groups has earned him the respect and admiration of the people of Hawaii.

Your Committee on Agriculture and Environment heard testimony in support of this Resolution from the Chairperson of the Board of Land and Natural Resources and Susan Miller of the Natural Resources Defense Council, Inc. who suggested slight amendments to remedy the state prohibitions against naming reserve areas after a person. Your Committee has therefore amended the Resolution by deleting the words, "named and" in the title and "and named" in the first "BE IT RESOLVED" clause. This will allow a Hawaiian name representing Dr. Gagne to be used.

Your Committee has further amended the Resolution by making clarifying language changes.

Your Committee on Agriculture concurs with the intent and purpose of S.R. No. 40, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 40, S.D. 1.

Signed by all members of the Committee.

SCRep. 1413 Agriculture on S.C.R. No. 36

The purpose of this Concurrent Resolution is to request the Natural Area Reserves System Commission to recommend an appropriate natural reserve area to be named and dedicated in the honor of the late Dr. Wayne Gagne.

Dr. Gagne was an internationally renowned conservationist and contributed immeasurably toward the preservation and understanding of endangered wildlife and habitats throughout the world. His work in Hawaii to promote and protect the environment through various environmental groups has earned him the respect and admiration of the people of Hawaii.

Your Committee on Agriculture and Environment heard testimony in support of this Concurrent Resolution from the Chairperson of the Board of Land and Natural Resources and Susan Miller of the Natural Resources Defense Council, Inc. who suggested slight amendments to remedy the state prohibitions against naming reserve areas after a person. Your Committee has therefore amended the Concurrent Resolution by deleting the words, "named and" in the title and "and named" in the first "BE IT RESOLVED" clause. This will allow a Hawaiian name representing Dr. Gagne to be used.

Your Committee has further amended the Concurrent Resolution by making clarifying language changes.

Your Committee on Agriculture concurs with the intent and purpose of S.C.R. No. 36, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 36, S.D. 1.

Signed by all members of the Committee.

SCRep. 1414 Agriculture on S.R. No. 3

The purpose of this resolution is to request the Department of Health to examine the feasibility of a statewide trash separation program.

This resolution would create a pilot project for volunteers who currently utilize commercial garbage disposal services, to participate in a trash separation program that could possibly reduce air pollution and save precious landfill space.

Your Committee heard testimony from the Department of Health which stated that the City and County of Honolulu is currently studying the feasibility of a trash separation program.

Your Committee finds that a trash separation program could not only prove to be an economically sound proposal, but be extremely beneficial to the ecological well-being of the State of Hawaii.

Your Committee has amended the resolution by deleting the word "statewide" in the title and the first "BE IT RESOLVED" paragraph of the resolution and by requesting that the individual counties, rather than the Department of Health, be responsible for each trash separation pilot program. Your Committee has further amended the resolution by deleting the paragraph requiring the Department of Health to report its findings to the Legislature twenty days prior to the convening of the 1990 Regular Session and by providing for copies of the resolution to be transmitted to the Mayors of the respective counties.

Your Committee on Agriculture 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. 1415 Agriculture on H.C.R. No. 2

The purpose of this Resolution is to lend full support and encouragement to the members of the Hawaii Congressional Delegation in their efforts to convince their colleagues to reject any unilateral action by the United States to reduce support for its sugar industry.

Your Committee heard supporting testimony from the Governor's Agriculture Coordinating Committee, the Department of Agriculture, the Hawaiian Sugar Planters' Association, the Kauai County Council, and the University of Hawaii College of Tropical Agriculture and Human Resources. Your Committee finds that it is in the best interests of the State of Hawaii that supports for the U.S. sugar industry not be reduced unilaterally.

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 2 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1416 Agriculture on S.C.R. No. 1

The purpose of this concurrent resolution is to request the Department of Health to examine the feasibility of a statewide trash separation program.

This resolution would create a pilot project for volunteers who currently utilize commercial garbage disposal services, to participate in a trash separation program that could possibly reduce air pollution and save precious landfill space.

Your Committee heard testimony from the Department of Health which stated that the City and County of Honolulu is currently studying the feasibility of a trash separation program.

Your Committee finds that a trash separation program could not only prove to be an economically sound proposal, but be extremely beneficial to the ecological well-being of the State of Hawaii.

Your Committee has amended the concurrent resolution by deleting the word "statewide" in the title and the first "BE IT RESOLVED" paragraph of the resolution and by requesting that the individual counties, rather than the Department of Health, be responsible for each trash separation pilot program. Your Committee has further amended the concurrent resolution by deleting the paragraph requiring the Department of Health to report its findings to the Legislature twenty days prior to the convening of the 1990 Regular Session and by providing for copies of the concurrent resolution to be transmitted to the Mayors of the respective counties.

Your Committee on Agriculture concurs with the intent and purpose of S.C.R. No. 1, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1417 Judiciary on S.C.R. No. 76

The purpose of this resolution is to request that the Judiciary's Alternative Dispute Resolution Program convene a roundtable discussion to address issues in the area of mental health services.

Your Committee received testimony on this resolution from the Departments of Health and Corrections, the Mental Health Association in Hawaii, the Hawaii Alliance for Reform in Mental Health Administration, the Commission on the Handicapped, the Judiciary, and the Hawaii Psychological Association.

The Department of Health objected to some of the statements made in the preamble of the resolution. In particular, the Department stated that the number of persons undergoing treatment was understated, that the preamble made it appear that all homeless are mentally ill, that the preamble does not address the sincere efforts of mental health professionals to improve the system or the existing mechanisms for public input into the mental health system, and that involuntary civil commitment is not the first method used to treat the mentally ill.

The testimony received also indicated that the scope of the resolution was too narrow, and should include such topics as treatment alternatives, the right to treatment, the right to refuse treatment, the service provider's duty to warn, client confidentiality, the siting of mental health facilities, and means to reduce the stigma of mental illness. It was also suggested that the panels be expanded to include other departments and agencies, and that the public be encouraged to participate in the discussion process as well.

Your Committee believes that these suggestions are appropriate, and has amended the title and body of the resolution accordingly.

Your Committee on Judiciary 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 Senators Cobb and Nakasato.

SCRep. 1418 Judiciary on S.R. No. 77

The purpose of this resolution is to request that the Judiciary's Alternative Dispute Resolution Program convene a roundtable discussion to address issues in the area of mental health services.

Your Committee received testimony on this resolution from the Departments of Health and Corrections, the Mental Health Association in Hawaii, the Hawaii Alliance for Reform in Mental Health Administration, the Commission on the Handicapped, the Judiciary, and the Hawaii Psychological Association.

The Department of Health objected to some of the statements made in the preamble of the resolution. In particular, the Department stated that the number of persons undergoing treatment was understated, that the preamble made it appear that all homeless are mentally ill, that the preamble does not address the sincere efforts of mental health professionals to improve the system or the existing mechanisms for public input into the mental health system, and that involuntary civil commitment is not the first method used to treat the mentally ill.

The testimony received also indicated that the scope of the resolution was too narrow, and should include such topics as treatment alternatives, the right to treatment, the right to refuse treatment, the service provider's duty to warn, client confidentiality, the siting of mental health facilities, and means to reduce the stigma of mental illness. It was also suggested that the panels be expanded to include other departments and agencies, and that the public be encouraged to participate in the discussion process as well.

Your Committee believes that these suggestions are appropriate, and has amended the title and body of the resolution accordingly.

Your Committee on Judiciary concurs with the intent and purpose of S.R. No. 77, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 77, S.D. 1.

Signed by all members of the Committee except Senators Cobb and Nakasato.

SCRep. 1419 Culture, Arts and Historic Preservation on S.R. No. 230

The purpose of this Resolution is to request that the Governor, State agencies, and public and private entities participate and support the "Aloha Sunshine Around the World" project.

Your Committee finds that endorsement of a project such as this would greatly enhance a mutual understanding between the children of the world.

Your Committee has amended the Resolution to correct a typographical error.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S.R. No. 230, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 230, S.D. 1.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1420 Culture, Arts and Historic Preservation on S.R. No. 231

The purpose of this resolution is to request that the Governor's Office of Information and the Department of Land and Natural Resources assist in the collection of information and photographs of the five varieties of hibiscus indigenous to Hawaii and that the members of the State Legislature encourage awareness programs in their communities on the native hibiscus.

Your Committee received testimony in support of this resolution from the Department of Land and Natural Resources.

Your Committee finds that increased awareness of the indigenous varieties of hibiscus in Hawaii is necessary due to the decreasing amounts of native hibiscus. Increased awareness would protect these precious flowers from extinction and preserve their beauty for future generations to enjoy.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S.R. No. 231 and recommends its adoption.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1421 Culture, Arts and Historic Preservation on S.C.R. No. 260

The purpose of this concurrent resolution is to recognize the significance and importance of the Statue of Freedom and its plaster model as symbols of peace and freedom.

The concurrent resolution would also recognize the importance of the restoration of the plaster model of the Statue of Freedom.

Your Committee received supporting testimony from the Foundation of I, Incorporated.

Your Committee finds that the Statue of Freedom represents our nation's commitment to freedom and to the rights of individuals all over the world and that the restoration of the plaster model of the statue would give people the ability to view this great symbol of freedom.

Your Committee has amended the concurrent resolution to correct typographical errors in the seventh and fifteenth "WHEREAS" clauses.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S.C.R. No. 260, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 260, S.D. 1.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1422 Culture, Arts and Historic Preservation on S.C.R. No. 261

The purpose of this concurrent resolution is to request that the Governor's Office of Information and the Department of Land and Natural Resources assist in the collection of information and photographs of the five varieties of hibiscus indigenous to Hawaii and that the members of the State Legislature encourage awareness programs in their communities on the native hibiscus.

Your Committee received testimony in support of this concurrent resolution from the Department of Land and Natural Resources.

Your Committee finds that increased awareness of the indigenous varieties of hibiscus in Hawaii is necessary due to the decreasing amounts of native hibiscus. Increased awareness would protect these precious flowers from extinction and preserve their beauty for future generations to enjoy.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S.C.R. No. 261 and recommends its adoption.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1423 Culture, Arts and Historic Preservation on S.C.R. No. 262

The purpose of this Concurrent Resolution is to request that the Governor, State agencies, and public and private entities participate and support the "Aloha Sunshine Around the World" project.

Your Committee finds that endorsement of a project such as this would greatly enhance a mutual understanding between the children of the world.

Your Committee has amended the Concurrent Resolution to correct a typographical error.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S.C.R. No. 262, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 262, S.D. 1.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1424 Government Operations on S.C.R. No. 37

The purpose of this concurrent resolution is to encourage the President of the United States to strive to halt nuclear testing and request that the Hawaii congressional delegation encourage and support efforts to institute a moratorium on nuclear weapons testing.

Your Committee heard supporting testimony from Frances Viglielmo and Richard P. Kinney. Both expressed the belief that all nations should support a nuclear testing ban to inhibit the development and expansion of nuclear arsenals.

Your Committee has amended the concurrent resolution to address the issue of nuclear testing in the broadest terms. The concurrent resolution, as amended, also gives appropriate focus to the role of the President of the United States.

Your Committee on Government Operations concurs with the intent and purpose of S.C.R. No. 37, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 37, S.D. 1.

Signed by all members of the Committee except Senators McMurdo, Cobb and Yamasaki.

SCRep. 1425 Government Operations on S.R. No. 41

The purpose of this resolution is to encourage the President of the United States to strive to halt nuclear testing and request that the Hawaii congressional delegation encourage and support efforts to institute a moratorium on nuclear weapons testing.

Your Committee heard supporting testimony from Frances Viglielmo and Richard P. Kinney. Both expressed the belief that all nations should support a nuclear testing ban to inhibit the development and expansion of nuclear arsenals.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 41, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 41, S.D. 1.

Signed by all members of the Committee except Senators McMurdo, Cobb and Yamasaki.

SCRep. 1426 Health on S.C.R. No. 121

The purpose of this Concurrent Resolution is to request the Office of the Legislative Auditor to evaluate the State Health Planning and Development Agency to determine if modification or elimination of the certificate-of-need process would be in the best interests of health care consumers.

Your Committee heard supporting testimony from the Department of Health, the Hawaii Long Term Care Association, the National Federation of Independent Business, the Hawaii Federation of Physicians and Dentists, the Hawaii Medical Association and others. Your Committee heard opposing testimony from the Rehabilitation Hospital of the Pacific and Jerry Merrill, Healthcare Management Consultant. One witness supported the resolution provided that an expert in evaluation of health equipment and services perform the study rather than the Legislative Auditor. The State Health Planning and Development Agency testified that it ". . .welcomes any review deemed appropriate by the Legislature, and understands and appreciates the intent of the resolution. . . "but it has ". . .profound reservations regarding the evaluation sought by this resolution." Your Committee finds that it supports the evaluation required by this Concurrent Resolution as a means of determining what is best for the public in the provision of health care services. It is the intent of your Committee that the Office of the Legislative Auditor use all available resources to ensure objectivity and avoid even the appearance of any prejudice as to the outcome.

Your Committee has amended this Concurrent Resolution by deleting the fourth, ninth, tenth, eleventh, twelfth, fourteenth, and fifteenth WHEREAS clauses and by changing the date for submission of the report from "twenty days prior to the convening of the Regular Session of 1990" to February 1, 1990.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 121, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 121, S.D. 1.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1427 Health on S.C.R. No. 117

The purpose of this Concurrent Resolution is to request the Department of Health to institute helicopter ambulance service in the County of Hawaii.

Your Committee heard supporting testimony from the Department of Health, Honokaa Hospital, the Kauai Management Advisory Committee for County/State Hospitals, Hilo Hospital, and Scott Gilbert, an acute care R.N. and helicopter pilot. Your Committee finds that the size and topography of the County of Hawaii demand helicopter ambulance service to cut the long transport times and to reduce the risks inherent in negotiating the county's roads. A legislative package to institute helicopter ambulance services for the County of Hawaii should be prepared by the Department of Health for the next legislative session.

Your Committee has amended this Concurrent Resolution by adding the Department of Health to the list of those whom certified copies of this Concurrent Resolution are to be transmitted.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 117, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 117, S.D. 1.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1428 Health on S.R. No. 18

The purpose of this resolution is to encourage the health insurance industry to provide coverage for prescription drugs used to treat individuals diagnosed as HIV-positive.

Your Committee heard supporting testimony from the Director of Health, the Governor's Committee on AIDS, and the Life Foundation. Your Committee also heard testimony from the Hawaii Medical Service Association which had no objection to this resolution but felt that current practices meet the spirit of the resolution. Your Committee finds that the appearance of HIV cases in the population has heightened our awareness of the costs of catastrophic illnesses and the risks to society of such illnesses when uncontrolled. Your Committee further finds that health insurance coverage for prescription drugs for the treatment of individuals with an HIV infection is a humanitarian approach the health insurance industry can take at present. It is a step that will benefit not only that industry, because more will be learned about treating the diseases as more victims receive medical treatment with experimental drugs, but also the public.

Your Committee on Health concurs with the intent and purpose of S.R. No. 18 and recommends its adoption.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1429 Health on S.C.R. No. 14

The purpose of this concurrent resolution is to encourage the health insurance industry to provide coverage for prescription drugs used to treat individuals diagnosed as HIV-positive.

Your Committee heard supporting testimony from the Director of Health, the Governor's Committee on AIDS, and the Life Foundation. Your Committee also heard testimony from the Hawaii Medical Service Association which had no objection to this concurrent resolution but felt that current practices meet the spirit of the concurrent resolution. Your Committee finds that the appearance of HIV cases in the population has heightened our awareness of the costs of catastrophic illnesses and the risks to society of such illnesses when uncontrolled. Your Committee further finds that health insurance coverage for prescription drugs for the treatment of individuals with an HIV infection is a humanitarian approach the health insurance industry can take at present. It is a step that will benefit not only that industry, because more will be learned about treating the diseases as more victims receive medical treatment with experimental drugs, but also the public.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 14 and recommends its adoption.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1430 Health on S.R. No. 50

The purpose of this resolution is to request the Director of Health to respond to a report by the National Commission to Prevent Infant Mortality by submitting comments on the report and specific proposals to combat infant mortality in Hawaii.

Your Committee heard supporting testimony from the Director of Health and finds that Hawaii has a lesser rate of infant mortality than the national average but has room for improvement in areas such as prenatal care, where a small investment can prevent tremendous later medical costs.

Your Committee on Health concurs with the intent and purpose of S.R. No. 50 and recommends its adoption.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1431 Health on S.C.R. No. 46

The purpose of this concurrent resolution is to request the Director of Health to respond to a report by the National Commission to Prevent Infant Mortality by submitting comments on the report and specific proposals to combat infant mortality in Hawaii.

Your Committee heard supporting testimony from the Director of Health and finds that Hawaii has a lesser rate of infant mortality than the national average but has room for improvement in areas such as prenatal care, where a small investment can prevent tremendous later medical costs.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 46 and recommends its adoption.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1432 Health on S.R. No. 59

The purpose of this resolution is to request a study be done to evaluate the quality of active treatment, including behavior management, provided in community facilities for the mentally retarded.

Your Committee heard supporting testimony from the Hawaii Psychological Association. Your Committee also heard testimony from the Director of Health who supported the intent of this resolution but requested the resolution be held because it needs to have parameters for the study, in view of the extensiveness of the community facilities to be reviewed. Your Committee also heard testimony from the State Planning Council on Developmental Disabilities which supported the intent of the resolution but had concerns about some aspects of it. Your Committee received an alternative version of this resolution, agreed to by those who testified as well as by the Protection and Advocacy Agency of Hawaii, and your Committee has adopted it.

Your Committee has amended this resolution by:

- (1) Changing "mentally retarded" to mentally retarded/developmentally disabled throughout;
- (2) Rewriting WHEREAS clauses concerning private community facilities for the mentally retarded/developmentally disabled and Hawaii's ranking in the commitment of funds to programs for the developmentally disabled;
- (3) Rewriting the BE IT RESOLVED clause by eliminating the study group and instead requesting the Office of the Legislative Auditor to do a study;
- (4) Extensively rewriting the first BE IT FURTHER RESOLVED clause;
- (5) Inserting a new BE IT FURTHER RESOLVED clause requesting the Office of the Legislative Auditor to work closely with various knowledgeable groups as it does the study; and
- (6) Making changes in the title to more accurately reflect the contents of the resolution as amended; and
- (7) Making minor language changes which have no substantive effect.

Your Committee on Health concurs with the intent and purpose of S.R. No. 59, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 59, S.D. 1.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1433 Health on S.C.R. No. 57

The purpose of this concurrent resolution is to request a study be done to evaluate the quality of active treatment, including behavior management, provided in community facilities for the mentally retarded.

Your Committee heard supporting testimony from the Hawaii Psychological Association. Your Committee also heard testimony from the Director of Health who supported the intent of this resolution but requested the resolution be held because it needs to have parameters for the study, in view of the extensiveness of the community facilities to be reviewed. Your Committee also heard testimony from the State Planning Council on Developmental Disabilities which supported the intent of the resolution but had concerns about some aspects of it. Your Committee received an alternative version of this resolution, agreed to by those who testified as well as by the Protection and Advocacy Agency of Hawaii, and your Committee has adopted it.

Your Committee has amended this concurrent resolution by:

- (1) Changing "mentally retarded" to mentally retarded/developmentally disabled throughout;
- (2) Rewriting WHEREAS clauses concerning private community facilities for the mentally retarded/developmentally disabled and Hawaii's ranking in the commitment of funds to programs for the developmentally disabled;
- (3) Rewriting the BE IT RESOLVED clause by eliminating the study group and instead requesting the Office of the Legislative Auditor to do a study;
- (4) Extensively rewriting the first BE IT FURTHER RESOLVED clause;
- (5) Inserting a new BE IT FURTHER RESOLVED clause requesting the Office of the Legislative Auditor to work closely with various knowledgeable groups as it does the study;
- (6) Making changes in the title to more accurately reflect the contents of the concurrent resolution as amended; and
- (7) Making minor language changes which have no substantive effect.

Your Committee on Health 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 Senators McMurdo and Yamasaki.

SCRep. 1434 Health on S.R. No. 116

The purpose of this Resolution is to request the Department of Health to develop a plan for aeromedical transport systems for the islands of Hawaii, Maui, Molokai, Lanai, and Kauai.

Your Committee heard supporting testimony from the Department of Health, Honokaa Hospital, the Kauai Management Advisory Committee for County/State Hospitals, Hilo Hospital, and Scott Gilbert, an acute care R.N. and helicopter pilot. Your Committee finds that there is a great need for aeromedical transport systems in Hawaii and that a plan should be developed quickly to implement such systems, including consideration of access and service for all the major islands of the State.

Your Committee has amended this Resolution by amending the title by substituting the word "COUNTIES" for "ISLANDS" and by deleting "MOLOKAI" AND "LANAI."

Your Committee on Health concurs with the intent and purpose of S.R. No. 116, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 116, S.D. 1.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1435 Health on S.C.R. No. 120

The purpose of this Concurrent Resolution is to request the Department of Health to develop a plan for aeromedical transport systems for the islands of Hawaii, Maui, Molokai, Lanai, and Kauai.

Your Committee heard supporting testimony from the Department of Health, Honokaa Hospital, the Kauai Management Advisory Committee for County/State Hospitals, Hilo Hospital, and Scott Gilbert, an acute care R.N. and helicopter pilot. Your Committee finds that there is a great need for aeromedical transport systems in Hawaii and that a plan should be developed quickly to implement such systems, including consideration of access and service for all the major islands of the State.

Your Committee has amended this Concurrent Resolution by amending the title by substituting the word "COUNTIES" for "ISLANDS" and by deleting "MOLOKAI" AND "LANAI."

Your Committee on Health 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 Senators McMurdo and Yamasaki.

SCRep. 1436 Health on S.R. No. 49

The purpose of this resolution is to urge technicians and professionals in the medical care and health services industry to provide consultative services to Pacific and Asian nations.

Your Committee heard supporting testimony from the Director of Health and finds that the provision of medical services by the Aloha Medical Mission, the medical ship "HOPE," and the Marimed Foundation's "Tole Mor," as well as the training programs for nurses, physician assistants, and others from Pacific and Asian nations provided by the Department of Health and the University of Hawaii School of Medicine and School of Public Health, are all commendable programs.

The Director of Health testified that the Department of Health strongly supports such efforts but has neither the resources nor manpower to assume responsibility for coordinating such activities. Therefore, the Director suggested that the resolution be amended to delete the coordination responsibility and retain the request that the Department act in liaison with medical associations and health service professionals to expand such activities. The Director also recommended that preventive health care services be included as a focus of the resolution as the Department is interested in promoting this aspect of health care.

Your Committee is in agreement with the recommendations of the Director of Health and has amended the resolution accordingly. Your Committee has also amended the resolution by making minor language changes which have no substantive effect.

Your Committee on Health concurs with the intent and purpose of S.R. No. 49, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 49, S.D. 1.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1437 Health on S.C.R. No. 45

The purpose of this concurrent resolution is to urge technicians and professionals in the medical care and health services industry to provide consultative services to Pacific and Asian nations.

Your Committee heard supporting testimony from the Director of Health and finds that the provision of medical services by the Aloha Medical Mission, the medical ship "HOPE," and the Marimed Foundation's "Tole Mor," as well as the training programs for nurses, physician assistants, and others from Pacific and Asian nations provided by the Department of Health and the University of Hawaii School of Medicine and School of Public Health, are all commendable programs.

The Director of Health testified that the Department of Health strongly supports such efforts but has neither the resources nor manpower to assume responsibility for coordinating such activities. Therefore, the Director suggested that the concurrent resolution be amended to delete the coordination responsibility and retain the request that the Department act in liaison with medical associations and health service professionals to expand such activities. The Director also recommended that preventive health care services be included as a focus of the concurrent resolution as the Department is interested in promoting this aspect of health care.

Your Committee is in agreement with the recommendations of the Director of Health and has amended the concurrent resolution accordingly. Your Committee has also amended the concurrent resolution by making minor language changes which have no substantive effect.

Your Committee on Health 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 except Senators McMurdo and Yamasaki.

SCRep. 1438 Health on S.R. No. 111

The purpose of this Resolution is to request the Department of Land and Natural Resources to study the feasibility of using Camp Andrews as a helipad for medical evacuations.

Your Committee heard supporting testimony from the Director of Health and additional testimony from the Chairperson of the Board of Land and Natural Resources, who suggested that the lead agency for the feasibility study should be the Department of Transportation and that the Department of Hawaiian Home Lands should be consulted. Your Committee agrees, inasmuch as the Department of Transportation has responsibility for the siting of a helipad and because Camp Andrews is located within the boundaries of the Nanakuli Hawaiian Homestead land. Your Committee has amended the title and body of the Resolution accordingly.

Your Committee on Health concurs with the intent and purpose of S.R. No. 111, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 111, S.D. 1.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1439 Health on S.C.R. No. 114

The purpose of this Concurrent Resolution is to request the Department of Land and Natural Resources to study the feasibility of using Camp Andrews as a helipad for medical evacuations.

Your Committee heard supporting testimony from the Director of Health and additional testimony from the Chairperson of the Board of Land and Natural Resources, who suggested that the lead agency for the feasibility study should be the Department of Transportation and that the Department of Hawaiian Home Lands should be consulted. Your Committee agrees, inasmuch as the Department of Transportation has responsibility for the siting of a helipad and because Camp Andrews is located within the boundaries of the Nanakuli Hawaiian Homestead land. Your Committee has amended the title and body of the Concurrent Resolution accordingly.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 114, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 114, S.D. 1.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1440 Health on S.R. No. 193

The purpose of this resolution is to expand proposed planning for utilization of lands and facilities at Waimano Training School and Hospital to address the issues of current and future facility, program, and service requirements for the mentally retarded/developmentally disabled in State institutions and community settings.

This resolution directs the Department of Health to include State and private agencies, as well as parent organizations concerned with mental retardation and developmental disabilities in the planning process to ensure that the total needs of persons with these disabilities are adequately addressed.

Your Committee finds that the need for long-term planning for the overall welfare of mentally retarded and developmentally disabled persons is necessary to ensure that these individuals receive quality health care.

Your Committee amended the resolution by requesting the Department of Health to submit a progress report to the Legislature twenty days prior to the convening of the 1990 session, and to submit a final report of the findings and recommendations twenty days prior to the convening of the 1991 legislative session.

Your Committee on Health concurs with the intent and purpose of S.R. No. 193, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 193, S.D. 1.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1441 Health on S.C.R. No. 212

The purpose of this concurrent resolution is to expand proposed planning for utilization of lands and facilities at Waimano Training School and Hospital to address the issues of current and future facility, program, and service requirements for the mentally retarded/developmentally disabled in State institutions and community settings.

This concurrent resolution directs the Department of Health to include State and private agencies, as well as parent organizations concerned with mental retardation and developmental disabilities in the planning process to ensure that the total needs of persons with these disabilities are adequately addressed.

Your Committee finds that the need for long-term planning for the overall welfare of mentally retarded and developmentally disabled persons is necessary to ensure that these individuals receive quality health care.

Your Committee amended the concurrent resolution by requesting the Department of Health to submit a progress report to the Legislature twenty days prior to the convening of the 1990 session, and to submit a final report of the findings and recommendations twenty days prior to the convening of the 1991 legislative session.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 212, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 212, S.D. 1.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1442 Health on S.R. No. 197

The purpose of this resolution is to request the Department of Health to establish a task force to investigate the feasibility of regulating those who assist in the practice of nursing.

The task force is to include representatives from various health care organizations, the University of Hawaii Nursing program, and the Department of Labor.

Your Committee finds that the establishment of a study group to address the regulation of nursing assistants will help ensure the delivery of quality health care to the citizens of Hawaii.

Your Committee made the following amendments to this resolution:

- 1) Changed all references of "nursing assistants" to "nursing aides";
- 2) Changed the eighth "WHEREAS" clause to indicate that the Omnibus Budget Reconciliation Act (OBRA) mandates only the certification of nurses' aides employed in long-term care institutions instead of certification and regulation;

- 3) Charged the Hawaii Nurses' Association with the responsibility of establishing the task force instead of the Department of Health;
- 4) Added the words "may" and "entities such as" in the reference to the composition of the task force;
- 5) Deleted the Hawaii Medical Association, the Hawaii Nurses' Association, the University of Hawaii-Manoa and Community College Nursing Programs, and the Department of Labor from the list of organizations to be represented on the task force and included the Departments of Health and Commerce and Consumer Affairs;
- 6) Deleted the requirement that the task force, in its report to the legislature, suggest a regulatory agency for nurses' assistants and budget; and
- 7) Revised the list of organizations receiving certified copies of the resolution to include those to be represented on the task force, as amended in item 5 above.

Your Committee on Health 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 except Senators McMurdo and Yamasaki.

SCRep. 1443 Health on S.C.R. No. 216

The purpose of this concurrent resolution is to request the Department of Health to establish a task force to investigate the feasibility of regulating those who assist in the practice of nursing.

The task force is to include representatives from various health care organizations, the University of Hawaii Nursing program, and the Department of Labor.

Your Committee finds that the establishment of a study group to address the regulation of nursing assistants will help ensure the delivery of quality health care to the citizens of Hawaii.

Your Committee made the following amendments to this concurrent resolution:

- 1) Changed all references of "nursing assistants" to "nursing aides";
- 2) Changed the eighth "WHEREAS" clause to indicate that the Omnibus Budget Reconciliation Act (OBRA) mandates only the certification of nurses' aides employed in long-term care institutions instead of certification and regulation;
- 3) Charged the Hawaii Nurses' Association with the responsibility of establishing the task force instead of the Department of Health;
- 4) Added the words "may" and "entities such as" in the reference to the composition of the task force;
- 5) Deleted the Hawaii Medical Association, the Hawaii Nurses' Association, the University of Hawaii-Manoa and Community College Nursing Programs, and the Department of Labor from the list of organizations to be represented on the task force and included the Departments of Health and Commerce and Consumer Affairs;
- 6) Deleted the requirement that the task force, in its report to the legislature, suggest a regulatory agency for nurses' assistants and budget; and
- 7) Revised the list of organizations receiving certified copies of the concurrent resolution to include those to be represented on the task force, as amended in item 5 above.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 216, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 216, S.D. 1.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1444 Health on S.R. No. 236

The purpose of this resolution is to urge the Department of Health to facilitate and expedite the planning, design, development, and construction of an acute care facility in Waimea.

The resolution requests the Department of Health to include acute care, emergency, and support services, and skilled nursing beds in the planning of this facility. Additionally, the Department is requested to continue consulting with members of Waimea and Honokaa community organizations as well as members of the legislature representing districts in the North Hawaii region to ensure that the progress of this initiative is communicated effectively.

Your Committee received testimony in strong support of this resolution from the Department of Health, the State Health Planning and Development Agency, and the North Hawaii Community Hospital, Inc. Your Committee finds that the development of a comprehensive system of health care services for the North Hawaii area, including an acute care facility, is urgently needed to ensure accessibility and availability of quality health care to meet the needs of the people in this area.

Your Committee on Health concurs with the intent and purpose of S.R. No. 236 and recommends its adoption.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1445 Health on S.C.R. No. 268

The purpose of this concurrent resolution is to urge the Department of Health to facilitate and expedite the planning, design, development, and construction of an acute care facility in Waimea.

The concurrent resolution requests the Department of Health to include acute care, emergency, and support services, and skilled nursing beds in the planning of this facility. Additionally, the Department is requested to continue consulting with members of Waimea and Honokaa community organizations as well as members of the legislature representing districts in the North Hawaii region to ensure that the progress of this initiative is communicated effectively.

Your Committee received testimony in strong support of this concurrent resolution from the Department of Health, the State Health Planning and Development Agency, and the North Hawaii Community Hospital, Inc. Your Committee finds that the development of a comprehensive system of health care services for the North Hawaii area, including an acute care facility, is urgently needed to ensure accessibility and availability of quality health care to meet the needs of the people in this area.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 268 and recommends its adoption.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1446 Health on S.R. No. 134

The purpose of this resolution is to recognize the month of May, 1989 as "Better Hearing and Speech Month" in Hawaii.

Presently, 24 million Americans, or nearly ten percent of our nation's population, suffer from a speech, language, or hearing impairment. Many of these people are able to lead full and productive lives through rehabilitation by trained professionals, the availability of assistive devices, and accessibility to needed medical care.

Your Committee finds that promoting May, 1989 as "Better Hearing and Speech Month" will increase public awareness of communication disorders and services available in the community for those with hearing, speech, and language problems.

Your Committee on Health concurs with the intent and purpose of S.R. No. 134 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1447 Health on S.C.R. No. 141

The purpose of this concurrent resolution is to recognize the month of May, 1989 as "Better Hearing and Speech Month" in Hawaii.

Presently, 24 million Americans, or nearly ten percent of our nation's population, suffer from a speech, language, or hearing impairment. Many of these people are able to lead full and productive lives through rehabilitation by trained professionals, the availability of assistive devices, and accessibility to needed medical care.

Your Committee finds that promoting May, 1989 as "Better Hearing and Speech Month" will increase public awareness of communication disorders and services available in the community for those with hearing, speech, and language problems.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 141 and recommends its adoption.

Signed by all members of the Committee except Senators McMurdo and Yamasaki.

SCRep. 1448 Business Development and Pacific Relations on S.C.R. No. 204

The purpose of this concurrent resolution is to request the Governor to initiate discussions relating to the establishment of a sister-state/province relationship between the State of Hawaii and the Province of Taiwan.

Your Committee heard favorable testimony from several parties and believes that it would be appropriate to look further into establishing a sister-state/province relationship with the Province of Taiwan.

Your Committee finds that this sister-state/province relationship can only lead to expand and enhance our future role as a Pacific center of international trade and mediation.

Your Committee has amended this concurrent resolution by correcting the date in the "BE IT RESOLVED" clause.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.C.R. No. 204, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 204, S.D. 1.

Signed by all members of the Committee except Senators Tungpalan, Aki and B. Kobayashi.

SCRep. 1449 Business Development and Pacific Relations on S.C.R. No. 115

The purpose of this concurrent resolution is to request the Department of Business and Economic Development to investigate the development of a "shared foreign sales corporation (SFSC) assistance program" designed to boost Hawaii's international trade activities in Asia and the Pacific.

Your Committee heard supporting testimony from the Department of Business and Economic Development, which indicated that the SFSC would reduce the costs to small companies of competing in large foreign markets; the Department of Taxation; and from the Economic Development Corporation of Honolulu. Your Committee finds that a foreign sales corporation (FSC) is a paper corporation set up overseas to take advantage of the U.S. tax exemption for corporations operating in one of twenty-three foreign countries and four U.S. possessions. FSCs have two advantages: (1) 15% of export earnings are exempt from federal income tax and (2) the excluded amount is not subject to the Corporate Alternative Minimum tax. Savings result from reduced organizational burdens, start-up fees, and maintenance costs. Your Committee further finds that SFSCs are sponsored by states, enterprise zones, port authorities, and trade associations. There are successful programs in Delaware, Illinois, New York, Michigan, and Virginia. The American Association of Enterprise Zones also has established an SFSC. Your Committee finds that potentially there are great benefits to the State from the development of the SFSC assistance program and that the Department of Business and Economic Development should investigate the development of such a program.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.C.R. No. 115 and recommends its adoption.

Signed by all members of the Committee except Senators Tungpalan, Aki and B. Kobayashi.

SCRep. 1450 Business Development and Pacific Relations on S.C.R. No. 248

The purpose of this concurrent resolution is to have the Association of Pacific Island Legislatures admit Hawaii as a member.

After due consideration, your Committee finds that the State should endeavor to strengthen ties with our Pacific neighbors by seeking to gain admittance to the Association of Pacific Island Legislatures.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.C.R. No. 248 and recommends its adoption.

Signed by all members of the Committee except Senators Tungpalan, Aki and B. Kobayashi.

SCRep. 1451 Business Development and Pacific Relations on S.C.R. No. 211

The purpose of this concurrent resolution is to request that the Governor appoint a task force to examine the future economic possibilities available to the Ka'u community.

Presently, the sugar industry in the Ka'u area employs approximately 300 people. The loss of these jobs in light of the economic decline of the sugar industry and the reduction of federal farm subsidy programs would have a devastating economic and social effect on the entire community.

Your Committee finds it prudent at this time to examine possibilities of diversification of the economic base of the area as well as other options available to the community to reduce the damaging effect of any sudden downturn in the sugar industry.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.C.R. No. 211 and recommends its adoption.

Signed by all members of the Committee except Senators Tungpalan, Aki and B. Kobayashi.

SCRep. 1452 Business Development and Pacific Relations on S.C.R. No. 31

The purpose of this concurrent resolution is to request the Department of Business and Economic Development to conduct a study on: 1) using the State as a base for marketing surveys for American exporters to Pacific rim countries, and 2) utilizing resources in the State to establish Hawaii as a transitional center to train and acclimatize American personnel going to Asian countries.

Your Committee received testimony from the Department of Business and Economic Development in support of this concurrent resolution. Testimony indicated that it would be worthwhile to study the potential of making Hawaii a business center for conducting international market surveys and training with international marketing techniques, given the State's unique geographic position and cultural diversity.

Your Committee amended this concurrent resolution by making several technical, nonsubstantive amendments to the "BE IT RESOLVED" paragraph on page 2 for purposes of style and clarity.

Your Committee on Business Development and Pacific Relations 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 except Senators Tungpalan, Aki and B. Kobayashi.

SCRep. 1453 Business Development and Pacific Relations on S.C.R. No. 246

The purpose of this concurrent resolution is to request the Governor to designate an appropriate year as "The Year of the Pacific Islands" and to establish a commission to assist in the planning and implementation of actions and activities which may include establishment of:

- (1) A permanent Pacific Islands Affairs Branch in the Governor's Office;
- (2) A Pacific Islands Advisory Council comprised of business, academic, governmental, and community members;
- (3) A Pacific Islands Trade Mission led by the Governor throughout the Pacific Basin;
- (4) A heads-of-state conference in Hawaii from all Pacific Islands; and
- (5) A series of educational Pacific Islands National Days observations in Hawaii.

Your Committee finds that establishment of closer ties with our Pacific neighbors, with concomitant educational benefits, is very desirable.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.C.R. No. 246 and recommends its adoption.

Signed by all members of the Committee except Senators Tungpalan, Aki and B. Kobayashi.

SCRep. 1454 Energy and Natural Resources on S.R. No. 97

The purpose of this resolution is to present to the Legislature for review and concurrence, the action of the Board of Land and Natural Resources, regarding the exchange of a partial interest in State land, for land from and construction of a State office building by the Hemmeter Investment Company.

Pursuant to Section 171-50, Hawaii Revised Statutes, any exchange of public lands for private lands shall be subject to review and disapproval of the Legislature by two-thirds vote of either the Senate or the House of Representatives or by majority vote of both. The Department of Land and Natural Resources is required to submit a resolution for review of the exchange action taken by the Board of Land and Natural Resources.

Pursuant to Act 216, Item K-18, Session Laws of Hawaii 1987, the State has acted to acquire office space to house offices of certain State agencies whose offices must be temporarily vacated to allow for asbestos removal, and subsequently to house the State's projected demand for additional office space. The State, through the Board of Land and Natural Resources, has entered into a Land and Building Purchase Agreement, dated April 11, 1988 with Hemmeter Investment Company, setting forth the terms and conditions of the partial land exchange pursuant to which the State acquired the "Galen Parcel" situated within the Hawaii Capital District in downtown Honolulu identified as Tax Map Key No. 2-1-17:19, together with an office building to be constructed thereon, in consideration of the payment by the State of \$26,000,000, and the demise of a lease of 150 to 225 State parking stalls for a term of 65 years.

Your Committee finds that this exchange of partial interest in public lands for private lands is in the best interest of the State and as such should not be disapproved.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.R. No. 97 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1455 Energy and Natural Resources on S.C.R. No. 101

The purpose of this concurrent resolution is to present to the Legislature for review and concurrence, the action of the Board of Land and Natural Resources, regarding the exchange of a partial interest in State land, for land from and construction of a State office building by the Hemmeter Investment Company.

Pursuant to Section 171-50, Hawaii Revised Statutes, any exchange of public lands for private lands shall be subject to review and disapproval of the Legislature by two-thirds vote of either the Senate or the House of Representatives or by majority vote of both. The Department of Land and Natural Resources is required to submit a resolution for review of the exchange action taken by the Board of Land and Natural Resources.

Pursuant to Act 216, Item K-18, Session Laws of Hawaii 1987, the State has acted to acquire office space to house offices of certain State agencies whose offices must be temporarily vacated to allow for asbestos removal, and subsequently to house the State's projected demand for additional office space. The State, through the Board of Land and Natural Resources, has entered into a Land and Building Purchase Agreement, dated April 11, 1988 with Hemmeter Investment Company, setting forth the terms and conditions of the partial land exchange pursuant to which the State acquired the "Galen Parcel" situated within the Hawaii Capital District in downtown Honolulu identified as Tax Map Key No. 2-1-17:19, together with an office building to be constructed thereon, in consideration of the payment by the State of \$26,000,000, and the demise of a lease of 150 to 225 State parking stalls for a term of 65 years.

Your Committee finds that this exchange of partial interest in public lands for private lands is in the best interest of the State and as such should not be disapproved.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.C.R. No. 101 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1456 Energy and Natural Resources on S.R. No. 110

The purpose of this resolution is to request Hawaii's congressional delegation to investigate the extent of the Federal Energy Regulatory Commission's (FERC) authority to license hydroelectric power projects in Hawaii, particularly as this authority may conflict with the constitutional and statutory powers and duties of the State of Hawaii to protect and manage Hawaii's water resources. Should the outcome of the requested investigation warrant it, Hawaii's congressional delegation is requested to introduce appropriate legislation to clarify the role and authority of FERC to license hydroelectric power projects in Hawaii.

Testimony in support of the resolution was received from the Department of Business and Economic Development, the Department of Land and Natural Resources, Waimana Enterprises, Inc., and Wai'Ola, a Kauai based organization concerned about water issues.

The main concern expressed was FERC's indication that it is within their jurisdiction to license hydroelectric power projects in Hawaii. Previously, FERC's jurisdiction appeared to encompass interstate and foreign commerce. However, under Cooley vs. FERC, FERC now appears to be taking the position that they possess the authority to license any entity that asks for such a license. With licensure comes the power of eminent domain. The State Attorney General has intervened in four current licensing applications before FERC.

Your Committee finds that it would be in the best interest of the State for the Legislature to request that our congressional delegation investigate the inconsistencies that will be inherent between State and federal objectives due to the recent decision of Cooley vs. FERC.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.R. No. 110 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1457 Energy and Natural Resources on S.C.R. No. 109

The purpose of this concurrent resolution is to request Hawaii's congressional delegation to investigate the extent of the Federal Energy Regulatory Commission's (FERC) authority to license hydroelectric power projects in Hawaii, particularly as this authority may conflict with the constitutional and statutory powers and duties of the State of Hawaii to protect and manage Hawaii's water resources. Should the outcome of the requested investigation warrant it, Hawaii's congressional delegation is requested to introduce appropriate legislation to clarify the role and authority of FERC to license hydroelectric power projects in Hawaii.

Testimony in support of the concurrent resolution was received from the Department of Business and Economic Development, the Department of Land and Natural Resources, Waimana Enterprises, Inc., and Wai'Ola, a Kauai based organization concerned about water issues.

The main concern expressed was FERC's indication that it is within their jurisdiction to license hydroelectric power projects in Hawaii. Previously, FERC's jurisdiction appeared to encompass interstate and foreign commerce. However, under Cooley vs. FERC, FERC now appears to be taking the position that they possess the authority to license any entity that asks for such a license. With licensure comes the power of eminent domain. The State Attorney General has intervened in four current licensing applications before FERC.

Your Committee finds that it would be in the best interest of the State for the Legislature to request that our congressional delegation investigate the inconsistencies that will be inherent between State and federal objectives due to the recent decision of Cooley vs. FERC.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.C.R. No. 109 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1458 Energy and Natural Resources on S.R. No. 5

The purpose of this resolution is to request the President of the United States and the United States Congress to assist the State of Hawaii by using whatever means it deems reasonable to discourage the government of Japan from the disposing of radioactive waste in the Marianas Trench.

Your Committee finds that the United States and Hawaii have a vested interest in the protection of our ocean environment. The rise of inappropriate disposal of low-level radioactive waste will undoubtedly affect our terrestrial, coastal, and marine environments.

Your Committee finds that our surrounding ocean resources are invaluable and an indispensable resource towards the future economic development of the State.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.R. No. 5 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1459 Energy and Natural Resources on S.C.R. No. 3

The purpose of this concurrent resolution is to request the President of the United States and the United States Congress to assist the State of Hawaii by using whatever means it deems reasonable to discourage the government of Japan from the disposing of radioactive waste in the Marianas Trench.

Your Committee finds that the United States and Hawaii have a vested interest in the protection of our ocean environment. The rise of inappropriate disposal of low-level radioactive waste will undoubtedly affect our terrestrial, coastal, and marine environments.

Your Committee finds that our surrounding ocean resources are invaluable and an indispensable resource towards the future economic development of the State.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.C.R. No. 3 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1460 Human Services on Gov. Msg. No. 199

Recommending that the Senate advise and consent to the nominations of RUBY L. HARGRAVE, JAN DAPITAN and LAWRENCE MANLIGUIS to the Advisory Council for Community Services, for terms to expire June 30, 1993.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1461 Human Services on S.R. No. 239

The purpose of this resolution is to request the Kona Community Advisory Council's Subcommittee on Domestic Violence to form an advisory group of representatives to examine methods of providing an integrated family violence program. The study should identify existing services available to respond to family violence problems, the additional services needed, the necessary costs involved for providing such additional services, and determine whether a coordinator is needed to implement an integrated family violence program.

Your Committee heard supporting testimony from the Hawaii County Police Department as well as the Department of Human Services. In its testimony, the Department of Human Services requests that, if appropriate, this study be coordinated with efforts referred to in S.B. No. 1321, H.D. 2, which proposes that the Office of State Planning develop a statewide plan for the provision of services to control violent behavior. Your Committee finds that formation of an advisory group to examine methods of providing an integrated family violence program is highly desirable.

Your Committee has amended this resolution by including the Office of State Planning on the list of advisory group representatives contained in the "BE IT RESOLVED" clause.

Your Committee on Human Services concurs with the intent and purpose of S.R. No. 239, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 239, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1462 Human Services on S.C.R. No. 271

The purpose of this concurrent resolution is to request the Kona Community Advisory Council's Subcommittee on Domestic Violence to form an advisory group of representatives to examine methods of providing an integrated family violence program. The study should identify existing services available to respond to family violence problems, the additional services needed, the necessary costs involved for providing such additional services, and determine whether a coordinator is needed to implement an integrated family violence program.

Your Committee heard supporting testimony from the Hawaii County Police Department as well as the Department of Human Services. In its testimony, the Department of Human Services requests that, if appropriate, this study be coordinated with efforts referred to in S.B. No. 1321, H.D. 2, which proposes that the Office of State Planning develop a statewide plan for the provision of services to control violent behavior. Your Committee finds that formation of an advisory group to examine methods of providing an integrated family violence program is highly desirable.

Your Committee has amended this concurrent resolution by including the Office of State Planning on the list of advisory group representatives contained in the "BE IT RESOLVED" clause.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 271, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 271, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1463 Housing and Hawaiian Programs on S.R. No. 103

The purpose of this Resolution is to create a task force to examine the services available to Hawaiians and native Hawaiians.

The services to be examined include: social services for the elderly; educational services; special needs for "at risk" categories such as school dropouts, juvenile offenders, and pregnant teenagers; medical needs; legal assistance including land titles and genealogical research; special needs of rural Hawaiians; employment problems; and cultural heritage.

Further, the task force is to also include an inventory of services being provided, an assessment of use and accessibility, an analysis of the quality of coordination of services and programs, the identification of critical needs and requirements, and recommendations on improving accessibility, the quality of coordination, and the provision of future services and programs for currently unmet needs.

Your Committee heard testimony in support of this Resolution from the Chairman, Hawaiian Homes Commission; Administrator, Office of Hawaiian Affairs; President/CEO, Alu Like, Inc., and President, Papa Ola Lokahi.

Your Committee has amended the Resolution by adding another WHEREAS clause to include the U.S. Select Committee on Indian Affairs, the Association of Hawaiian Civic Clubs, and the Bernice Pauahi Bishop Museum as organizations assisting Hawaiians.

Your Committee has further amended the Resolution by adding to the second BE IT FURTHER RESOLVED clause, the U.S. Select Committee on Indian Affairs, both houses of the Legislature, and the Office of State Planning as organizations to be considered by the Governor in selecting task force members.

Finally, your Committee has amended the Resolution by adding, "the U. S. Select Committee on Indian Affairs, the Association of Hawaiian Civic Clubs, the Bernice Pauahi Bishop Museum, and the Office of State Planning" to the list of recipients receiving a copy of this Resolution.

Your Committee on Housing and Hawaiian Programs 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 except Senator Cobb.

SCRep. 1464 Housing and Hawaiian Programs on S.C.R. No. 106

The purpose of this Concurrent Resolution is to create a task force to examine the services available to Hawaiians and native Hawaiians.

The services to be examined include: social services for the elderly; educational services; special needs for "at risk" categories such as school dropouts, juvenile offenders, and pregnant teenagers; medical needs; legal assistance including land titles and genealogical research; special needs of rural Hawaiians; employment problems; and cultural heritage.

Further, the task force is to also include an inventory of services being provided, an assessment of use and accessibility, an analysis of the quality of coordination of services and programs, the identification of critical needs and requirements, and recommendations on improving accessibility, the quality of coordination, and the provision of future services and programs for currently unmet needs.

Your Committee heard testimony in support of this Resolution from the Chairman, Hawaiian Homes Commission; Administrator, Office of Hawaiian Affairs; President/CEO, Alu Like, Inc., and President, Papa Ola Lokahi.

Your Committee has amended the Concurrent Resolution by adding another WHEREAS clause to include the U.S. Select Committee on Indian Affairs, the Association of Hawaiian Civic Clubs, and the Bernice Pauahi Bishop Museum as organizations assisting Hawaiians.

Your Committee has further amended the Concurrent Resolution by adding to the second BE IT FURTHER RESOLVED clause, the U.S. Select Committee on Indian Affairs, both houses of the Legislature, and the Office of State Planning as organizations to be considered by the Governor in selecting task force members.

Finally, your Committee has amended the Concurrent Resolution by adding, "the U. S. Select Committee on Indian Affairs, the Association of Hawaiian Civic Clubs, the Bernice Pauahi Bishop Museum, and the Office of State Planning" to the list of recipients receiving a copy of this Resolution.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of S.C.R. No. 106, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 106, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1465 Housing and Hawaiian Programs on S.R. No. 100

The purpose of this Resolution is to request that the Department of Hawaiian Home Lands evaluate the current ceiling of \$50,000 for farm and ranch loans to determine if the loan ceiling should be increased.

Sections 214(b) and 215 of the Hawaiian Homes Commission Act (HHCA) of 1920 provide that the department may loan or guarantee the repayment of loans up to a maximum of \$50,000 to lessees for home construction, farm, ranch, and aquaculture operations. The 1989 Legislature is currently reviewing proposed legislation (S.B. No. 1833 and H.B. No. 1904) which would increase the maximum loan amount for residential home construction.

Your Committee received testimony supporting this Resolution from the Department of Hawaiian Home Lands and the Office of Hawaiian Affairs. Your Committee finds that financing agriculture and ranching activities on homesteads is a

more complex issue than financing home construction because of the risks involved and that a study should be undertaken before any recommendations for amendments are made.

Your Committee has amended this Resolution to require that the study also explore the limitations created by the size of agriculture and ranch awards. Your Committee finds that the issue of lot size must be viewed in the context of factors such as the demand for such lots, demonstrated need, improved performance by beneficiary farmers and ranchers with increased loan capitalization, and projected ability to repay. Your Committee has also amended this Resolution to include these factors.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of S.R. No. 100, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 100, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1466 Housing and Hawaiian Programs on S.C.R. No. 103

The purpose of this Concurrent Resolution is to request that the Department of Hawaiian Home Lands evaluate the current ceiling of \$50,000 for farm and ranch loans to determine if the loan ceiling should be increased.

Sections 214(b) and 215 of the Hawaiian Homes Commission Act (HHCA) of 1920 provide that the department may loan or guarantee the repayment of loans up to a maximum of \$50,000 to lessees for home construction, farm, ranch, and aquaculture operations. The 1989 Legislature is currently reviewing proposed legislation (S.B. No. 1833 and H.B. No. 1904) which would increase the maximum loan amount for residential home construction.

Your Committee received testimony supporting this Concurrent Resolution from the Department of Hawaiian Home Lands and the Office of Hawaiian Affairs. Your Committee finds that financing agriculture and ranching activities on homesteads is a more complex issue than financing home construction because of the risks involved and that a study should be undertaken before any recommendations for amendments are made.

Your Committee has amended this Concurrent Resolution to require that the study also explore the limitations created by the size of agriculture and ranch awards. Your Committee finds that the issue of lot size must be viewed in the context of factors such as the demand for such lots, demonstrated need, improved performance by beneficiary farmers and ranchers with increased loan capitalization, and projected ability to repay. Your Committee has also amended this Concurrent Resolution to include these factors.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of S.C.R. No. 103, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 103, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1467 Higher Education on S.R. No. 52

The purpose of this Resolution is to request the National Collegiate Athletic Association (NCAA) to liberalize its rules concerning baseball games against foreign opponents.

Presently, college baseball teams are allowed to play only one game against a foreign team without the game affecting the total number of games allowed during the season. Because of the University of Hawaii's proximity to the nations of the Far East and the Pacific Basin, it is adversely affected by this rule. If the University's baseball program is allowed to include more games against foreign opponents, it would mean the promotion of goodwill and cultural exchange to benefit not only the state, but the nation as well.

As our country looks to greater participation in the activities of the Far East and the Pacific Basin nations, it would behoove the NCAA to seriously consider the advantages of allowing the University of Hawaii's baseball team to include more foreign baseball games in its schedule.

Your Committee has amended the resolution by suggesting that the NCAA rule allow no more than five rather than one game against foreign opponents. This increase is reasonable and should not adversely affect the objectives and goals of either the University of Hawaii or the NCAA.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 52, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 52, S.D. 1.

Signed by all members of the Committee.

SCRep. 1468 Higher Education on S.C.R. No. 48

The purpose of this Concurrent Resolution is to request the National Collegiate Athletic Association (NCAA) to liberalize its rules concerning baseball games against foreign opponents.

Presently, college baseball teams are allowed to play only one game against a foreign team without the game affecting the total number of games allowed during the season. Because of the University of Hawaii's proximity to the nations of the Far East and the Pacific Basin, it is adversely affected by this rule. If the University's baseball program is allowed to include more games against foreign opponents, it would mean the promotion of goodwill and cultural exchange to benefit not only the state, but the nation as well.

As our country looks to greater participation in the activities of the Far East and the Pacific Basin nations, it would behoove the NCAA to seriously consider the advantages of allowing the University of Hawaii's baseball team to include more foreign baseball games in its schedule.

Your Committee has amended the resolution by suggesting that the NCAA rule allow no more than five rather than one game against foreign opponents. This increase is reasonable and should not adversely affect the objectives and goals of either the University of Hawaii or the NCAA.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 48, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 48, S.D. 1.

Signed by all members of the Committee.

SCRep. 1469 Higher Education on S.R. No. 82

The purpose of this resolution is to urge the Board of Regents to establish a Center on the Family at the University of Hawaii at Manoa (UH).

Families in Hawaii are experiencing stress and difficulties as reflected in statistics on divorce, poverty, "illegitimacy," teen pregnancy, abortion, youth suicide, etc. The following data was obtained from the State of Hawaii, Department of Health, Statistical Report, 1987, 1986, 1985, 1980. (Note: The 1987 Report was published in November 1988.)

- (1) Divorce. Over 4,000 marriages end in divorce in Hawaii per year. Over 50 percent of divorces in Hawaii involve children under 18 years of age. In 1987, there were 4,419 divorces and 16,567 marriages.
- (2) Poverty. Nationwide, 45 percent of single mother families with children have incomes below the poverty line (U.S. Congressional Budget Office, 1986).

And one out of five children in America live in poverty (U.S. Census Bureau, 1987).

- (3) "Illegitimacy". The proportion of births by unmarried parents in Hawaii is increasing. Approximately one of every five live births in Hawaii is to unmarried parents; i.e., is "illegitimate." In 1987, over 21 percent of births were "illegitimate." In some ethnic groups (part-Hawaiian), the rate was as high as 37 percent.
- (4) Teen Pregnancy. Approximately 1,800 teenagers give birth and 1,200 teenagers have abortions per year in Hawaii. In 1987, there were 1,816 births and 1,254 abortions.
- (5) Abortion. For every 100 babies born in Hawaii, approximately 30 abortions are induced. In 1987, there were 319 elective induced abortions per 1,000 live births.
- (6) Youth Suicide. In Hawaii, suicide remains one of the top three causes of death in the age bracket of 15 to 24 years.
- (7) Etc. Family difficulties are also expressed in terms of child neglect and abuse, drug abuse, delinquency, etc.

A Center on the Family is needed at UH to:

- (1) Strengthen Hawaii's families;
- (2) Encourage and facilitate the prevention of an early intervention into family problems;
- (3) Encourage and facilitate research that focuses on families in Hawaii, on their needs and strengths as well as problems;
- (4) Encourage and facilitate the development of educational and training materials and programs to strengthen Hawaii's families;
- (5) Facilitate education, training and outreach to families and to those who provide services to families in Hawaii, and
- (6) Facilitate identification, communication, and collaboration of UH family scholars, towards the accomplishment of the above goals.

To accomplish these goals, the Center on the Family would need staff (possibly a director, secretary, three to four scholars), office/laboratory space at UH, and operating funds. Thus, resources will eventually need to be allocated.

The UH's Department of Human Resources, in the College of Tropical Agriculture and Human Resources, is a logical location and focal point for the Center on the Family. This department already has a core faculty and a degree program in family resources. Its instruction, research, and extension education in family life is already proactive and prevention focused. More courses on family life are offered in this degree program than any other program at the university. Family resources instructors and researchers work closely with cooperative extension specialists to provide educational programs and resources for the strengthening of family life throughout the State. Thus, the Department of Human Resources can provide a firm foundation of support for a Center on the Family.

Your Committee has amended the Resolution to better explain the need for a Center on the Family in the State, and to identify the lack of agency coordination in this area.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 82, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 82, S.D. 1.

Signed by all members of the Committee.

SCRep. 1470 Higher Education on S.C.R. No. 82

The purpose of this concurrent resolution is to urge the Board of Regents to establish a Center on the Family at the University of Hawaii at Manoa (UH).

Families in Hawaii are experiencing stress and difficulties as reflected in statistics on divorce, poverty, "illegitimacy," teen pregnancy, abortion, youth suicide, etc. The following data was obtained from the State of Hawaii, Department of Health, Statistical Report, 1987, 1986, 1985, 1980. (Note: The 1987 Report was published in November 1988.)

- (1) Divorce. Over 4,000 marriages end in divorce in Hawaii per year. Over 50 percent of divorces in Hawaii involve children under 18 years of age. In 1987, there were 4,419 divorces and 16,567 marriages.
- (2) Poverty. Nationwide, 45 percent of single mother families with children have incomes below the poverty line (U.S. Congressional Budget Office, 1986).

And one out of five children in America live in poverty (U.S. Census Bureau, 1987).

- (3) "Illegitimacy." The proportion of births by unmarried parents in Hawaii is increasing. Approximately one of every five live births in Hawaii is to unmarried parents; i.e., is "illegitimate." In 1987, over 21 percent of births were "illegitimate." In some ethnic groups (part-Hawaiian), the rate was as high as 37 percent.
- (4) Teen Pregnancy. Approximately 1,800 teenagers give birth and 1,200 teenagers have abortions per year in Hawaii. In 1987, there were 1,816 births and 1,254 abortions.
- (5) Abortion. For every 100 babies born in Hawaii, approximately 30 abortions are induced. In 1987, there were 319 elective induced abortions per 1,000 live births.
- (6) Youth Suicide. In Hawaii, suicide remains one of the top three causes of death in the age bracket of 15 to 24 years.
- (7) Etc. Family difficulties are also expressed in terms of child neglect and abuse, drug abuse, delinquency, etc.

A Center on the Family is needed at UH to:

- (1) Strengthen Hawaii's families;
- (2) Encourage and facilitate the prevention of an early intervention into family problems;
- (3) Encourage and facilitate research that focuses on families in Hawaii, on their needs and strengths as well as problems;
- (4) Encourage and facilitate the development of educational and training materials and programs to strengthen Hawaii's families;
- (5) Facilitate education, training and outreach to families and to those who provide services to families in Hawaii, and
- (6) Facilitate identification, communication, and collaboration of UH family scholars, towards the accomplishment of the above goals.

To accomplish these goals, the Center on the Family would need staff (possibly a director, secretary, three to four scholars), office/laboratory space at UH, and operating funds. Thus, resources will eventually need to be allocated.

The UH's Department of Human Resources, in the College of Tropical Agriculture and Human Resources, is a logical location and focal point for the Center on the Family. This department already has a core faculty and a degree program in family resources. Its instruction, research, and extension education in family life is already proactive and prevention focused. More courses on family life are offered in this degree program than any other program at the university. Family resources instructors and researchers work closely with cooperative extension specialists to provide educational programs and resources for the strengthening of family life throughout the State. Thus, the Department of Human Resources can provide a firm foundation of support for a Center on the Family.

Your Committee has amended the Concurrent Resolution to better explain the need for a Center on the Family in the State, and to identify the lack of agency coordination in this area.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 82, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 82, S.D. 1.

Signed by all members of the Committee.

SCRep. 1471 Higher Education on S.R. No. 83

The purpose of this resolution is to urge the University of Hawaii to establish a Women's Center at the University of Hawaii Hilo and Manoa Campuses.

Your Committee received testimony conveying the need for eclectic centers designed to meet the needs of women in terms of social support, peer education, culturally compatible counseling, and advocacy. The needs of women students are changing and two issues are becoming increasingly clear: 1) issues of particular concern such as sexual harassment, discrimination on the basis of sex, academic freedom, child care, and factors affecting the influx of non-traditional students at this university have long gone unattended; and 2) women students need a voice in the manner in which the University of Hawaii conducts itself as an institution so that the primary function of this institution as a place of higher learning may become a goal accessible by all U.H. students.

The establishment of a Women's Center would be a significant step toward providing a safer university environment for women as well as an outlet for voicing opinions on issues and decisions that ultimately affect them.

Your Committee is especially concerned with rape on college campuses. In a recent "Date Rape Needs Assessment Survey" conducted, twenty-eight percent of the 113 females in the study acknowledged that they have been victims of either rape or attempted rape. The following table summarizes the percentage of women reporting victimizations by age.

**FEMALES REPORTING RAPES OR ATTEMPTED RAPES
BY AGE AT UNIVERSITY OF HAWAII-MANOA**

Age	Victims
18 year olds	21%
19 year olds	29%
20 year olds	26%
21 year olds	31%
22 year olds	20%
23 year olds	20%

The prevalence of date/acquaintance rape among college aged students at the University of Hawaii, Manoa Campus, is no different from that of mainland colleges. Unduplicated counts suggest that as many as 28% of the females polled have been victims of either rape or attempted rape. Additionally, a significant number of the women had difficulty labeling certain interactions as sexual assaults, even though the interactions met the legal definition of a sexual assault. This suggests an even greater problem than the statistics suggest.

Your Committee finds that a Women's Center would be a positive response to the number of rapes among students, and would serve to effectively address this sensitive problem in a humane and professional manner. Your Committee further finds that the establishment of Women's Centers at the Hilo and Manoa campuses is a priority issue of the Senate Women's caucus.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 83 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1472 Higher Education on S.C.R. No. 83

The purpose of this concurrent resolution is to urge the University of Hawaii to establish a Women's Center at the University of Hawaii Hilo and Manoa Campuses.

Your Committee received testimony conveying the need for eclectic centers designed to meet the needs of women in terms of social support, peer education, culturally compatible counseling, and advocacy. The needs of women students are changing and two issues are becoming increasingly clear: 1) issues of particular concern such as sexual harassment, discrimination on the basis of sex, academic freedom, child care, and factors affecting the influx of non-traditional students at this university have long gone unattended; and 2) women students need a voice in the manner in which the University of Hawaii conducts itself as an institution so that the primary function of this institution as a place of higher learning may become a goal accessible by all U.H. students.

The establishment of a Women's Center would be a significant step toward providing a safer university environment for women as well as an outlet for voicing opinions on issues and decisions that ultimately affect them.

Your Committee is especially concerned with rape on college campuses. In a recent "Date Rape Needs Assessment Survey" conducted, twenty-eight percent of the 113 females in the study acknowledged that they have been victims of either rape or attempted rape. The following table summarizes the percentage of women reporting victimizations by age.

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Your Committee finds that a Women's Center would be a positive response to the number of rapes among students, and would serve to effectively address this sensitive problem in a humane and professional manner. Your Committee further finds that the establishment of Women's Centers at the Hilo and Manoa campuses is a priority issue of the Senate Women's caucus.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 83 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1473 Higher Education on S.R. No. 84

The purpose of this Senate Resolution is to request that the United States Institute of Peace provide a grant to the University of Hawaii Institute for Peace in the amount of \$300,000 per annum to facilitate its development of peace related programs.

Your Committee received supporting testimony from the University of Hawaii Institute for Peace.

Your Committee finds that the efforts of the University of Hawaii Institute for Peace are beneficial to people of all cultures and that the Institute could play a major role in the promotion of world peace in the Asia-Pacific region.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 84 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1474 Higher Education on S.C.R. No. 86

The purpose of this Senate Concurrent Resolution is to request that the United States Institute of Peace provide a grant to the University of Hawaii Institute for Peace in the amount of \$300,000 per annum to facilitate its development of peace related programs.

Your Committee received supporting testimony from the University of Hawaii Institute for Peace.

Your Committee finds that the efforts of the University of Hawaii Institute for Peace are beneficial to people of all cultures and that the Institute could play a major role in the promotion of world peace in the Asia-Pacific region.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 86 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1475 Higher Education on S.R. No. 86

The purpose of this Senate Resolution is to request the University of Hawaii to assess the current curricula offered by the Office of Community Services and Special Programs and to determine the State's current and future demands of its higher educational system.

Testimony in support of this Resolution, was received from the Chancellor of Community Colleges of the University of Hawaii and the Office of Children and Youth.

Your Committee finds that the recent Hawaii Literacy Assessment, conducted for the Office of Children and Youth, reported that 19 percent of the population of the State of Hawaii as being functionally illiterate. Expanded educational programs are needed in "high risk" communities to address the educational needs of functionally illiterate adults in these communities.

Your Committee also finds that the business community has found a need, especially among small business owners, to have community educational programs available to their employees. Your Committee realizes that students learn best when they can apply their newly acquired knowledge to real life situations and that programs which address an individual's own educational and economic needs provide immediate benefits for the students.

Your Committee further finds that there is an constant need to assess and reevaluate our higher educational system due to society's ever changing vocational requirements. New and innovative ideas must be developed to keep up with this ongoing dilemma.

Your Committee has amended the resolution by adding an additional "BE IT FURTHER RESOLVED" clause after the "BE IT RESOLVED" clause which would clarify the term of "partnerships" used in the preceding clause.

Your Committee has also made a technical, nonsubstantive amendment to the resolution to correctly identify the chief executive of the University of Hawaii at Hilo as the Chancellor.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 86, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 86, S.D. 1.

Signed by all members of the Committee.

SCRep. 1476 Higher Education on S.C.R. No. 88

The purpose of this Senate Concurrent Resolution is to request that the University of Hawaii assess the current curricula offered by the Office of Community Services and Special Programs and to determine the State's current and future demands of its higher educational system.

Testimony in support of this concurrent resolution was received from the Chancellor of Community Colleges of the University of Hawaii and the Office of Children and Youth.

Your Committee finds that the recent Hawaii Literacy Assessment, conducted for the Office of Children and Youth, reported that 19 percent of the population of the State of Hawaii as being functionally illiterate. Expanded educational programs are needed in "high risk" communities to address the educational needs of the functionally illiterate adults of these communities.

Your Committee also finds that the business community has found a need, especially among small business owners, to have community educational programs available to their employees. Your Committee realizes that students learn best when they can apply their newly acquired knowledge to real life situations and that programs which address an individual's own educational and economic needs provide immediate benefits for the students.

Your Committee further finds that there is an constant need to assess and reevaluate our higher educational system due to society's ever changing vocational requirements. New and innovative ideas must be developed to keep up with this ongoing dilemma.

Your Committee has amended the concurrent resolution by adding an additional "BE IT FURTHER RESOLVED" clause after the "BE IT RESOLVED" clause which would clarify the term of "partnerships" used in the preceding clause.

Your Committee has also made a technical, nonsubstantive amendment to the concurrent resolution to correctly identify the chief executive of the University of Hawaii at Hilo as the Chancellor.

Your Committee on Higher 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.

SCRep. 1477 Higher Education on S.R. No. 107

The purpose of this resolution is to request that the University of Hawaii establish the Family Community Leadership (FCL) program as a permanent program within the University's College of Tropical Agriculture and Human Resources.

The FCL program helps strengthen communities by increasing effective participation and involvement of family members in public affairs and the community decision-making process.

Hawaii is one of the original six western states piloting the FCL program since late 1981. The program was funded until 1987 with grant monies provided by the W.K. Kellogg Foundation with in-kind contributions provided by the University of Hawaii's Cooperative Extension Service and the Hawaii Extension Homemakers Council. By making the program permanent, the University can request funds in its base budget for continued operation and support staff for the program.

Your Committee finds that this program has been extremely successful in fostering leadership and communication skills, personal development, and public policy education. The program has proven to be valuable in increasing the awareness and involvement of citizens in the community in analyzing issues and resolving problems that affect the quality of life in our State.

Your Committee amended this resolution by adding language stating that S.R. No. 190, adopted during the 1988 Regular Session, is identical to this resolution, but to date, no action has been taken to make the FCL program permanent.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 107, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 107, S.D. 1.

Signed by all members of the Committee.

SCRep. 1478 Higher Education on S.C.R. No. 111

The purpose of this concurrent resolution is to request that the University of Hawaii establish the Family Community Leadership (FCL) program as a permanent program within the University's College of Tropical Agriculture and Human Resources.

The FCL program helps strengthen communities by increasing effective participation and involvement of family members in public affairs and the community decision-making process.

Hawaii is one of the original six western states piloting the FCL program since late 1981. The program was funded until 1987 with grant monies provided by the W.K. Kellogg Foundation with in-kind contributions provided by the University of Hawaii's Cooperative Extension Service and the Hawaii Extension Homemakers Council. By making the program permanent, the University can request funds in its base budget for continued operation and support staff for the program.

Your Committee finds that this program has been extremely successful in fostering leadership and communication skills, personal development, and public policy education. The program has proven to be valuable in increasing the awareness and involvement of citizens in the community in analyzing issues and resolving problems that affect the quality of life in our State.

Your Committee amended this concurrent resolution by adding language stating that S.C.R. No. 185, adopted during the 1988 Regular Session, is identical to this concurrent resolution, but to date, no action has been taken to make the FCL program permanent.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 111, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 111, S.D. 1.

Signed by all members of the Committee.

SCRep. 1479 Higher Education on S.C.R. No. 123

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to conduct a study on the economic, academic, and other effects which could result from having a separate President for the University of Hawaii at Hilo.

Your Committee received testimony from the Chairperson of the University of Hawaii Board of Regents that it should defer action on this concurrent resolution until a full review of the recommendations set forth in Dr. Boyer's report on the governance of the University of Hawaii is completed.

However, your Committee has read Dr. Boyer's report and believes that the implementation of this concurrent resolution would provide additional information which would aid the Board of Regents in making future decisions regarding governance of the University of Hawaii. Furthermore, the intent of this concurrent resolution is to investigate one of the recommendations made in the report submitted by the Legislative Reference Bureau on "The Establishment of an Independent University of Hawaii at Hilo".

Your Committee has amended this concurrent resolution by adding a "BE IT FURTHER RESOLVED" clause to have the Department of Business and Economic Development assist the Legislature Reference Bureau in the feasibility study by ascertaining the economic effects which would result from having a separate president for the University of Hawaii at Hilo.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 123, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 123, S.D. 1.

Signed by all members of the Committee.

SCRep. 1480 Higher Education on S.C.R. No. 124

The purpose of this concurrent resolution is to request that the University of Hawaii Institute of Marine Biology prepare a plan for the Board of Regents to establish a Marine Research Field Station in Puako, Hawaii.

In addition, this concurrent resolution asks the Board of Regents to react to this plan in a timely manner and the Department of Land and Natural Resources to permit the Marine Research Field Station to be situated on Lot No. 43 on Puako Beach.

Testimony in support of this concurrent resolution was presented by the Director of the Hawaii Institute of Marine Biology, the Chancellor of the University of Hawaii at Hilo, and the Director of the Marine Option Program of the University of Hawaii.

According to testimony, the reefs of Puako are amongst the best developed and diverse in the State, and as a result they have been the subject of several important studies. Because of the remarkable state of the Puako reefs, it has been

suggested that the area be designated a Marine Life Conservation District to protect the reefs for scientific research and for the enjoyment of future generations of Hawaii's residents and visitors.

Upon consideration, your Committee finds that the station could be more effective if it were jointly operated by the University of Hawaii at Hilo and the Hawaii Institute of Marine Biology. Properly designed, the Puako field station could provide a large number of educational opportunities for University of Hawaii students.

Therefore, your Committee has amended the title and body of the concurrent resolution to provide for joint planning and operation of the field station by the Institute of Marine Biology and the University of Hawaii at Hilo. This would assure that undergraduates in marine education, especially those attending the University of Hawaii at Hilo have access to the new facility and its programs.

Your Committee has further amended the concurrent resolution by substituting the word "institutions" for the word "locations" in the first "WHEREAS" clause.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 124, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 124, S.D. 1.

Signed by all members of the Committee.

SCRep. 1481 Higher Education on S.R. No. 120

The purpose of this resolution is to request that the President and Chief Executive Officer of the Pacific International Center for Higher Technology Research (PICHTR) negotiate with the appropriate Federal agencies and prepare a plan and proposal to establish a national ocean resources laboratory in Hawaii.

This resolution would also require PICHTR to submit a report on its findings and recommendations for legislative action before the 1990 Regular Session.

Your Committee received supporting testimony from the Department of Land and Natural Resources (DLNR), the Department of Business and Economic Development (DBED), and PICHTR.

Your Committee finds that the establishment of a national ocean resources laboratory in Hawaii would create a mechanism to assist in attracting greater Federal funding for ocean resource research.

Your Committee further finds that the planning and proposal for the establishment of a national ocean resources laboratory would gain a broader perspective if the DLNR and the DBED were included in the process.

Accordingly, your Committee has amended the resolution to include both DLNR and DBED into the planning of a national ocean resources laboratory. Your Committee has also amended the resolution to specify that PICHTR is to be designated as the lead agency in this project.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 120, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 120, S.D. 1.

Signed by all members of the Committee.

SCRep. 1482 Higher Education on S.C.R. No. 125

The purpose of this concurrent resolution is to request that the President and Chief Executive Officer of the Pacific International Center for Higher Technology Research (PICHTR) negotiate with the appropriate Federal agencies and prepare a plan and proposal to establish a national ocean resources laboratory in Hawaii.

This concurrent resolution would also require PICHTR to submit a report on its findings and recommendations for legislative action before the 1990 Regular Session.

Your Committee received supporting testimony from the Department of Land and Natural Resources (DLNR), the Department of Business and Economic Development (DBED), and PICHTR.

Your Committee finds that the establishment of a national ocean resources laboratory in Hawaii would create a mechanism to assist in attracting greater Federal funding for ocean resource research.

Your Committee further finds that the planning and proposal for the establishment of a national ocean resources laboratory would gain a broader perspective if the DLNR and the DBED were included in the process.

Accordingly, your Committee has amended the concurrent resolution to include both DLNR and DBED into the planning of a national ocean resources laboratory. Your Committee has also amended the concurrent resolution to specify that PICHTR is to be designated as the lead agency in this project.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 125, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 125, S.D. 1.

Signed by all members of the Committee.

SCRep. 1483 Higher Education on S.R. No. 122

The purpose of this resolution is to request that the Board of Regents of the University of Hawaii consider the establishment of a film industry degree program at the University of Hawaii and also to report its findings and recommendations to the Legislature before the Regular Session of 1990.

Your Committee received supporting testimony from the Department of Business and Economic Development, the University of Hawaii, and numerous film industry related groups.

Your Committee finds that the nurturing of a film industry in Hawaii would greatly enhance the State's economic well-being and that the establishment of a film industry degree within the University of Hawaii system would be a logical step towards achieving that goal.

Your Committee further finds that Leeward Community College already offers a certificate in television production and that the University of Hawaii has several courses within its non-credit program that pertain to the film industry. Your Committee is informed that the Governor is in the process of creating a film industry advisory board and encourages the Board of Regents of the University of Hawaii to utilize it as a resource after it is established.

Your Committee has amended this resolution by inserting a "WHEREAS" clause acknowledging the existence of courses already offered by the University of Hawaii system and by adding to the "BE IT RESOLVED" clause that the Board of Regents of the University of Hawaii collaborate with the Department of Business and Economic Development and the Governor's Film and Video Advisory Committee, once it is established.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 122, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 122, S.D. 1.

Signed by all members of the Committee.

SCRep. 1484 Higher Education on S.C.R. No. 127

The purpose of this concurrent resolution is to request that the Board of Regents of the University of Hawaii consider the establishment of a film industry degree program at the University of Hawaii and also to report its findings and recommendations to the Legislature before the Regular Session of 1990.

Your Committee received supporting testimony from the Department of Business and Economic Development, the University of Hawaii, and numerous film industry related groups.

Your Committee finds that the nurturing of a film industry in Hawaii would greatly enhance the State's economic well-being and that the establishment of a film industry degree within the University of Hawaii system would be a logical step towards achieving that goal.

Your Committee further finds that Leeward Community College already offers a certificate in television production and that the University of Hawaii has several courses within its non-credit program that pertain to the film industry. Your Committee is informed that the Governor is in the process of creating a film industry advisory board and encourages the Board of Regents of the University of Hawaii to utilize it as a resource after it is established.

Your Committee has amended this concurrent resolution by inserting a "WHEREAS" clause acknowledging the existence of courses already offered by the University of Hawaii system and by adding to the "BE IT RESOLVED" clause that the Board of Regents of the University of Hawaii collaborate with the Department of Business and Economic Development and the Governor's Film and Video Advisory Committee, once it is established.

Your Committee on Higher Education 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.

SCRep. 1485 Labor and Employment on S.C.R. No. 250

The purpose of this concurrent resolution is to request that the Legislative Auditor study current methods of assessing workers' compensation insurance premiums to determine if there are better, more equitable, methods of assessing those premiums.

Your Committee heard testimony in support of this measure from the National Federation of Independent Business, the Hawaii Business League, and the Hawaii Insurance Rating Bureau, Inc.

Your Committee finds that an analysis of current methods of assessing workers' compensation premiums will enable the State to determine if reforms are needed in this area.

Your Committee on Labor and Employment concurs with the intent and purpose of S.C.R. No. 250 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1486 Labor and Employment on S.R. No. 199

The purpose of this resolution is to request that the Office of Children and Youth conduct a study to determine the feasibility of allowing child care partnership grants between the State and the federal government, the counties, and private, nonprofit organizations.

Your Committee finds that a study of the feasibility of such partnership grants will help the State to respond effectively to the current acute shortage of both private and public child care facilities in the State.

Your Committee on Labor and Employment concurs with the intent and purpose of S.R. No. 199 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1487 Labor and Employment on S.R. No. 221

The purpose of this resolution is to request that the Department of Labor and Industrial Relations compile certain statistical data pertaining to minimum wage earners in Hawaii.

Your Committee finds that a compilation of demographic data such as age, sex, ethnicity, job type, location in the State, and total family income of minimum wage earners will enable the legislature to respond more effectively to concerns about the adequacy or inadequacy of Hawaii's minimum wage.

Your Committee has amended this measure by designating the Legislative Reference Bureau, with assistance from the Department of Labor and Industrial Relations, as the entity responsible for compiling the specified data. Your Committee has also amended this measure by making a nonsubstantive, grammatical change for the purpose of clarity and conformance with recommended drafting style.

Your Committee on Labor and Employment concurs with the intent and purpose of S.R. No. 221, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as S.R. No. 221, S.D. 1.

Signed by all members of the Committee.

SCRep. 1488 Labor and Employment on S.C.R. No. 253

The purpose of this concurrent resolution is to request that the Department of Labor and Industrial Relations compile certain statistical data pertaining to minimum wage earners in Hawaii.

Your Committee finds that a compilation of demographic data such as age, sex, ethnicity, job type, location in the State, and total family income of minimum wage earners will enable the legislature to respond more effectively to concerns about the adequacy or inadequacy of Hawaii's minimum wage.

Your Committee has amended this measure by designating the Legislative Reference Bureau, with assistance from the Department of Labor and Industrial Relations, as the entity responsible for compiling the specified data. Your Committee has also amended this measure by making a nonsubstantive, grammatical change for the purpose of clarity and conformance with recommended drafting style.

Your Committee on Labor and Employment concurs with the intent and purpose of S.C.R. No. 253, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 253, S.D. 1.

Signed by all members of the Committee.

SCRep. 1489 Labor and Employment on S.R. No. 222

The purpose of this resolution is to request that the Governor convene an interim task force to examine recommendations made by the Legislative Reference Bureau in a 1989 study entitled Parental or Family Leave in Hawaii and to propose legislation to implement a statewide family leave policy in Hawaii.

Members of the task force are to be appointed by the Governor and are to include representatives from the Chamber of Commerce of Hawaii, the Department of Labor and Industrial Relations, the Department of Personnel Services, Small Business Hawaii, the Office of Children and Youth, the State Commission on the Status of Women, Working Women of Hawaii, and the University of Hawaii Industrial Relations Center.

Your Committee heard testimony in support of this measure from the Department of Labor and Industrial Relations, the Department of Personnel Services, the Executive Office on Aging, and numerous community groups and finds that the convening of an interim task force will help the formulation of a statewide family leave policy.

Your Committee has amended this resolution to request that members of the task force also include representatives from the Executive Office on Aging, the Governor's Small Business Advisory Committee, Child and Family Service, the Institute for Family Enrichment, and Catholic Social Service.

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

Your Committee on Labor and Employment concurs with the intent and purpose of S.R. No. 222, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 222, S.D. 1.

Signed by all members of the Committee.

SCRep. 1490 Labor and Employment on S.C.R. No. 254

The purpose of this concurrent resolution is to request that the Governor convene an interim task force to examine recommendations made by the Legislative Reference Bureau in a 1989 study entitled Parental or Family Leave in Hawaii and to propose legislation to implement a statewide family leave policy in Hawaii.

Members of the task force are to be appointed by the Governor and are to include representatives from the Chamber of Commerce of Hawaii, the Department of Labor and Industrial Relations, the Department of Personnel Services, Small Business Hawaii, the Office of Children and Youth, the State Commission on the Status of Women, Working Women of Hawaii, and the University of Hawaii Industrial Relations Center.

Your Committee heard testimony in support of this measure from the Department of Labor and Industrial Relations, the Department of Personnel Services, the Executive Office on Aging, and numerous community groups and finds that the convening of an interim task force will help the formulation of a statewide family leave policy.

Your Committee has amended this concurrent resolution to request that members of the task force also include representatives from the Executive Office on Aging, the Governor's Small Business Advisory Committee, Child and Family Service, the Institute for Family Enrichment, and Catholic Social Service.

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

Your Committee on Labor and Employment concurs with the intent and purpose of S.C.R. No. 254, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 254, S.D. 1.

Signed by all members of the Committee.

SCRep. 1491 Labor and Employment on S.R. No. 96

The purpose of this resolution is to request that the Conference of Personnel Directors review and recommend appropriate increases in the compensation of adult corrections officers to the Public Employees Compensation Appeals Board.

Your Committee heard testimony in support of this measure from the Department of Corrections and the United Public Workers and finds that a review and recommendation for increased compensation for adult corrections officers is an appropriate matter to be considered by the Conference of Personnel Directors.

Your Committee on Labor and Employment concurs with the intent and purpose of S.R. No. 96 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1492 Labor and Employment on S.C.R. No. 97

The purpose of this concurrent resolution is to request that the Conference of Personnel Directors review and recommend appropriate increases in the compensation of adult corrections officers to the Public Employees Compensation Appeals Board.

Your Committee heard testimony in support of this measure from the Department of Corrections and the United Public Workers and finds that a review and recommendation for increased compensation for adult corrections officers is an appropriate matter to be considered by the Conference of Personnel Directors.

Your Committee on Labor and Employment concurs with the intent and purpose of S.C.R. No. 97 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1493 Judiciary on S.R. No. 212

The purpose of this resolution is to request that the Judiciary implement the recommendations contained in Legislative Auditor's Report No. 89-5, entitled Management and Financial Audit of the Judiciary of the State of Hawaii, and to report its progress to the 1990 session of the Legislature.

Your Committee received testimony from the Judiciary in general support of this resolution. The adoption of this resolution will help to insure meaningful progress by the Judiciary in addressing the important recommendations contained in the Legislative Auditor's Report.

Upon consideration, your Committee has amended the resolution to conform with the proviso contained in Section 20 of H.B. No. 189, H.D. 2, S.D. 2, which is the Judiciary budget for the coming biennium. This will eliminate the possibility of inconsistent reporting requirements and deadlines. It also involves the Legislative Auditor's office in the process of reviewing the Judiciary's progress on these important improvements. Your Committee believes that the Legislature can benefit from the expertise of the Legislative Auditor in evaluating implementation by the Judiciary of the Auditor's recommendations.

Your Committee on Judiciary is in accord with the intent and purpose of S.R. 212, as amended herein, and recommends its adoption in the form attached hereto as S.R. 212, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1494 Judiciary on S.C.R. No. 240

The purpose of this resolution is to request that the Judiciary implement the recommendations contained in Legislative Auditor's Report No. 89-5, entitled Management and Financial Audit of the Judiciary of the State of Hawaii, and to report its progress to the 1990 session of the Legislature.

Your Committee received testimony from the Judiciary in general support of this resolution. The adoption of this resolution will help to insure meaningful progress by the Judiciary in addressing the important recommendations contained in the Legislative Auditor's Report.

Upon consideration, your Committee has amended the resolution to conform with the proviso contained in Section 20 of H.B. No. 189, H.D. 2, S.D. 2, which is the Judiciary budget for the coming biennium. This will eliminate the possibility of inconsistent reporting requirements and deadlines. It also involves the Legislative Auditor's office in the process of reviewing the Judiciary's progress on these important improvements. Your Committee believes that the Legislature can benefit from the expertise of the Legislative Auditor in evaluating implementation by the Judiciary of the Auditor's recommendations.

Your Committee on Judiciary is in accord with the intent and purpose of S.C.R. 240, as amended, and recommends its adoption in the form attached as S.C.R. 240, S.D.1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1495 Health on S.R. No. 142

The purpose of this concurrent resolution is to request the Department of Health to revise state policies on the services of psychologists in hospitals and health care facilities.

Your Committee heard supporting testimony from the Department of Health, the Hawaii Psychological Association, a psychiatrist, clinical psychologist, and a teacher. The Hawaii Federation of Physicians and Dentists testified that it has concerns with this concurrent resolution and officials at Castle Medical Center testified in opposition. Your Committee finds that there are serious concerns about the possibility that psychologists may be allowed to perform functions for which they are not trained if they are allowed to join the medical staffs of health care facilities. Accordingly, your Committee has amended this concurrent resolution by deleting the first through fourth, and the sixth and seventh, WHEREAS clauses as well as the three BE IT FURTHER RESOLVED clauses. Your Committee further has amended this concurrent resolution by inserting two new WHEREAS clauses and by amending the title by deleting the words "REVIEW" and "PSYCHOLOGISTS" and by substituting "UPDATE" and "NON-MEDICAL PRACTITIONERS," respectively. The effect of the amendments is to focus the study on non-medical practitioners rather than on psychologists. Your Committee finds that such a study will be in the public interest and may help improve the health care the public receives.

Your Committee on Health concurs with the intent and purpose of S.R. No. 142, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 142, S.D. 1.

Signed by all members of the Committee.

SCRep. 1496 Health on S.C.R. No. 149

The purpose of this concurrent resolution is to request the Department of Health to revise state policies on the services of psychologists in hospitals and health care facilities.

Your Committee heard supporting testimony from the Department of Health, the Hawaii Psychological Association, a psychiatrist, clinical psychologist, and a teacher. The Hawaii Federation of Physicians and Dentists testified that it has concerns with this concurrent resolution and officials at Castle Medical Center testified in opposition. Your Committee finds that there are serious concerns about the possibility that psychologists may be allowed to perform functions for which they are not trained if they are allowed to join the medical staffs of health care facilities. Accordingly, your Committee has amended this concurrent resolution by deleting the first through fourth, and the sixth and seventh, WHEREAS clauses as well as the three BE IT FURTHER RESOLVED clauses. Your Committee further has amended this concurrent resolution by inserting two new WHEREAS clauses and by amending the title by deleting the words "REVIEW" and "PSYCHOLOGISTS" and by substituting "UPDATE" and "NON-MEDICAL PRACTITIONERS," respectively. The effect of the amendments is to focus the study on non-medical practitioners rather than on psychologists. Your Committee finds that such a study will be in the public interest and may help improve the health care the public receives.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 149, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 149, S.D. 1.

Signed by all members of the Committee except Senator Reed.

SCRep. 1497 Health on S.R. No. 148

The purpose of this resolution is to request the Department of Health to institute a confidential program, which can be of a research nature, to test the levels of mercury in volunteer subjects who smoke marijuana.

Marijuana smoking is widespread in Hawaii and locally grown marijuana contains significant amounts of mercury which may present a greater health danger than the smoke itself. It would be for the public health and welfare to determine the extent to which marijuana smokers are jeopardizing their health through ingestion of mercury.

Your Committee has amended this resolution by requesting the Department of Health to work in cooperation with the Botany Department at the University of Hawaii, within available funding. Your Committee has also provided for a copy of this resolution to be transmitted to the Dean of the College of Arts and Sciences, University of Hawaii at Manoa.

Your Committee on Health concurs with the intent and purpose of S.R. No. 148, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 148, S.D. 1.

Signed by all members of the Committee.

SCRep. 1498 Health on S.C.R. No. 157

The purpose of this concurrent resolution is to request the Department of Health to institute a confidential program, which can be of a research nature, to test the levels of mercury in volunteer subjects who smoke marijuana.

Marijuana smoking is widespread in Hawaii and locally grown marijuana contains significant amounts of mercury which may present a greater health danger than the smoke itself. It would be for the public health and welfare to determine the extent to which marijuana smokers are jeopardizing their health through ingestion of mercury.

Your Committee has amended this concurrent resolution by requesting the Department of Health to work in cooperation with the Botany Department at the University of Hawaii, within available funding. Your Committee has also provided for a copy of this concurrent resolution to be transmitted to the Dean of the College of Arts and Sciences, University of Hawaii at Manoa.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 157, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 157, S.D. 1.

Signed by all members of the Committee.

SCRep. 1499 Health on S.R. No. 152

The purpose of this resolution is to request that the Department of Health conduct a study of the effects of volcanic fumes on the people, agriculture, and water systems of the island of Hawaii.

Your Committee heard supporting testimony from the Department of Health and finds that there is a great need to act quickly to conduct the study called for by this resolution.

Your Committee on Health concurs with the intent and purpose of S.R. No. 152 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1500 Health on S.C.R. No. 162

The purpose of this concurrent resolution is to request that the Department of Health conduct a study of the effects of volcanic fumes on the people, agriculture, and water systems of the island of Hawaii.

Your Committee heard supporting testimony from the Department of Health and finds that there is a great need to act quickly to conduct the study called for by this concurrent resolution.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 162 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1501 Health on S.R. No. 171

The purpose of this Resolution is to request the Department of Personnel Services to develop a plan to implement recommendations to remedy the shortage of physical, occupational, and recreational therapists employed by the State.

Your Committee heard supporting testimony from the Department of Education, an occupational therapist, a speech therapist, and a physical therapist. In addition, your Committee also heard supporting testimony from the Department of Health, although with cautions that the scope of the plan may depend on factors such as funding, a realistic time frame, and the commitment, cooperation, and collaboration of several public and private agencies. Finally, your Committee heard testimony from the Director of Personnel Services, who assured your Committee that the Department of Personnel Services will continue to work and cooperate fully with the Department of Health to develop a plan to implement past recommendations for reforms addressed by this Resolution.

After due consideration, your Committee finds that this Resolution should be amended to request the Legislative Reference Bureau to assess the feasibility of having health-related therapists working in the Department of Education on work and pay schedules comparable to their direct professional counterparts. Accordingly, your Committee has replaced the title of this Resolution and inserted new material to comport with the new title. Your Committee further has amended this Resolution by deleting the third through fifth "WHEREAS" clauses and the "BE IT RESOLVED" clause, and by making conforming amendments in the second and third "BE IT FURTHER RESOLVED" clauses.

Your Committee on Health concurs with the intent and purpose of S.R. No. 171, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as S.R. No. 171, S.D. 1.

Signed by all members of the Committee except Senator Reed.

SCRep. 1502 Health on S.C.R. No. 190

The purpose of this Concurrent Resolution is to request the Department of Personnel Services to develop a plan to implement recommendations to remedy the shortage of physical, occupational, and recreational therapists employed by the State.

Your Committee heard supporting testimony from the Department of Education, an occupational therapist, a speech therapist, and a physical therapist. In addition, your Committee also heard supporting testimony from the Department of Health, although with cautions that the scope of the plan may depend on factors such as funding, a realistic time frame, and the commitment, cooperation, and collaboration of several public and private agencies. Finally, your Committee heard testimony from the Director of Personnel Services, who assured your Committee that the Department of Personnel Services will continue to work and cooperate fully with the Department of Health to develop a plan to implement past recommendations for reforms addressed by this Concurrent Resolution.

After due consideration, your Committee finds that this Concurrent Resolution should be amended to request the Legislative Reference Bureau to assess the feasibility of having health-related therapists working in the Department of Education on work and pay schedules comparable to their direct professional counterparts. Accordingly, your Committee has replaced the title of this Concurrent Resolution and inserted new material to comport with the new title. Your Committee further has amended this Concurrent Resolution by deleting the third through fifth "WHEREAS" clauses and the "BE IT RESOLVED" clause, and by making conforming amendments in the second and third "BE IT FURTHER RESOLVED" clauses.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 190, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 190, S.D. 1.

Signed by all members of the Committee.

SCRep. 1503 Health on S.R. No. 78

The purpose of this resolution is to request the Governor to appoint a committee to study the feasibility of expanding candy striper programs in hospitals to incorporate new activities and the participation of younger students.

Your Committee heard supporting testimony from the Hawaii Nurses' Association and finds that it is imperative that efforts be made to eliminate the shortage of nurses in the hospitals in this State and supports this resolution as a means of reaching that goal.

Your Committee has amended this resolution by substituting the phrase "youth volunteer programs in hospitals" for "candy striper programs" throughout, by adding the Hawaii Nurses Association to the committee which will study the feasibility of expanding such programs, and by making minor language changes which have no substantive effect. The title of the resolution has been amended to reflect the foregoing changes.

Your Committee on Health 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. 1504 Health on S.C.R. No. 77

The purpose of this concurrent resolution is to request the Governor to appoint a committee to study the feasibility of expanding candy striper programs in hospitals to incorporate new activities and the participation of younger students.

Your Committee heard supporting testimony from the Hawaii Nurses' Association and finds that it is imperative that efforts be made to eliminate the shortage of nurses in the hospitals in this State and supports this concurrent resolution as a means of reaching that goal.

Your Committee has amended this concurrent resolution by substituting the phrase "youth volunteer programs in hospitals" for "candy striper programs" throughout, by adding the Hawaii Nurses Association to the committee which will study the feasibility of expanding such programs, and by making minor language changes which have no substantive effect. The title of the concurrent resolution has been amended to reflect the foregoing changes.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 77, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 77, S.D. 1.

Signed by all members of the Committee.

SCRep. 1505 Health on S.R. No. 196

The purpose of this resolution is to develop a transition plan which accommodates the needs and privileges of the resident patient population of Kalaupapa, Molokai.

Your Committee finds that it is important that there be a plan in place for the time when there are no more patients at Kalaupapa. As that time is some distance in the future, your Committee has amended this resolution by changing the date for submission of the plan from twenty days before the convening of the Regular Session of 1990, to twenty days before the convening of the Regular Session of 1991, as was suggested by the Department of Health.

Your Committee on Health concurs with the intent and purpose of S.R. No. 196, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 196, S.D. 1.

Signed by all members of the Committee.

SCRep. 1506 Health on S.C.R. No. 215

The purpose of this concurrent resolution is to develop a transition plan which accommodates the needs and privileges of the resident patient population of Kalaupapa, Molokai.

Your Committee finds that it is important that there be a plan in place for the time when there are no more patients at Kalaupapa. As that time is some distance in the future, your Committee has amended this concurrent resolution by changing the date for submission of the plan from twenty days before the convening of the Regular Session of 1990, to twenty days before the convening of the Regular Session of 1991, as was suggested by the Department of Health.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 215, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 215, S.D. 1.

Signed by all members of the Committee.

SCRep. 1507 Health on S.R. No. 240

The purpose of this resolution is to urge the Department of Land and Natural Resources to negotiate for twenty acres of land adjacent to the existing Honokaa Hospital for use as the site of expanded healthcare service structures.

Testimony in support of this resolution was received from the State Health Planning and Development Agency (SHPDA), Honokaa Hospital, the Department of Land and Natural Resources (DLNR), the Department of Health, and a member of the Board of Directors of the North Hawaii Community Hospital, Inc.

Your Committee received testimony from DLNR requesting that funding be made available before negotiations were initiated. Although your Committee realizes that funding is necessary, it feels that negotiations can begin without funding or by using the funding currently available to DLNR.

Your Committee has amended this resolution by adding that SHPDA be included with DLNR in negotiating for the twenty acre parcel and that a copy of this resolution be transmitted to SHPDA accordingly.

Your Committee on Health concurs with the intent and purpose of S.R. No. 240, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 240, S.D. 1.

Signed by all members of the Committee.

SCRep. 1508 Health on S.C.R. No. 272

The purpose of this concurrent resolution is to urge the Department of Land and Natural Resources to negotiate for twenty acres of land adjacent to the existing Honokaa Hospital for use as the site of expanded healthcare service structures.

Testimony in support of this concurrent resolution was received from the State Health Planning and Development Agency (SHPDA), Honokaa Hospital, the Department of Land and Natural Resources (DLNR), the Department of Health, and a member of the Board of Directors of the North Hawaii Community Hospital, Inc.

Your Committee received testimony from DLNR requesting that funding be made available before negotiations were initiated. Although your Committee realizes that funding is necessary, it feels that negotiations can begin without funding or by using the funding currently available to DLNR.

Your Committee has amended this concurrent resolution by adding that SHPDA be included with DLNR in negotiating for the twenty acre parcel and that a copy of this concurrent resolution be transmitted to SHPDA accordingly.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 272, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 272, S.D. 1.

Signed by all members of the Committee.

SCRep. 1509 Health on S.C.R. No. 137

The purpose of this concurrent resolution is to request the Legislative Auditor to conduct a study on the feasibility of funding a long-term care insurance program by using revenues received from the general excise tax levied on health care services.

The concurrent resolution requires that the study include the following: 1) income to be realized from such earmarking; 2) the cost of blanket or incremental coverage of age groups and benefits; 3) the pitfalls to be avoided in earmarking tax revenues; and 4) safeguards against reduction of benefits by purveyors of health plans.

Currently, the two primary sources of payment for long-term care users are State Medicaid programs and personal funds. Your Committee finds that additional sources of revenue must be found to accommodate the anticipated increases in program costs and a rapidly growing older adult population.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 137 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1510 Consumer Protection and Commerce on H.C.R. No. 52

The purpose of this concurrent resolution is to request Congress to allow regulation of cable television rates and regulation of cable television as a utility.

Congress passed the Cable Communications Policy Act (Cable Act) in 1984, prohibiting regulation of cable television franchise rates except where there is lack of "effective competition." Prior to that, the Department of Commerce and Consumer Affairs regulated rates for basic service under Chapter 440G, Hawaii Revised Statutes. Since deregulation, cable companies have significantly raised their rates, and since the cable industry has the characteristics of a natural monopoly, the "effective competition" concept is not applicable.

This concurrent resolution asks Congress to amend the Cable Act to restore the ability of the various franchising jurisdictions to regulate cable rates as a public utility for the benefit of the consuming public.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and finds that the Federal Communications Commission is required to submit a report on the Cable Act to Congress. Further, the Government Accounting office will be completing a survey of cable rates in the near future. Your Committee believes, as does the Department, that when Congress looks at these studies, and requests from the states such as this concurrent resolution, it will be compelled to amend the Cable Act.

Your Committee has amended this concurrent resolution by clarifying in the sixth "WHEREAS" clause that the significant increase in rates of deregulated cable companies presents compelling evidence that authority to regulate cable rates in all circumstances should be given back to the franchising authorities.

Your Committee has also amended the concurrent resolution by changing the word "appropriation" to "appropriate" in the "BE IT RESOLVED" clause.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of H.C.R. No. 52, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 52, S.D. 1.

Signed by all members of the Committee except Senators Cobb, Ikeda, A. Kobayashi and Tungpalan.

SCRep. 1511 (Joint) Health and Housing and Hawaiian Programs on H.C.R. No. 10

The purpose of this Concurrent Resolution is to request Papa Ola Lokahi, the Native Hawaiian Board of Health, to report to the Legislature its status and the process it will use to acquire non-federal matching funds required by federal law.

Your Committees heard supporting testimony from the Director of Health, Papa Ola Lokahi, and the Hawaii Nurses Association Legislative Committee. Papa Ola Lokahi suggested an amendment to clarify the resolution, and your Committees have adopted it. Your Committees find that the full benefits of federal legislation intended to improve the health care of Native Hawaiians can be had only by obtaining the required matching funds and your Committees support the efforts of Papa Ola Lokahi in this regard.

Your Committees have amended this Concurrent Resolution by deleting the fifth, tenth, eleventh, and twelfth WHEREAS clauses as well as the third paragraph in the BE IT RESOLVED clause. Your Committees also have amended this Concurrent Resolution by modifying the BE IT RESOLVED clause to clarify that the matching funds are required by federal law. The first BE IT FURTHER RESOLVED clause also has been amended to require the report to be provided twenty days prior to the convening of the 1990 regular legislative session. Your Committees have amended this Concurrent Resolution further by making minor language changes which have no substantive effect and by reversing the order of the last two BE IT FURTHER RESOLVED clauses.

Your Committees on Health and Housing and Hawaiian Programs concur with the intent and purpose of H.C.R. No. 10, H.D. 1, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 10, H.D. 1, S.D. 1.

Signed by all members of the Committees except Senator Cobb.

SCRep. 1512 Consumer Protection and Commerce on S.R. No. 28

The purpose of this resolution is to request the Department of Commerce and Consumer Affairs to study and report on the extent to which consumers are experiencing problems related to purchase of used motor vehicles.

The Department would gather information through research, surveys, interviews, and public hearings and submit recommendations, including proposed legislation, prior to the 1990 Regular Session.

The past few years have seen an increase in complaints of fraud and abuse filed by consumers with the Regulated Industries Complaints Office against used car dealers for a wide range of alleged offenses. Since the typical used car

buyer lacks the expertise to evaluate the condition of a vehicle, if incidents of deception are proliferating, it may be appropriate to consider legislative intervention. This resolution would provide the information needed to make an informed decision in this regard.

Your Committee has amended this resolution by clarifying that the Department's efforts are aimed towards determining the extent and types of mechanical defects that are associated with consumer purchases of used cars and requesting the Department to contact other jurisdictions for pertinent information.

Your Committee has also amended this resolution by including the Hawaii Automobile Dealers' Association in the information-gathering.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.R. No. 28, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 28, S.D. 1.

Signed by all members of the Committee except Senators Cobb, Chang, Ikeda, A. Kobayashi and Tungpalan.

SCRep. 1513 Consumer Protection and Commerce on S.C.R. No. 25

The purpose of this concurrent resolution is to request the Department of Commerce and Consumer Affairs to study and report on the extent to which consumers are experiencing problems related to purchase of used motor vehicles.

The Department would gather information through research, surveys, interviews, and public hearings and submit recommendations, including proposed legislation, prior to the 1990 Regular Session.

The past few years have seen an increase in complaints of fraud and abuse filed by consumers with the Regulated Industries Complaints Office against used car dealers for a wide range of alleged offenses. Since the typical used car buyer lacks the expertise to evaluate the condition of a vehicle, if incidents of deception are proliferating, it may be appropriate to consider legislative intervention. This concurrent resolution would provide the information needed to make an informed decision in this regard.

Your Committee has amended this concurrent resolution by clarifying that the Department's efforts are aimed towards determining the extent and types of mechanical defects that are associated with consumer purchases of used cars and requesting the Department to contact other jurisdictions for pertinent information.

Your Committee has also amended this concurrent resolution by including the Hawaii Automobile Dealers' Association in the information-gathering.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.C.R. No. 25, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 25, S.D. 1.

Signed by all members of the Committee except Senators Cobb, Chang, Ikeda, A. Kobayashi and Tungpalan.

SCRep. 1514 Corrections on S.R. No. 154

The purpose of this resolution is to encourage the Department of Corrections to take immediate action to improve processing of inmate grievances and to report on whatever action it takes before the 1990 legislative session.

An effective inmate grievance procedure is an important aid to maintaining inmate morale and security in any correctional facility. This measure seeks to ensure that the grievance procedures available to inmates at all State correctional facilities are responsive to the needs of those inmates by requesting that the Department of Corrections adopt a systemwide approach to those procedures. Among other things, this systemwide approach would include a permanent department grievance counselor, grievance officers at each correctional facility, training for all staff who have contact with inmates, a uniform system for collection of grievance data, and the use of that data for administrative oversight.

Your Committee received testimony in support of this measure from the Department of Corrections, the American Civil Liberties Union of Hawaii, and the John Howard Association of Hawaii and finds that the Department of Corrections should be encouraged in its efforts to improve its existing grievance procedures.

Your Committee has amended this measure by adding a WHEREAS clause that specifically notes that inmates are concerned by the possibility of retaliation for the submission of grievances.

Your Committee on Corrections concurs with the intent and purpose of S.R. No. 154, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 154, S.D. 1.

Signed by all members of the Committee.

SCRep. 1515 Corrections on S.C.R. No. 164

The purpose of this concurrent resolution is to encourage the Department of Corrections to take immediate action to improve processing of inmate grievances and to report on whatever action it takes before the 1990 legislative session.

An effective inmate grievance procedure is an important aid to maintaining inmate morale and security in any correctional facility. This measure seeks to ensure that the grievance procedures available to inmates at all State correctional facilities are responsive to the needs of those inmates by requesting that the Department of Corrections adopt a systemwide approach to those procedures. Among other things, this systemwide approach would include a permanent

department grievance counselor, grievance officers at each correctional facility, training for all staff who have contact with inmates, a uniform system for collection of grievance data, and the use of that data for administrative oversight.

Your Committee received testimony in support of this measure from the Department of Corrections, the American Civil Liberties Union of Hawaii, and the John Howard Association of Hawaii and finds that the Department of Corrections should be encouraged in its efforts to improve its existing grievance procedures.

Your Committee has amended this measure by adding a WHEREAS clause that specifically notes that inmates are concerned by the possibility of retaliation for the submission of grievances.

Your Committee on Corrections concurs with the intent and purpose of S.C.R. No. 164, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 164, S.D. 1.

Signed by all members of the Committee.

SCRep. 1516 Business Development and Pacific Relations on S.R. No. 13

The purpose of this resolution is to request the Department of Business and Economic Development to recommend methods in which the youth of the island of Hawaii can be encouraged to participate in the space industry, particularly in terms of preparation for potential employment.

Your Committee received favorable testimony from the Department of Education which promised to train the youth of the State for all types of space-related jobs.

The Director of Business and Economic Development also supported this resolution, provided that additional funds and staff be made available to the department. Testimony indicated that numerous resources are available to the State of Hawaii, including the proposed space port and the world-famous astronomical observatories on Mauna Kea on the island of Hawaii, Science City on the island of Maui, the Pacific Missile Range Facility and the Koke'e Tracking Station on the island of Kauai, and the University of Hawaii and the U.S. military on the island of Oahu. However, the department noted that training for these activities is traditionally provided by the military, technical schools, community colleges, and on-the-job training.

Your Committee amended this resolution by deleting references to the youth of the island of Hawaii, thereby broadening the scope of this concurrent resolution to include the youth of the State of Hawaii.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 13, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 13, S.D. 1.

Signed by all members of the Committee except Senators Holt and B. Kobayashi.

SCRep. 1517 Business Development and Pacific Relations on S.C.R. No. 278

The purpose of this concurrent resolution is to request the University of Hawaii to undertake studies relating to space-related projects in Hawaii.

Your Committee heard detailed testimony from Edward J. Kormondy, Chancellor of the University of Hawaii at Hilo, to the effect that the University of Hawaii at Hilo is ready, willing, and able to do all necessary studies for the proposed spaceport on the island of Hawaii, including environmental impact studies, feasibility studies, and educational studies. Your Committee finds that having the University of Hawaii at Hilo undertake the necessary studies for space-related projects would be of benefit to the university and to the State.

Your Committee has amended this concurrent resolution by:

1. Amending the first "BE IT FURTHER RESOLVED" clause to indicate that the studies "may" include air quality monitoring, rather than "shall," and by deleting the second item in that clause, relating to contracting for the studies;
2. Deleting the fourth "BE IT FURTHER RESOLVED" clause; and
3. By making minor language 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. 278, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 278, S.D. 1.

Signed by all members of the Committee except Senators Holt and B. Kobayashi.

SCRep. 1518 Business Development and Pacific Relations on S.R. No. 138

The purpose of this resolution is to request the United States Congress to support the enactment of the Global Poverty Reduction Act.

Your Committee finds that this resolution is in accord with the Foreign Assistance Act of 1961 whereby the United States has committed itself to assisting "people in developing countries to eliminate hunger, poverty, illness, and ignorance."

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 138 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and B. Kobayashi.

SCRep. 1519 Business Development and Pacific Relations on S.C.R. No. 145

The purpose of this concurrent resolution is to request the United States Congress to support the enactment of the Global Poverty Reduction Act.

Your Committee finds that this concurrent resolution is in accord with the Foreign Assistance Act of 1961 whereby the United States has committed itself to assisting "people in developing countries to eliminate hunger, poverty, illness, and ignorance."

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.C.R. No. 145 and recommends its adoption.

Signed by all members of the Committee except Senators Holt, B. Kobayashi and Levin.

SCRep. 1520 Business Development and Pacific Relations on S.R. No. 184

The purpose of this resolution is to request that the Department of Business and Economic Development examine the feasibility of developing and establishing a film production center and entertainment park in the Kakaako community development district.

Additionally, this resolution provides that funds earmarked for the development of the film industry should be used to: 1) improve the basic facilities at the temporary Diamond Head site in the interim, and 2) prepare development plans for a film production center and entertainment park in the Kakaako community development district.

Your Committee received testimony in support of this resolution from the Film and Video Council, an industry-wide association representing all sections of the film and video industry in Hawaii. Your Committee also received testimony from the Hawaii Community Development Authority that the development of a film production studio, and a motion picture recording and sound studio, would be an industrial use permitted in the mauka section of the district.

Your Committee has made the following amendments to this resolution:

- 1) Substituting "EVALUATE THE DESIRABILITY" for "INVESTIGATE THE FEASIBILITY" and deleting "IN THE KAKAAKO COMMUNITY DEVELOPMENT DISTRICT" in the title; and making conforming changes in the "BE IT RESOLVED" paragraph and in the last "BE IT FURTHER RESOLVED" paragraph.
- 2) Replacing the word "exploited" in the second "WHEREAS" paragraph with the word "utilized";
- 3) Deleting the words "strong" and "increasing" in the fourth "WHEREAS" paragraph and substituting the words "would likely" with the word "may";
- 4) Deleting the word "aggressively" and the comma after the word "self-supporting" in the seventh "WHEREAS" paragraph and replacing the word "exploit" with the word "utilize" and the word "alternatives" with the word "complements";
- 5) Substituting the phrase "should balance the need for" for "is intended to foster" in the first "BE IT FURTHER RESOLVED" paragraph;
- 6) Amending the second "BE IT FURTHER RESOLVED" paragraph so that it reads "BE IT FURTHER RESOLVED that in the interim, the basic facilities at the temporary Diamond Head site be improved; and";
- 7) Deleting the third "BE IT FURTHER RESOLVED" paragraph in its entirety which provides that moneys from funds earmarked for the development of the film industry be used for the preparation of development plans for a film production center and entertainment park in the Kakaako Community Development District; and
- 8) By making minor language changes which have no substantive effect.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 184, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 184, S.D. 1.

Signed by all members of the Committee except Senators Holt and B. Kobayashi.

SCRep. 1521 Business Development and Pacific Relations on S.C.R. No. 203

The purpose of this concurrent resolution is to request that the Department of Business and Economic Development examine the feasibility of developing and establishing a film production center and entertainment park in the Kakaako community development district.

Additionally, this concurrent resolution provides that funds earmarked for the development of the film industry should be used to: 1) improve the basic facilities at the temporary Diamond Head site in the interim, and 2) prepare development plans for a film production center and entertainment park in the Kakaako community development district.

Your Committee received testimony in support of this concurrent resolution from the Film and Video Council, an industry-wide association representing all sections of the film and video industry in Hawaii. Your Committee also received testimony from the Hawaii Community Development Authority that the development of a film production studio, and a motion picture recording and sound studio, would be an industrial use permitted in the mauka section of the district.

Your Committee has made the following amendments to this concurrent resolution:

- 1) Substituting "EVALUATE THE DESIRABILITY" for "INVESTIGATE THE FEASIBILITY" and deleting "IN THE KAKAAKO COMMUNITY DEVELOPMENT DISTRICT" in the title; and making conforming changes in the "BE IT RESOLVED" paragraph and in the last "BE IT FURTHER RESOLVED" paragraph.
- 2) Replacing the word "exploited" in the second "WHEREAS" paragraph with the word "utilized";
- 3) Deleting the words "strong" and "increasing" in the fourth "WHEREAS" paragraph and substituting the words "would likely" with the word "may";
- 4) Deleting the word "aggressively" and the comma after the word "self-supporting" in the seventh "WHEREAS" paragraph and replacing the word "exploit" with the word "utilize" and the word "alternatives" with the word "complements";
- 5) Substituting the phrase "should balance the need for" for "is intended to foster" in the first "BE IT FURTHER RESOLVED" paragraph;
- 6) Amending the second "BE IT FURTHER RESOLVED" paragraph so that it reads "BE IT FURTHER RESOLVED that in the interim, the basic facilities at the temporary Diamond Head site be improved; and";
- 7) Deleting the third "BE IT FURTHER RESOLVED" paragraph in its entirety which provides that moneys from funds earmarked for the development of the film industry be used for the preparation of development plans for a film production center and entertainment park in the Kakaako Community Development District; and
- 8) By making minor language 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. 203, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 203, S.D. 1.

Signed by all members of the Committee except Senators Holt and B. Kobayashi.

SCRep. 1522 Business Development and Pacific Relations on S.R. No. 192

The purpose of this resolution is to request that the Governor appoint a task force to examine the future economic possibilities available to the Ka'u community.

Presently, the sugar industry in the Ka'u area employs approximately 300 people. The loss of these jobs in light of the economic decline of the sugar industry and the reduction of federal farm subsidy programs would have a devastating economic and social effect on the entire community.

Your Committee finds it prudent at this time to examine possibilities of diversification of the economic base of the area as well as other options available to the community to reduce the damaging effect of any sudden downturn in the sugar industry.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 192 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and B. Kobayashi.

SCRep. 1523 Business Development and Pacific Relations on S.R. No. 34

The purpose of this resolution is to request the Department of Business and Economic Development to conduct a study on: 1) using the State as a base for marketing surveys for American exporters to Pacific rim countries, and 2) utilizing resources in the State to establish Hawaii as a transitional center to train and acclimatize American personnel going to Asian countries.

Your Committee received testimony from the Department of Business and Economic Development in support of this resolution. Testimony indicated that it would be worthwhile to study the potential of making Hawaii a business center for conducting international market surveys and training with international marketing techniques, given the State's unique geographic position and cultural diversity.

Your Committee amended this resolution by making several technical, nonsubstantive amendments to the "BE IT RESOLVED" paragraph on page 2 for purposes of style and clarity.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 34, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 34, S.D. 1.

Signed by all members of the Committee except Senators Holt and B. Kobayashi.

SCRep. 1524 Business Development and Pacific Relations on S.R. No. 186

The purpose of this resolution is to request the Governor to initiate discussions relating to the establishment of a sister-state/province relationship between the State of Hawaii and the Province of Taiwan.

Your Committee heard favorable testimony from several parties and believes that it would be appropriate to look further into establishing a sister-state/province relationship with the Province of Taiwan.

Your Committee finds that this sister-state/province relationship can only lead to expand and enhance our future role as a Pacific center of international trade and mediation.

Your Committee has amended this resolution by correcting the date in the "BE IT RESOLVED" clause.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 186, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 186, S.D. 1.

Signed by all members of the Committee except Senators Holt and B. Kobayashi.

SCRep. 1525 Business Development and Pacific Relations on S.R. No. 217

The purpose of this resolution is to have the Association of Pacific Island Legislatures admit Hawaii as a member.

After due consideration, your Committee finds that the State should endeavor to strengthen ties with our Pacific neighbors by seeking to gain admittance to the Association of Pacific Island Legislatures.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 217 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and B. Kobayashi.

SCRep. 1526 Business Development and Pacific Relations on S.R. No. 246

The purpose of this resolution is to request the University of Hawaii to undertake studies relating to space-related projects in Hawaii.

Your Committee heard detailed testimony from Edward J. Kormondy, Chancellor of the University of Hawaii at Hilo, to the effect that the University of Hawaii at Hilo is ready, willing, and able to do all necessary studies for the proposed spaceport on the island of Hawaii, including environmental impact studies, feasibility studies, and educational studies. Your Committee finds that having the University of Hawaii at Hilo undertake the necessary studies for space-related projects would be of benefit to the university and to the State.

Your Committee has amended this resolution by:

1. Amending the first "BE IT FURTHER RESOLVED" clause to indicate that the studies "may" include air quality monitoring, rather than "shall," and by deleting the second item in that clause, relating to contracting for the studies;
2. Deleting the fourth "BE IT FURTHER RESOLVED" clause; and
3. By making minor language changes which have no substantive effect.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 246, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 246, S.D. 1.

Signed by all members of the Committee except Senators Holt and B. Kobayashi.

SCRep. 1527 Business Development and Pacific Relations on S.C.R. No. 9

The purpose of this concurrent resolution is to request the Department of Business and Economic Development to recommend methods in which the youth of the island of Hawaii can be encouraged to participate in the space industry, particularly in terms of preparation for potential employment.

Your Committee received favorable testimony from the Department of Education which promised to train the youth of the State for all types of space-related jobs.

The Director of Business and Economic Development also supported this concurrent resolution, provided that additional funds and staff be made available to the department. Testimony indicated that numerous resources are available to the State of Hawaii, including the proposed space port and the world-famous astronomical observatories on Mauna Kea on the island of Hawaii, Science City on the island of Maui, the Pacific Missile Range Facility and the Koke'e Tracking Station on the island of Kauai, and the University of Hawaii and the U.S. military on the island of Oahu. However, the department noted that training for these activities is traditionally provided by the military, technical schools, community colleges, and on-the-job training.

Your Committee amended this concurrent resolution by deleting references to the youth of the island of Hawaii, thereby broadening the scope of this concurrent resolution to include the youth of the State of Hawaii.

Your Committee on Business Development and Pacific Relations concurs 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 except Senators Holt and B. Kobayashi.

SCRep. 1528 Consumer Protection and Commerce on S.C.R. No. 85

The purpose of this concurrent resolution is to request a study to determine whether the prosecutorial functions of the Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs should be separated from the adjudicatory functions.

Your Committee has amended the concurrent resolution to:

- (1) Amend the title to read: "SENATE CONCURRENT RESOLUTION REQUESTING A STUDY OF THE PLACEMENT OF ATTORNEYS IN VARIOUS STATE AGENCIES.";
- (2) Request the Office of State Planning (OSP), rather than the Legislative Auditor, conduct the study;
- (3) Request that the OSP study and determine whether the current placement of attorneys in departments other than the Department of the Attorney General is efficient and appropriate;
- (4) Request that the study specifically consider whether enforcement functions are adequately separated from adjudicatory functions; and
- (5) Urge that all departments, commissions, bureaus, agencies, and entities having the power to employ attorneys to extend full cooperation to the OSP during the course of the study.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.C.R. No. 85, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 85, S.D. 1.

Signed by all members of the Committee except Senators Cobb, Chang, Ikeda, A. Kobayashi and Tungpalan.

SCRep. 1529 Housing and Hawaiian Programs on S.R. No. 137

The purpose of this resolution is to request that the Housing Finance and Development Corporation set aside at least ten percent of all future single family housing developments that it sponsors for self-help construction programs, with preference to those programs that assist families earning below eighty percent of the median income.

The resolution would also require the Housing Finance and Development Corporation submit a report to the Legislature before the 1990 Regular Session on its progress in assigning lands to self-help construction programs.

Testimony received by your Committee was in general support of the resolution. The Housing Finance and Development Corporation, which supports the concept of self-help housing, had serious reservations regarding the resolution as drafted, specifically the second "WHEREAS" clause and the first "BE IT FURTHER RESOLVED" clause.

Your Committee finds that the concerns posed by the Housing Finance and Development Corporation to be valid and amended the resolution accordingly by deleting the second "WHEREAS" clause and the first "BE IT FURTHER RESOLVED" clause. Your Committee further amended the resolution by deleting "by recent" in line 4 of the fourth "WHEREAS" clause and substituting therefor "recently by government subsidized" and by adding "whenever feasible" to line 4 of the "BE IT RESOLVED" clause after the word "requested."

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of S.R. No. 137, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 137, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1530 Housing and Hawaiian Programs on S.C.R. No. 144

The purpose of this concurrent resolution is to request that the Housing Finance and Development Corporation set aside at least ten percent of all future single family housing developments that it sponsors for self-help construction programs, with preference to those programs that assist families earning below eighty percent of the median income.

The concurrent resolution would also require the Housing Finance and Development Corporation submit a report to the Legislature before the 1990 Regular Session on its progress in assigning lands to self-help construction programs.

Testimony received by your Committee was in general support of the concurrent resolution. The Housing Finance and Development Corporation, which supports the concept of self-help housing, had serious reservations regarding the concurrent resolution as drafted, specifically the second "WHEREAS" clause and the first "BE IT FURTHER RESOLVED" clause.

Your Committee finds that the concerns posed by the Housing Finance and Development Corporation to be valid and amended the concurrent resolution accordingly by deleting the second "WHEREAS" clause and the first "BE IT FURTHER RESOLVED" clause. Your Committee further amended the concurrent resolution by deleting "by recent" in line 4 of the fourth "WHEREAS" clause and substituting therefor "recently by government subsidized" and by adding "whenever feasible" to line 4 of the "BE IT RESOLVED" clause after the word "requested."

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of S.C.R. No. 144, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 144, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1531 Housing and Hawaiian Programs on S.R. No. 174

The purpose of this resolution is to express the opposition of the Legislature to the federal Housing and Urban Development (HUD) ruling that whenever the federally-determined prevailing wage for employees on public housing projects is lower than the prevailing state wage for the same work, the lower federal wage will be paid.

Additionally, HUD is urged to reconsider the effect of this final ruling.

Hawaii's prevailing hourly wages are as much as \$3.50 higher than federal rates for some equipment operators, and the pay for other occupations is also adversely affected by the HUD ruling. Because of this, many of Hawaii's more experienced and skilled workers may not want to accept employment in public housing projects. Thus, it appears that the HUD ruling is contrary to the public interest and merits reconsideration.

Your Committee has amended this resolution by making nonsubstantive technical changes for the purposes of clarity and style.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of S.R. No. 174, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 174, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1532 Housing and Hawaiian Programs on S.C.R. No. 193

The purpose of this concurrent resolution is to express the opposition of the Legislature to the federal Housing and Urban Development (HUD) ruling that whenever the federally-determined prevailing wage for employees on public housing projects is lower than the prevailing state wage for the same work, the lower federal wage will be paid.

Additionally, HUD is urged to reconsider the effect of this final ruling.

Hawaii's prevailing hourly wages are as much as \$3.50 higher than federal rates for some equipment operators, and the pay for other occupations is also adversely affected by the HUD ruling. Because of this, many of Hawaii's more experienced and skilled workers may not want to accept employment in public housing projects. Thus, it appears that the HUD ruling is contrary to the public interest and merits reconsideration.

Your Committee has amended this concurrent resolution by clarifying that it is a concurrent resolution and by making other nonsubstantive technical changes for the purposes of clarity and style.

Your Committee on Housing and Hawaiian Programs 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 except Senator Cobb.

SCRep. 1533 Housing and Hawaiian Programs on S.R. No. 102

The purpose of this resolution is to request the United States Congress to establish a native Hawaiian Rehabilitation Guarantee Loan Fund.

The loan fund would be for \$100 million per year for ten years. The fund would help to reduce the costs of improving potential Hawaiian home land homesites by developing infrastructural components such as roads and water, electricity and drainage systems.

Your Committee heard testimony in support of this resolution from the Chairperson of the Hawaiian Homes Commission and the Administrator of the Office of Hawaiian Affairs.

Your Committee has amended the resolution to include the United States Secretary of the Interior and the United States Secretary of Housing and Urban Development as recipients of certified copies of this resolution.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of S.R. No. 102, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 102, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1534 Housing and Hawaiian Programs on S.C.R. No. 105

The purpose of this concurrent resolution is to request the United States Congress to establish a native Hawaiian Rehabilitation Guarantee Loan Fund.

The loan fund would be for \$100 million per year for ten years. The fund would help to reduce the costs of improving potential Hawaiian home land homesites by developing infrastructural components such as roads and water, electricity and drainage systems.

Your Committee heard testimony in support of this concurrent resolution from the Chairperson of the Hawaiian Homes Commission and the Administrator of the Office of Hawaiian Affairs.

Your Committee has amended the concurrent resolution to include the United States Secretary of the Interior and the United States Secretary of Housing and Urban Development as recipients of certified copies of this concurrent resolution.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of S.C.R. No. 105, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 105, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1535 Housing and Hawaiian Programs on S.R. No. 99

The purpose of this resolution is to assess alternative methods to deliver services to native Hawaiians.

Presently, the Department of Hawaiian Home Lands has a wide range of responsibilities including: land and water resource management; beneficiary entitlements; awarding of land; land development; financing; and community relations. Alternative methods to deliver services to native Hawaiians, including the possible creation of a public corporation, are viewed as ways to deliver services on an expanded and accelerated level. This resolution requests that the Department review and assess the feasibility of expanding and accelerating the types and level of services available to native Hawaiians and report its findings and recommendations to the Legislature twenty days prior to the Regular Session of 1990.

Your Committee received testimony in support of this resolution from the Department of Hawaiian Home Lands. The Department states that steps are being taken at this time to address major issues and problems such as financing infrastructure design and construction, and home-building for the homesteading program. The resolution provides an opportunity to present comprehensive information on beneficiary and program issues and problems, current steps being taken, alternative ways to address these needs, and actions that could be taken within the context of the Hawaiian Homes Commission Act and the responsibilities of the Hawaiian Homes Commission.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of S.R. No. 99 and recommends its adoption.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1536 Housing and Hawaiian Programs on S.C.R. No. 102

The purpose of this concurrent resolution is to assess alternative methods to deliver services to native Hawaiians.

Presently, the Department of Hawaiian Home Lands has a wide range of responsibilities including: land and water resource management; beneficiary entitlements; awarding of land; land development; financing; and community relations. Alternative methods to deliver services to native Hawaiians, including the possible creation of a public corporation, are viewed as ways to deliver services on an expanded and accelerated level. This concurrent resolution requests that the Department review and assess the feasibility of expanding and accelerating the types and level of services available to native Hawaiians and report its findings and recommendations to the Legislature twenty days prior to the Regular Session of 1990.

Your Committee received testimony in support of this concurrent resolution from the Department of Hawaiian Home Lands. The Department states that steps are being taken at this time to address major issues and problems such as financing infrastructure design and construction, and home-building for the homesteading program. The concurrent resolution provides an opportunity to present comprehensive information on beneficiary and program issues and problems, current steps being taken, alternative ways to address these needs, and actions that could be taken within the context of the Hawaiian Homes Commission Act and the responsibilities of the Hawaiian Homes Commission.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of S.C.R. No. 102 and recommends its adoption.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1537 Housing and Hawaiian Programs on S.C.R. No. 180

The purpose of this concurrent resolution is to request a complete assessment of the legal disposition and possible uses of Kalawahine, Oahu.

Kalawahine is a tract of land near Makiki, below Mt. Tantalus. As a result of over fifty years of multi-level government proposals to best utilize this area, the disposition of Kalawahine has been one of uncertainty and confusion.

Kalawahine was first designated as Hawaiian home lands by an Act of Congress (Public Law No. 277, 48 Stat. 777, Chapter 290.) on May 16, 1934. The law stipulated however, that the residents at that time were to be given the first option to lease the land.

On July 9, 1952, Congress passed another law, (Public Law No. 481, 666 Stat. 511) to return Kalawahine to the Territory in exchange for two equivalent parcels of land. The intent of the law was to assist Honolulu in utilizing Kalawahine as a water resource. The law provided that the families residing at Kalawahine who had been granted the

right to Hawaiian home leases pursuant to the earlier Act of 1934 would be resettled on the newly acquired parcels or other similar lands under the control of the Hawaiian Homes Commission.

Currently, there are four families residing in Kalawahine who claim they are direct descendants to beneficiaries of the law passed by Congress in 1934.

This concurrent resolution proposes to finalize the disposition of Kalawahine by first determining through the Attorney General, the Department of Land and Natural Resources (DLNR), and the Department of Hawaiian Home Lands (DHHL), the legal status of the residing families or anyone else that may claim rights or privileges to the land.

Second, by requesting the DLNR to evaluate whether the land should be retained for forest or water reserve zones. Third, by requesting the Board of Water Supply to assess their needs in relation to Kalawahine. Fourth, by requesting DHHL to assess the feasibility of developing Kalawahine and related lands (exchange lands that were the subject of a Congressional Act in 1952) for leasehold purposes.

Your Committee is confident that the results of this concurrent resolution will provide the Legislature with essential information to effectively deal with Kalawahine.

Your Committee has amended the concurrent resolution by inserting five "WHEREAS" clauses to better explain the role of the Board of Water Supply in the history of Kalawahine, and the plight of the four families now residing on the land. Your Committee has also added two "BE IT FURTHER RESOLVED" clauses to request an amicable resolution for the four families, and to designate the DLNR as the lead agency for the purposes of this concurrent resolution. Your Committee has also amended the concurrent resolution by making technical corrections on names and geographical locations mentioned therein.

Your Committee on Housing and Hawaiian Programs 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 Cobb.

SCRep. 1538 Transportation on S.R. No. 136

The purpose of this resolution is to request the Airport Division of the Department of Transportation to ascertain how best to impose and enforce rules of conduct requiring all airport workers to project the Aloha spirit and maintain proper decorum while on duty.

Your Committee received testimony from the Department of Transportation in support of the intent of the resolution. However, the Department recommended against the use of rules and regulations to mandate projecting the Aloha spirit.

Your Committee finds that the Aloha spirit is one of the State's most valuable intangible assets and accordingly, should be exemplified and personified by all airport personnel.

Your Committee has amended the resolution by revising the fifth clause to read, "WHEREAS, while the new Aloha Friday program is a step in the right direction, it would be even more effective if all airport personnel were required to follow a code of conduct and decorum at all times while present in the airport terminal area;..."

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 136, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 136, S.D. 1.

Signed by all members of the Committee except Senators Chang and Ikeda.

SCRep. 1539 Transportation on S.C.R. No. 143

The purpose of this resolution is to request the Airport Division of the Department of Transportation to ascertain how best to impose and enforce rules of conduct requiring all airport workers to project the Aloha spirit and maintain proper decorum while on duty.

Your Committee received testimony from the Department of Transportation in support of the intent of the resolution. However, the Department recommended against the use of rules and regulations to mandate projecting the Aloha spirit.

Your Committee finds that the Aloha spirit is one of the State's most valuable intangible assets and accordingly, should be exemplified and personified by all airport personnel.

Your Committee has amended the resolution by revising the fifth clause to read, "WHEREAS, while the new Aloha Friday program is a step in the right direction, it would be even more effective if all airport personnel were required to follow a code of conduct and decorum at all times while present in the airport terminal area;..."

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 143, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 143, S.D. 1.

Signed by all members of the Committee except Senators Chang and Ikeda.

SCRep. 1540 Transportation on S.R. No. 169

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.

Upon consideration your Committee finds that requiring daily nonsmoking flights between Hawaii and the mainland will unduly restrict the flight options of travelers who smoke and may have a severe negative economic impact upon the airlines required to provide such flights.

Your Committee has amended this resolution and its title to request that all airlines providing service to and from Hawaii keep all air packs in operation during the entire flight to or from Hawaii and other destinations. While perhaps not as desirable to the nonsmoker as a smoke-free flight, keeping all air packs in operation will at least ensure that the dangers and inconveniences caused by secondary smoke will be minimized.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 169, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 169, S.D. 1.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1541 Transportation on S.C.R. No. 182

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.

Upon consideration your Committee finds that requiring daily nonsmoking flights between Hawaii and the mainland will unduly restrict the flight options of travelers who smoke and may have a severe negative economic impact upon the airlines required to provide such flights.

Your Committee has amended this concurrent resolution and its title to request that all airlines providing service to and from Hawaii keep all air packs in operation during the entire flight to or from Hawaii and other destinations. While perhaps not as desirable to the nonsmoker as a smoke-free flight, keeping all air packs in operation will at least ensure that the dangers and inconveniences caused by secondary smoke will be minimized.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 182, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 182, S.D. 1.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1542 Human Services on S.C.R. No. 224

The purpose of this Concurrent Resolution is to request a study in order to identify the cause or causes underlying the social worker shortage. The study to be undertaken by the Office of Legislative Auditor shall include, but not be limited to, the range of pay scales among the different levels of social workers and among the various departments; the procedures and practices for the hiring of social workers; the causes and effects on both social workers and client of staff burnout; the causes and effect of low or deteriorating personnel morale; and recommendations on improvement and alleviation of the current shortage of social workers and the identified problems within the work situation.

Your Committee heard supporting testimony from the Judiciary, the Department of Health, the Department of Education, the Department of Human Services, the National Association of Social Workers - Hawaii Chapter, the Ad Hoc Social Work Steering Committee, and others representing the social work profession.

Your Committee has amended this Concurrent Resolution by requesting that the study include: (1) an examination of other states' personnel practices and systems regarding social workers in order to draw comparisons and to make recommendations, and (2) information gathered by state agency line workers and local community social agencies concerning their field experiences.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 224, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 224, S.D. 1.

Signed by all members of the Committee except Senators Cobb and Koki.

SCRep. 1543 Human Services on S.R. No. 182

The purpose of this resolution is to request that the Waianae Coast Coalition for Human Services continue the work directed by House Concurrent Resolution No. 183, H.D. 1, Regular Session of 1988, through the existing task force, including:

- (1) Working through the task force to develop a comprehensive plan of integrated services for the Waianae coast addressing short-term as well as long-term needs;
- (2) Serving as the principal community-based planning organization providing health and human services by private, nonprofit agencies whose programs are wholly or partially supported by state purchase of services or grants-in-aid;
- (3) Developing and implementing a process to make recommendations on:
 - (A) The assessment of facility needs of existing agencies;
 - (B) The identification of service priorities with respect to the level and quality of services, with relative weight given to each priority established;

- (C) The establishment of an improved system of communication and direct interface between the membership of the WCCHS and the state departments providing support to the members in the planning process; and
 - (D) The development of a data base for planning purposes, including, but not limited to, identifying existing resources, caseload volume by number of encounters, client backlog on waiting lists, funding sources, levels of funding, gaps in services, and services duplications or overlap; and
- (4) Implementing a budget planning process, in cooperation with the relevant state agencies, to formulate proposed budgets in preparation for further fiscal biennial state budgets, to include a listing of purchases of service, grants, subsidies, departmental programs, their proposed levels of funding, and their purposes.

Your Committee received supporting testimony from the Department of Education which stressed the need for "the identification of service priorities with respect to level and quality of services...."

Your Committee on Human Services concurs with the intent and purpose of S.R. No. 182 and recommends its adoption.

Signed by all members of the Committee except Senators Cobb and Koki.

SCRep. 1544 Human Services on S.C.R. No. 201

The purpose of this concurrent resolution is to request that the Waianae Coast Coalition for Human Services continue the work directed by House Concurrent Resolution No. 183, H.D. 1, Regular Session of 1988, through the existing task force, including:

- (1) Working through the task force to develop a comprehensive plan of integrated services for the Waianae coast addressing short-term as well as long-term needs;
- (2) Serving as the principal community-based planning organization providing health and human services by private, nonprofit agencies whose programs are wholly or partially supported by state purchase of services or grants-in-aid;
- (3) Developing and implementing a process to make recommendations on:
 - (A) The assessment of facility needs of existing agencies;
 - (B) The identification of service priorities with respect to the level and quality of services, with relative weight given to each priority established;
 - (C) The establishment of an improved system of communication and direct interface between the membership of the WCCHS and the state departments providing support to the members in the planning process; and
 - (D) The development of a data base for planning purposes, including, but not limited to, identifying existing resources, caseload volume by number of encounters, client backlog on waiting lists, funding sources, levels of funding, gaps in services, and services duplications or overlap; and
- (4) Implementing a budget planning process, in cooperation with the relevant state agencies, to formulate proposed budgets in preparation for further fiscal biennial state budgets, to include a listing of purchases of service, grants, subsidies, departmental programs, their proposed levels of funding, and their purposes.

Your Committee received supporting testimony from the Department of Education which stressed the need for "the identification of service priorities with respect to level and quality of services...."

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 201 and recommends its adoption.

Signed by all members of the Committee except Senators Cobb and Koki.

SCRep. 1545 Human Services on S.R. No. 229

The purpose of this Resolution is to request the Department of Land and Natural Resources to lease the parcel of land adjacent to Waimanalo Elementary School, (Tax Map Key: 4-1-09:12) to Seagull Schools, Inc. for a period of 30 years for one dollar per year.

Testimony was received from the Department of Land and Natural Resources to the effect that the site at issue has been designated for a state-owned and -operated low-rent public housing project. The department indicated its commitment to the Hawaii Housing Authority and its concern about the attendant lapse of federal funds should the housing project development not be finalized.

Your Committee heard supporting testimony from Charles Larson, Director, Seagull Schools, Inc., which had applied for this lease consideration in 1988. It was not clear from the testimony whether the Department of Land and Natural Resources had considered alternate locations for the housing development.

Your Committee on Human Services concurs with the intent and purpose of this Resolution, and, consistent with the public interest in providing suitable full-time day care facilities for children in low-income areas as well as low-income

housing for its citizens, finds that this Concurrent Resolution should be amended in the second "WHEREAS" clause by inserting "full-time" before the phrase "child care center," for clarity.

Your Committee further has amended this Resolution by inserting in the first "BE IT RESOLVED" clause the phrase "by the Senate of the Fifteenth Legislature of the State of Hawaii, Regular Session of 1989," and the phrase "or other suitable site," following the parentheses, and by clarifying the rental terms. Your Committee also has amended this Resolution by making minor language and technical changes which have no substantive effect.

Your Committee on Human Services concurs with the intent and purpose of S.R. No. 229, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 229, S.D. 1.

Signed by all members of the Committee except Senators Cobb and Koki.

SCRep. 1546 Human Services on S.C.R. No. 259

The purpose of this Concurrent Resolution is to request the Department of Land and Natural Resources to lease the parcel of land adjacent to Waimanalo Elementary School, (Tax Map Key: 4-1-09:12) to Seagull Schools, Inc. for a period of 30 years for one dollar per year.

Testimony was received from the Department of Land and Natural Resources to the effect that the site at issue has been designated for a state-owned and -operated low-rent public housing project. The department indicated its commitment to the Hawaii Housing Authority and its concern about the attendant lapse of federal funds should the housing project development not be finalized.

Your Committee heard supporting testimony from Charles Larson, Director, Seagull Schools, Inc., which had applied for this lease consideration in 1988. It was not clear from the testimony whether the Department of Land and Natural Resources had considered alternate locations for the housing development.

Your Committee on Human Services concurs with the intent and purpose of this Concurrent Resolution, and, consistent with the public interest in providing suitable full-time day care facilities for children in low-income areas as well as low-income housing for its citizens, finds that this Concurrent Resolution should be amended in the second "WHEREAS" clause by inserting "full-time" before the phrase "child care center," for clarity.

Your Committee further has amended this Concurrent Resolution by inserting in the first "BE IT RESOLVED" clause the phrase "by the Senate of the Fifteenth Legislature of the State of Hawaii, Regular Session of 1989, the House of Representatives concurring," and the phrase "or other suitable site," following the parentheses, and by clarifying the rental terms. Your Committee also has amended this Concurrent Resolution by making minor language and technical changes which have no substantive effect.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 259, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 259, S.D. 1.

Signed by all members of the Committee except Senators Cobb and Koki.

SCRep. 1547 Human Services on S.R. No. 228

The purpose of this resolution is to encourage the various counties to establish afterschool childcare programs which incorporate safety, homework assistance, behavior management, and academic skills.

The resolution suggests that the counties use state appropriated funds to utilize senior citizens and University of Hawaii student interns in afterschool programs, and that such programs should allow for community input, comply with licensing standards, provide annual reports, take advantage of state training programs, and include evaluation components.

Supporting testimony was received from the City & County of Honolulu's Department of Human Resources.

Your Committee finds that innovative solutions and affirmative actions are necessary at every level of government as well as the private sector to resolve the problem of lack of adequate afterschool child care.

Your Committee has amended this resolution by making nonsubstantive technical changes for the purposes of clarity and style.

Your Committee on Human Services 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 Cobb and Koki.

SCRep. 1548 Human Services on S.C.R. No. 258

The purpose of this concurrent resolution is to encourage the various counties to establish afterschool childcare programs which incorporate safety, homework assistance, behavior management, and academic skills.

The concurrent resolution suggests that the counties use state appropriated funds to utilize senior citizens and University of Hawaii student interns in afterschool programs, and that such programs should allow for community input, comply with licensing standards, provide annual reports, take advantage of state training programs, and include evaluation components.

Supporting testimony was received from the City & County of Honolulu's Department of Human Resources.

Your Committee finds that innovative solutions and affirmative actions are necessary at every level of government as well as the private sector to resolve the problem of lack of adequate afterschool child care.

Your Committee has amended this concurrent resolution by making nonsubstantive technical changes for the purposes of clarity and style.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 258, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 258, S.D. 1.

Signed by all members of the Committee except Senators Cobb and Koki.

SCRep. 1549 Human Services on S.R. No. 127

The purpose of this resolution is to request the Department of Human Services, with the cooperation of the Department of Health, to identify models of multi-disciplinary crisis intervention teams for the prevention and treatment of child abuse and neglect in other states that are culturally appropriate for Hawaii.

The issue of confidentiality of perpetrators and victims versus the need for widespread services and accountability of public expenditures would be specifically addressed, and the Kempe National Center for Prevention and Treatment of Child Abuse and Neglect would be consulted.

Your Committee finds that protection of children and prevention of abuse and neglect are compelling public issues. This resolution would illuminate some of the more crucial aspects of the problem and possibly present solutions appropriate to Hawaiian society.

Upon further consideration, your Committee finds that the Department of Health should be the lead agency in this study. This resolution has been amended accordingly.

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 Senators Cobb and Koki.

SCRep. 1550 Human Services on S.C.R. No. 133

The purpose of this concurrent resolution is to request the Department of Human Services, with the cooperation of the Department of Health, to identify models of multi-disciplinary crisis intervention teams for the prevention and treatment of child abuse and neglect in other states that are culturally appropriate for Hawaii.

The issue of confidentiality of perpetrators and victims versus the need for widespread services and accountability of public expenditures would be specifically addressed, and the Kempe National Center for Prevention and Treatment of Child Abuse and Neglect would be consulted.

Your Committee finds that protection of children and prevention of abuse and neglect are compelling public issues. This concurrent resolution would illuminate some of the more crucial aspects of the problem and possibly present solutions appropriate to Hawaiian society.

Upon further consideration, your Committee finds that the Department of Health should be the lead agency in this study. This concurrent resolution has been amended accordingly.

Your Committee on Human Services 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 except Senators Cobb and Koki.

SCRep. 1551 Higher Education on S.R. No. 51

The purpose of this resolution is to request the National Collegiate Athletic Association (NCAA), the governing body for intercollegiate athletics in the United States, to repeal its Proposition 42 and to assess whether Proposition 48 is consistent with the goals of higher education.

Proposition 48, which took effect in 1986, placed restrictions on financial aid to freshmen student athletes. It required them to meet a minimum grade point average in college preparatory subjects and minimum scores on the Scholastic Aptitude Test or the examination of the American College Testing Program. Since its enactment, Proposition 48 has been criticized as being discriminatory against underprivileged and underachieving minorities because of its emphasis on culturally biased standardized tests.

The wisdom of Proposition 48 was questionable, but it did allow some freshmen athletes meeting certain requirements to receive financial aid although they were prohibited from competing or practicing with their teams.

In January, 1989, the NCAA closed the doors entirely. It adopted Proposition 42 which prohibits any financial aid to entering freshmen who do not meet all of the requirements of Proposition 48. Under Proposition 42, successful student athletes like Tee Williams, the University of Hawaii's two-time All-American in volleyball and Player of the Year in

1987, would not have been able to receive financial aid as freshmen and would probably not have been able to pursue college careers.

A public hearing on this resolution was held on March 28, 1989. The Athletic Director of the University of Hawaii at Manoa testified that the representatives of the University voted against Proposition 42 at the January 1989 NCAA convention and that it favored the liberalization of Proposition 48. The basic findings of your Committee are as follows:

1. Both Proposition 48 and 42 have the effect of limiting educational opportunities for underprivileged and underachieving student athletes.
2. Of the two propositions, Proposition 42 is the more objectionable because it does not provide allowances for student-athletes who may not have performed well as high school students but may possess the potential and motivation to succeed as university students.
3. Because it has long been legislative policy that higher education should be accessible to all who are willing and able to pursue it, your Committee concurs that Proposition 42 should be repealed and Proposition 48 should be further reviewed.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 51 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1552 Higher Education on S.C.R. No. 47

The purpose of this concurrent resolution is to request the National Collegiate Athletic Association (NCAA), the governing body for intercollegiate athletics in the United States, to repeal its Proposition 42 and to assess whether Proposition 48 is consistent with the goals of higher education.

Proposition 48, which took effect in 1986, placed restrictions on financial aid to freshmen student athletes. It required them to meet a minimum grade point average in college preparatory subjects and minimum scores on the Scholastic Aptitude Test or the examination of the American College Testing Program. Since its enactment, Proposition 48 has been criticized as being discriminatory against underprivileged and underachieving minorities because of its emphasis on culturally biased standardized tests.

The wisdom of Proposition 48 was questionable, but it did allow some freshmen athletes meeting certain requirements to receive financial aid although they were prohibited from competing or practicing with their teams.

In January, 1989, the NCAA closed the doors entirely. It adopted Proposition 42 which prohibits any financial aid to entering freshmen who do not meet all of the requirements of Proposition 48. Under Proposition 42, successful student athletes like Tee Williams, the University of Hawaii's two-time All-American in volleyball and Player of the Year in 1987, would not have been able to receive financial aid as freshmen and would probably not have been able to pursue college careers.

A public hearing on this concurrent resolution was held on March 28, 1989. The Athletic Director of the University of Hawaii at Manoa testified that the representatives of the University voted against Proposition 42 at the January 1989 NCAA convention and that it favored the liberalization of Proposition 48. The basic findings of your Committee are as follows:

1. Both Proposition 48 and 42 have the effect of limiting educational opportunities for underprivileged and underachieving student athletes.
2. Of the two propositions, Proposition 42 is the more objectionable because it does not provide allowances for student-athletes who may not have performed well as high school students but may possess the potential and motivation to succeed as university students.
3. Because it has long been legislative policy that higher education should be accessible to all who are willing and able to pursue it, your Committee concurs that Proposition 42 should be repealed and Proposition 48 should be further reviewed.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 47 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1553 Higher Education on S.R. No. 105

The purpose of this resolution is to urge the University of Hawaii to institute women's soccer as an intercollegiate sport and to report its actions pursuant to this request to the Legislature before the convening of the 1990 Regular Session.

Your Committee received supporting testimony from the Director of Intercollegiate Athletics of the University of Hawaii.

Your Committee finds that soccer would be an appropriate sport for women's intercollegiate competition at the University of Hawaii.

Your Committee amended the resolution by broadening the scope of the "BE IT RESOLVED" clause to include other sports as a part of a system-wide athletic master plan at the University of Hawaii and by amending the title to reflect the expanded scope of the measure.

Your Committee on Higher Education 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.

SCRep. 1554 Higher Education on S.C.R. No. 108

The purpose of this concurrent resolution is to urge the University of Hawaii to institute women's soccer as an intercollegiate sport and to report its actions pursuant to this request to the Legislature before the convening of the 1990 Regular Session.

Your Committee received supporting testimony from the Director of Intercollegiate Athletics of the University of Hawaii.

Your Committee finds that soccer would be an appropriate sport for women's intercollegiate competition at the University of Hawaii.

Your Committee amended the concurrent resolution by broadening the scope of the "BE IT RESOLVED" clause to include other sports as a part of a system-wide athletic master plan at the University of Hawaii and by amending the title to reflect the expanded scope of the measure.

Your Committee on Higher Education 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.

SCRep. 1555 Higher Education on S.R. No. 123

The purpose of this resolution is to encourage the Department of Budget and Finance to continue its successful sale of state bonds to the general public as college savings vehicles, provided such sale is consistent with prudent state fiscal management policies.

In addition, this resolution requests the University of Hawaii and the Department of Budget and Finance to monitor the continuing development of various state and federal initiatives in this area and to inform the Legislature of any approaches applicable to our state.

Your Committee notes that the Constitution imposes limitations on the structure of general obligation bonds designed to assist Hawaii families to save for their children's post secondary education. Your Committee recommends that the Department of Budget and Finance explore and develop innovative approaches addressing the constitutional limitations to ensure the availability of college savers bonds for our children's post secondary education.

Testimony in support of this resolution was presented by the University of Hawaii and the Department of Budget and Finance.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 123 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1556 Higher Education on S.C.R. No. 128

The purpose of this concurrent resolution is to encourage the Department of Budget and Finance to continue its successful sale of state bonds to the general public as college savings vehicles, provided such sale is consistent with prudent state fiscal management policies.

In addition, this concurrent resolution requests the University of Hawaii and the Department of Budget and Finance to monitor the continuing development of various state and federal initiatives in this area and to inform the Legislature of any approaches applicable to our state.

Your Committee notes that the Constitution imposes limitations on the structure of general obligation bonds designed to assist Hawaii families to save for their children's post secondary education. Your Committee recommends that the Department of Budget and Finance explore and develop innovative approaches addressing the constitutional limitations to ensure the availability of college savers bonds for our children's post secondary education.

Testimony in support of this concurrent resolution was presented by the University of Hawaii and the Department of Budget and Finance.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 128 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1557 Higher Education on S.R. No. 163

The purpose of this resolution is to request the College of Tropical Agriculture and Human Resources to submit interim status reports on current research, testing and monitoring projects and to develop alternatives to resolve the problem of late submittal of research reports.

Your Committee received testimony in support of this resolution from the College of Tropical Agriculture and Human Resources.

In accordance with testimony presented, your Committee has amended the resolution to require only one report, instead of interim reports in the first "BE IT FURTHER RESOLVED" clause. The title of the resolution has been changed to reflect this amendment. The first "BE IT FURTHER RESOLVED" clause has also been amended to have the report include the progress made in improving the reporting of all research, testing and monitoring projects.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 163, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 163, S.D. 1.

Signed by all members of the Committee.

SCRep. 1558 Higher Education on S.C.R. No. 175

The purpose of this concurrent resolution is to request the College of Tropical Agriculture and Human Resources to submit interim status reports on current research, testing and monitoring projects and to develop alternatives to resolve the problem of late submittal of research reports.

Your Committee received testimony in support of this concurrent resolution from the College of Tropical Agriculture and Human Resources.

In accordance with testimony presented, your Committee has amended the concurrent resolution to require only one report, instead of interim reports in the first "BE IT FURTHER RESOLVED" clause. The title of the concurrent resolution has been changed to reflect this amendment. The first "BE IT FURTHER RESOLVED" clause has also been amended to have the report include the progress made in improving the reporting of all research, testing and monitoring projects.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 175, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 175, S.D. 1.

Signed by all members of the Committee.

SCRep. 1559 Higher Education on S.R. No. 175

The purpose of this resolution is to request the University of Hawaii to dismiss the proposed policy change on student involvement in academic decision making.

Your Committee finds that student participation in University policy decision-making is essential to building a first-class institution of higher education. Student involvement in academic affairs is necessary if the University is to address the academic and extracurricular needs of students.

Only recently have students participated in decisions affecting admissions, curriculum, grading techniques, faculty hiring and retention, academic qualifications, and program review. This participation must be encouraged in order to provide a university that is responsive, contemporary, and vital.

Your Committee finds that just as student involvement in academic decision-making can bring positive results to the University, this resolution should reflect the same spirit of optimism. Therefore, your Committee has amended the resolution accordingly.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 175, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 175, S.D. 1.

Signed by all members of the Committee.

SCRep. 1560 Higher Education on S.C.R. No. 194

The purpose of this concurrent resolution is to request the University of Hawaii to dismiss the proposed policy change on student involvement in academic decision making.

Your Committee finds that student participation in University policy decision-making is essential to building a first-class institution of higher education. Student involvement in academic affairs is necessary if the University is to address the academic and extracurricular needs of students.

Only recently have students participated in decisions affecting admissions, curriculum, grading techniques, faculty hiring and retention, academic qualifications, and program review. This participation must be encouraged in order to provide a university that is responsive, contemporary, and vital.

Your Committee finds that just as student involvement in academic decision-making can bring positive results to the University, this concurrent resolution should reflect the same spirit of optimism. Therefore, your Committee has amended the concurrent resolution accordingly.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 194, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 194, S.D. 1.

Signed by all members of the Committee.

SCRep. 1561 Higher Education on S.R. No. 176

The purpose of this resolution is to request that the Legislative Reference Bureau study and make recommendations regarding adult education and lifelong learning programs.

Specifically, the Legislative Reference Bureau is requested to: 1) study the existing nontraditional student programs and lifelong learning programs; 2) study current or proposed lifelong learning programs in selected states and their experiences with these programs; 3) propose a lifelong learning program; and 4) to make recommendations regarding the coordination and implementation of such a program.

Your Committee received testimony in support of this measure from the University of Hawaii.

Your Committee amended this resolution by requesting the University of Hawaii College of Continuing Education and Community Service and the Department of Education Adult and Early Childhood Section to conduct the study instead of the Legislative Reference Bureau, and by making appropriate conforming changes throughout the resolution. Several technical, nonsubstantive amendments were also made for the purposes of style and clarity.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 176, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as S.R. No. 176, S.D. 1.

Signed by all members of the Committee.

SCRep. 1562 Higher Education on S.C.R. No. 195

The purpose of this concurrent resolution is to request that the Legislative Reference Bureau study and make recommendations regarding adult education and lifelong learning programs.

Specifically, the Legislative Reference Bureau is requested to: 1) study the existing nontraditional student programs and lifelong learning programs; 2) study current or proposed lifelong learning programs in selected states and their experiences with these programs; 3) propose a lifelong learning program; and 4) to make recommendations regarding the coordination and implementation of such a program.

Your Committee received testimony in support of this measure from the University of Hawaii.

Your Committee amended this concurrent resolution by requesting the University of Hawaii College of Continuing Education and Community Service and the Department of Education Adult and Early Childhood Section to conduct the study instead of the Legislative Reference Bureau, and by making appropriate conforming changes throughout the concurrent resolution. Several technical, nonsubstantive amendments were also made for the purposes of style and clarity.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 195, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 195, S.D. 1.

Signed by all members of the Committee.

SCRep. 1563 Higher Education on S.R. No. 238

The purpose of this resolution is to urge the University of Hawaii to reinstate wrestling as an intercollegiate sport and to have the President of the University of Hawaii submit a report on the costs of implementation and maintenance of the reinstatement to the Legislature before the convening of the 1990 Regular Session.

Your Committee received supporting testimony from the Director of Intercollegiate Athletics of the University of Hawaii and from Mr. Richard Keeno.

Your Committee finds that the sport of wrestling demands mental discipline, rigorous physical training, and personal sacrifice and acts as a vehicle to build character that will inevitably benefit any individual involved in the sport.

Your Committee has amended the resolution by deleting the fourth, seventh, and fifteenth "WHEREAS" clauses and by changing the designations of the "Hawaii State Olympic Games Festival" and the "Hawaii Pacific Rim Games" found in the fourteenth "WHEREAS" clause to "Aloha State Games Festival" and "Hawaii Pacific Games," respectively.

Your Committee amended the resolution further by broadening the scope of the "BE IT RESOLVED" clause to include other sports as part of a system-wide athletic master plan and by amending the first "BE IT FURTHER RESOLVED" clause to coincide with the broadened scope of the measure and to make the University of Hawaii's Department of Intercollegiate Athletics, in conjunction with the Office of Planning and Policy, responsible for reporting to the Legislature.

Your Committee also amended the last "BE IT FURTHER RESOLVED" clause to include the aforementioned agencies of the University of Hawaii. In addition, the title of the resolution was amended to reflect the expanded scope of the measure.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 238, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 238, S.D. 1.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1564 Higher Education on S.C.R. No. 270

The purpose of this concurrent resolution is to urge the University of Hawaii to reinstate wrestling as an intercollegiate sport and to have the President of the University of Hawaii submit a report on the costs of implementation and maintenance of the reinstatement to the Legislature before the convening of the 1990 Regular Session.

Your Committee received supporting testimony from the Director of Intercollegiate Athletics of the University of Hawaii and from Mr. Richard Keeno.

Your Committee finds that the sport of wrestling demands mental discipline, rigorous physical training, and personal sacrifice and acts as a vehicle to build character that will inevitably benefit any individual involved in the sport.

Your Committee has amended the concurrent resolution by deleting the fourth, seventh, and fifteenth "WHEREAS" clauses and by changing the designations of the "Hawaii State Olympic Games Festival" and the "Hawaii Pacific Rim Games" found in the fourteenth "WHEREAS" clause to "Aloha State Games Festival" and "Hawaii Pacific Games," respectively.

Your Committee amended the concurrent resolution further by broadening the scope of the "BE IT RESOLVED" clause to include other sports as part of a system-wide athletic master plan and by amending the first "BE IT FURTHER RESOLVED" clause to coincide with the broadened scope of the measure and to make the University of Hawaii's Department of Intercollegiate Athletics, in conjunction with the Office of Planning and Policy, responsible for reporting to the Legislature.

Your Committee also amended the last "BE IT FURTHER RESOLVED" clause to include the aforementioned agencies of the University of Hawaii. In addition, the title of the concurrent resolution was amended to reflect the expanded scope of the measure.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 270, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 270, S.D. 1.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1565 (Joint) Higher Education and Business Development and Pacific Relations on S.C.R. No. 277

The purpose of this concurrent resolution is to request the Department of Business and Economic Development and the University of Hawaii to study the effectiveness of the incubator concept as opposed to statewide approaches particularly involving food processing technology.

More than ninety percent of Hawaii's food processors are small to medium-sized, and are limited in their ability to develop competitive products, launch effective marketing programs, and evaluate and solve technical problems. In 1988, the state's food processing industry presented the first Processed Foods Industry Analysis to the Governor's Agriculture Coordinating Committee. The analysis identified the lack of a food processing center as a high-priority constraint.

A food processing center would provide both state-of-the-art technical and business-related services to all Hawaii's food processors. Such assistance is needed for the state's processors to develop a competitive edge in Hawaii and the Pacific-Asian region. A center could also service food processors in the American-affiliated Pacific Islands, for which funding may be obtained from the federal government and/or the island governments.

A center would provide jobs statewide, including the East coast of Hawaii, Waianae and Molokai.

Your Committees find that food processing centers provide the specialized services unique to that industry and serve all firms in that industry, regional or statewide. Business incubators, on the other hand, serve only a few individual, start-up firms. In contrast to a center, an incubator provides start-up firms with centralized services, of the general type needed by all types of businesses, during a start-up period. Since a food processing center would be more beneficial to Hawaii than the business incubator, your Committees have amended the concurrent resolution to focus only on a food processing center. The title of the concurrent resolution has been revised to conform with the new focus of this measure. Further, the Dean of the College of Tropical Agriculture and Human Resources and the Chairperson of the Department of Food Science and Human Nutrition have been added as recipients of the concurrent resolution and the President of the Senate and the Speaker of the House of Representatives have been deleted.

Your Committees on Higher Education and Business Development and Pacific Relations concur with the intent and purpose of S.C.R. No. 277, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 277, S.D. 1.

Signed by all members of the Committees except Senator Matsuura.

SCRep. 1566 (Joint) Higher Education and Business Development and Pacific Relations on S.R. No. 245

The purpose of this resolution is to request the Department of Business and Economic Development and the University of Hawaii to study the effectiveness of the incubator concept as opposed to statewide approaches particularly involving food processing technology.

More than ninety percent of Hawaii's food processors are small to medium-sized, and are limited in their ability to develop competitive products, launch effective marketing programs, and evaluate and solve technical problems. In 1988, the state's food processing industry presented the first Processed Foods Industry Analysis to the Governor's Agriculture Coordinating Committee. The analysis identified the lack of a food processing center as a high-priority constraint.

A food processing center would provide both state-of-the-art technical and business-related services to all Hawaii's food processors. Such assistance is needed for the state's processors to develop a competitive edge in Hawaii and the Pacific-Asian region. A center could also service food processors in the American-affiliated Pacific Islands, for which funding may be obtained from the federal government and/or the island governments.

A center would provide jobs statewide, including the East coast of Hawaii, Waianae and Molokai.

Your Committees find that food processing centers provide the specialized services unique to that industry and serve all firms in that industry, regional or statewide. Business incubators, on the other hand, serve only a few individual, start-up firms. In contrast to a center, an incubator provides start-up firms with centralized services, of the general type needed by all types of businesses, during a start-up period. Since a food processing center would be more beneficial to Hawaii than the business incubator, your Committees have amended the resolution to focus only on a food processing center. The title of the resolution has been revised to conform with the new focus of this measure. Further, the Dean of the College of Tropical Agriculture and Human Resources and the Chairperson of the Department of Food Science and Human Nutrition have been added as recipients of the resolution and the President of the Senate and the Speaker of the House of Representatives have been deleted.

Your Committees on Higher Education and Business Development and Pacific Relations concur with the intent and purpose of S.R. No. 245, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 245, S.D. 1.

Signed by all members of the Committees except Senator Matsuura.

SCRep. 1567 Housing and Hawaiian Programs on S.R. No. 219

The purpose of this resolution is to request the United States Department of Interior to investigate the recovery of Hawaiian homestead land at Lualualei and Keaukaha.

In 1986, the Department of Hawaiian Home Lands filed a suit to recover Hawaiian homestead land set aside through two executive orders in the Lualualei military reservation. The suit was recently dismissed by the Federal District Court upon a finding that the action is barred by the statute of limitations under the Quiet Title Act. As a result of the dismissal, the validity of set asides by executive order at Lualualei, Oahu and Keaukaha, Hawaii, remain unresolved.

Your Committee received testimony in support of this resolution from the Department of Hawaiian Home Lands and the Hawaiian Political Action Council of Hawaii.

Your Committee has amended the resolution largely for clarification purposes. The new language added is more accurate and succinct and was recommended by the Department of Hawaiian Home Lands.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of S.R. No. 219, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 219, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1568 Housing and Hawaiian Programs on S.C.R. No. 276

The purpose of this concurrent resolution is to encourage Hawaii banks and other mortgage lenders to make mortgage loans to purchasers of condominium or cooperative units with less than ten years remaining on the fixed rent period and to retain them in their own portfolios if they are unable to sell them to mainland firms.

Hawaii has thousands of condominiums and cooperative apartments on leasehold land, many of which have less than ten years left before expiration of the fixed rent period. Hawaii banks and other lenders are reluctant to make mortgage loans to prospective purchasers of such units because mainland lenders who purchase such loans from Hawaii lenders consider them risky and subject to default if the negotiated rent increase is too high.

Your Committee finds that Hawaii lenders should be willing to finance these units and keep them in their portfolios if they cannot be sold on the mainland because the risk of default due to sharp lease rent increases is actually quite low.

Upon due consideration of this finding, your Committee has amended this concurrent resolution as follows:

- (1) Make language changes in the title and body of the measure to clarify that it addresses the "fixed rent period" rather than the "lease term";
- (2) Added two new "WHEREAS" clauses, to wit:

"WHEREAS, lenders have indicated that under certain loan arrangements they do provide mortgages when less than ten years are remaining on the fixed rent period; and

WHEREAS, lenders indicate that the problem is not so much in obtaining loans but rather in obtaining loans that meet the needs of the specific lessee, and that loans such as Hula Mae loans contain stringent requirements for more than ten years on the fixed rent period;"

- (3) Added the following "BE IT FURTHER RESOLVED" clause: "BE IT FURTHER RESOLVED that the Housing Finance Development Corporation (HFDC) is requested to communicate with the home office that secures Hula Mae bonds to seek appropriate amendments to expand coverage to those lessees who have less than ten years remaining on the fixed rent period;
- (4) Added another "BE IT FURTHER RESOLVED" clause requesting HFDC to explore the potential of amending stringent requirements of programs such as Fannie Mae, Freddie Mac, FHA, and VA;
- (5) Provided for HFDC to submit a report of actions taken and findings and conclusions no later than twenty days prior to the convening of the Regular Session of 1990; and
- (6) Provided for a copy of the concurrent resolution to be transmitted to HFDC.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of S.C.R. No. 276, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 276, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1569 Housing and Hawaiian Programs on S.C.R. No. 251

The purpose of this concurrent resolution is to request the United States Department of Interior to investigate the recovery of Hawaiian homestead land at Lualualei and Keaukaha.

In 1986, the Department of Hawaiian Home Lands filed a suit to recover Hawaiian homestead land set aside through two executive orders in the Lualualei military reservation. The suit was recently dismissed by the Federal District Court upon a finding that the action is barred by the statute of limitations under the Quiet Title Act. As a result of the dismissal, the validity of set asides by executive order at Lualualei, Oahu and Keaukaha, Hawaii, remain unresolved.

Your Committee received testimony in support of this concurrent resolution from the Department of Hawaiian Home Lands and the Hawaiian Political Action Council of Hawaii.

Your Committee has amended the concurrent resolution largely for clarification purposes. The new language added is more accurate and succinct and was recommended by the Department of Hawaiian Home Lands.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of S.C.R. No. 251, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 251, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1570 Health on S.R. No. 151

The purpose of this resolution is to request the Department of Health, with the assistance of Hawaii, Kauai, and Maui counties, to study the problems faced by persons who rely on water catchment systems for drinking water.

The study would recommend reasonable alternatives other than granting tax credits and would review the following alternatives:

- (1) Granting low interest loans for constructing or replacing lead contaminated catchment systems;
- (2) Using bottled water;
- (3) Using water filters;
- (4) Removing lead based paint or lead containing materials from water catchment systems; and
- (5) Constructing supplemental water catchment systems for drinking and cooking purposes while retaining existing catchment systems for non-drinking purposes.

Lead has been measured in water catchment systems on Hawaii, Maui, and Kauai in amounts which far exceed acceptable levels. This is a public health problem of serious proportions which requires remedial action on state and county levels. This resolution would provide valuable information on which to base decisions and derive solutions to the lead problem.

Your Committee has amended this resolution by requesting the Governor, rather than the Department of Health, to do the study. The Governor would have the cooperation of the Department and the counties. Your Committee also has provided for a copy of this resolution to be transmitted to the Governor. Your Committee has amended this resolution further by amending the title to clarify that the scope of the study should be statewide and by making conforming amendments.

Your Committee on Health concurs with the intent and purpose of S.R. No. 151, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 151, S.D. 1.

Signed by all members of the Committee except Senators Blair, McMurdo and Yamasaki.

SCRep. 1571 Health on S.C.R. No. 160

The purpose of this concurrent resolution is to request the Department of Health, with the assistance of Hawaii, Kauai, and Maui counties, to study the problems faced by persons who rely on water catchment systems for drinking water.

The study would recommend reasonable alternatives other than granting tax credits and would review the following alternatives:

- (1) Granting low interest loans for constructing or replacing lead contaminated catchment systems;
- (2) Using bottled water;
- (3) Using water filters;
- (4) Removing lead based paint or lead containing materials from water catchment systems; and
- (5) Constructing supplemental water catchment systems for drinking and cooking purposes while retaining existing catchment systems for non-drinking purposes.

Lead has been measured in water catchment systems on Hawaii, Maui, and Kauai in amounts which far exceed acceptable levels. This is a public health problem of serious proportions which requires remedial action on state and county levels. This concurrent resolution would provide valuable information on which to base decisions and derive solutions to the lead problem.

Your Committee has amended this concurrent resolution by requesting the Governor, rather than the Department of Health, to do the study. The Governor would have the cooperation of the Department and the counties. Your Committee also has provided for a copy of this concurrent resolution to be transmitted to the Governor. Your Committee has amended this concurrent resolution further by amending the title to clarify that the scope of the study should be statewide and by making conforming amendments.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 160, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 160, S.D. 1.

Signed by all members of the Committee except Senators Blair, McMurdo and Yamasaki.

SCRep. 1572 Higher Education on S.R. No. 119

The purpose of this resolution is to request that the University of Hawaii Institute of Marine Biology prepare a plan for the Board of Regents to establish a Marine Research Field Station in Puako, Hawaii.

In addition, this resolution asks the Board of Regents to react to this plan in a timely manner and the Department of Land and Natural Resources to permit the Marine Research Field Station to be situated on Lot No. 43 on Puako Beach.

Testimony in support of this resolution was presented by the Director of the Hawaii Institute of Marine Biology, the Chancellor of the University of Hawaii at Hilo, and the Director of the Marine Option Program of the University of Hawaii.

According to testimony, the reefs of Puako are amongst the best developed and diverse in the State, and as a result they have been the subject of several important studies. Because of the remarkable state of the Puako reefs, it has been suggested that the area be designated a Marine Life Conservation District to protect the reefs for scientific research and for the enjoyment of future generations of Hawaii's residents and visitors.

Upon consideration, your Committee finds that the station could be more effective if it were jointly operated by the University of Hawaii at Hilo and the Hawaii Institute of Marine Biology. Properly designed, the Puako field station could provide a large number of educational opportunities for University of Hawaii students.

Therefore, your Committee has amended the title and body of the resolution to provide for joint planning and operation of the field station by the Institute of Marine Biology and the University of Hawaii at Hilo. This would assure that undergraduates in marine education, especially those attending the University of Hawaii at Hilo have access to the new facility and its programs.

Your Committee has further amended the resolution by substituting the word "institutions" for the word "locations" in the first "WHEREAS" clause.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 119, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 119, S.D. 1.

Signed by all members of the Committee.

SCRep. 1573 Higher Education on S.R. No. 118

The purpose of this resolution is to request the Legislative Reference Bureau to conduct a study on the economic, academic, and other effects which could result from having a separate President for the University of Hawaii at Hilo.

Your Committee received testimony from the Chairperson of the University of Hawaii Board of Regents that it should defer action on this resolution until a full review of the recommendations set forth in Dr. Boyer's report on the governance of the University of Hawaii is completed.

However, your Committee has read Dr. Boyer's report and believes that the implementation of this resolution would provide additional information which would aid the Board of Regents in making future decisions regarding governance of the University of Hawaii. Furthermore, the intent of this resolution is to investigate one of the recommendations made in the report submitted by the Legislative Reference Bureau on "The Establishment of an Independent University of Hawaii at Hilo".

Your Committee has amended this resolution by adding a "BE IT FURTHER RESOLVED" clause to have the Department of Business and Economic Development assist the Legislature Reference Bureau in the feasibility study by ascertaining the economic effects which would result from having a separate president for the University of Hawaii at Hilo.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 118, as amended herein, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1574 Business Development and Pacific Relations on S.C.R. No. 252

The purpose of this concurrent resolution is to request the Governor to designate Sugi Ryotaro as an honorary citizen of the State of Hawaii.

Your Committee finds that Mr. Sugi Ryotaro has contributed to several charitable causes for a number of years in Hawaii and has even established a perpetual trust for the benefit of charitable causes throughout the world. Hawaii has been designated a beneficiary of that trust. After due consideration your Committee finds that the many charitable actions of Mr. Sugi Ryotaro should be recognized by designating him an honorary citizen of the State.

Your Committee has amended this concurrent resolution to clarify that the citizenship being conferred upon Mr. Ryotaro is honorary.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.C.R. No. 252, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 252, S.D. 1.

Signed by all members of the Committee except Senators Holt, B. Kobayashi, Levin and George.

SCRep. 1575 Business Development and Pacific Relations on S.R. No. 220

The purpose of this resolution is to request the Governor to designate Sugi Ryotaro as an honorary citizen of the State of Hawaii.

Your Committee finds that Mr. Sugi Ryotaro has contributed to several charitable causes for a number of years in Hawaii and has even established a perpetual trust for the benefit of charitable causes throughout the world. Hawaii has been designated a beneficiary of that trust. After due consideration your Committee finds that the many charitable actions of Mr. Sugi Ryotaro should be recognized by designating him an honorary citizen of the State.

Your Committee has amended this resolution to clarify that the citizenship being conferred upon Mr. Ryotaro is honorary.

Your Committee on Business Development and Pacific Relations 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 except Senators Holt, B. Kobayashi, Levin and George.

SCRep. 1576 Government Operations on S.C.R. No. 235

The purpose of this concurrent resolution is to request a study to assess the feasibility of establishing a state travel agency to decrease travel costs for state employees who are conducting state business.

Your Committee finds that the University of Hawaii and the Department of Accounting and General Services have already entered into contracts for decreased inter-island air fares for their employees, and that greater savings could occur for the entire state government if feasible alternatives for travel coordination are considered.

Your Committee has amended this concurrent resolution for purposes of clarity.

Your Committee on Government Operations 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 McMurdo, Cobb and Menor.

SCRep. 1577 Government Operations on S.R. No. 242

The purpose of this resolution is to request that the Department of Budget and Finance explore opportunities to integrate the state information network with federal information services to provide better service to Hawaii's residents.

Your Committee finds that such an integration of information services will facilitate the development and diversification of the State's economy, the establishment of an information industry, and the promotion of public access to information.

Your Committee has amended this resolution to correct a typographical error in the title and to make certain technical and clarifying amendments.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 242, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 242, S.D. 1.

Signed by all members of the Committee except Senators McMurdo, Cobb and Menor.

SCRep. 1578 Government Operations on S.C.R. No. 274

The purpose of this concurrent resolution is to request that the Department of Budget and Finance explore opportunities to integrate the state information network with federal information services to provide better service to Hawaii's residents.

Your Committee finds that such an integration of information services will facilitate the development and diversification of the State's economy, the establishment of an information industry, and the promotion of public access to information.

Your Committee has amended this concurrent resolution to correct a typographical error in the title and to make certain technical and clarifying amendments.

Your Committee on Government Operations concurs with the intent and purpose of S.C.R. No. 274, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 274, S.D. 1.

Signed by all members of the Committee except Senators McMurdo, Cobb and Menor.

SCRep. 1579 Government Operations on S.R. No. 133

The purpose of this resolution is to urge that all government meetings be held in buildings which are accessible to persons with disabilities.

Your Committee finds that disabled citizens have an equal right to voice their opinions about governmental policies, but can be denied this right by architectural or design barriers. Your Committee further finds that it has been a policy of the State to provide equal access for the physically disabled.

Your Committee has amended this resolution by deleting the reference to functions of the State's Commission on the Handicapped and making certain technical and clarifying language changes.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 133, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 133, S.D. 1.

Signed by all members of the Committee except Senators McMurdo, Cobb and Menor.

SCRep. 1580 Government Operations on S.C.R. No. 140

The purpose of this concurrent resolution is to urge that all government meetings be held in buildings which are accessible to persons with disabilities.

Your Committee finds that disabled citizens have an equal right to voice their opinions about governmental policies, but can be denied this right by architectural or design barriers. Your Committee further finds that it has been a policy of the State to provide equal access for the physically disabled.

Your Committee has amended this concurrent resolution by deleting the reference to functions of the State's Commission on the Handicapped and making certain technical and clarifying language changes.

Your Committee on Government Operations concurs with the intent and purpose of S.C.R. No. 140, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 140, S.D. 1.

Signed by all members of the Committee except Senators McMurdo, Cobb and Menor.

SCRep. 1581 (Joint) Education and Judiciary on S.R. No. 24

The purpose of this Resolution is to request the Lieutenant Governor, with the assistance of the Department of Education, to consider establishing a voter registration program at each public high school.

Under this plan, each high school would designate a staff person as a voter registrar who would register students by whatever mechanism the school chooses to establish, with the approval of the Lieutenant Governor.

Your Committees received supporting testimony from the Lieutenant Governor and the Superintendent of Education, among others, and find that this proposal might be an efficient and effective method of increasing registration of first-time voters.

Your Committees have amended this Resolution by correcting a technical error which had the Lieutenant Governor being asked to report back to the 1989 Legislature instead of the 1990 Legislature, and by making another technical change which has no substantive effect.

Your Committees on Education and Judiciary are in accord with the intent and purpose of S.R. No. 24, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 24, S.D. 1.

Signed by all members of the Committees except Senators Cobb and Ikeda.

SCRep. 1582 (Joint) Education and Judiciary on S.C.R. No. 20

The purpose of this Concurrent Resolution is to request the Lieutenant Governor, with the assistance of the Department of Education, to consider establishing a voter registration program at each public high school.

Under this plan, each high school would designate a staff person as a voter registrar who would register students by whatever mechanism the school chooses to establish, with the approval of the Lieutenant Governor.

Your Committees received supporting testimony from the Lieutenant Governor and the Superintendent of Education, among others, and find that this proposal might be an efficient and effective method of increasing registration of first-time voters.

Your Committees have amended this Concurrent Resolution by correcting a technical error which had the Lieutenant Governor being asked to report back to the 1989 Legislature instead of the 1990 Legislature, and by making another technical change which has no substantive effect.

Your Committees on Education and Judiciary are in accord with the intent and purpose of S.C.R. No. 20, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 20, S.D. 1.

Signed by all members of the Committees except Senators Cobb and Ikeda.

SCRep. 1583 (Joint) Education and Higher Education on S.R. No. 88

The purpose of this resolution is to request the Department of Education and the University of Hawaii to develop and prepare plans for the assessment of their respective educational programs and adopt a cooperative approach to the assessment of interrelationships between higher and lower education in Hawaii.

The plans would describe the nature and scope of the assessments to be made, projected costs, and timetables for implementation. The Department and the University would submit their respective assessment plans, including applicable joint and cooperative plans, to the 1990 Legislature.

Your Committees find that both the University of Hawaii and the Department of Education are currently working on educational assessments and coordinating activities with each other. They will continue to do so and report as requested by this resolution.

Your Committees on Education and Higher Education concur with the intent and purpose of S.R. No. 88, and recommend its adoption.

Signed by all members of the Committees except Senator Ikeda.

SCRep. 1584 (Joint) Education and Higher Education on S.C.R. No. 90

The purpose of this concurrent resolution is to request the Department of Education and the University of Hawaii to develop and prepare plans for the assessment of their respective educational programs and adopt a cooperative approach to the assessment of interrelationships between higher and lower education in Hawaii.

The plans would describe the nature and scope of the assessments to be made, projected costs, and timetables for implementation. The Department and the University would submit their respective assessment plans, including applicable joint and cooperative plans, to the 1990 Legislature.

Your Committees find that both the University of Hawaii and the Department of Education are currently working on educational assessments and coordinating activities with each other. They will continue to do so and report as requested by this concurrent resolution.

Your Committees on Education and Higher Education concur with the intent and purpose of S.C.R. No. 90, and recommend its adoption.

Signed by all members of the Committees except Senator Ikeda.

SCRep. 1585 Housing and Hawaiian Programs on S.R. No. 244

The purpose of this resolution is to encourage Hawaii banks and other mortgage lenders to make mortgage loans to purchasers of condominium or cooperative units with less than ten years remaining on the fixed rent period and to retain them in their own portfolios if they are unable to sell them to mainland firms.

Hawaii has thousands of condominiums and cooperative apartments on leasehold land, many of which have less than ten years left before expiration of the fixed rent period. Hawaii banks and other lenders are reluctant to make mortgage loans to prospective purchasers of such units because mainland lenders who purchase such loans from Hawaii lenders consider them risky and subject to default if the negotiated rent increase is too high.

Your Committee finds that Hawaii lenders should be willing to finance these units and keep them in their portfolios if they cannot be sold on the mainland because the risk of default due to sharp lease rent increases is actually quite low.

Upon due consideration of this finding, your Committee has amended this resolution as follows:

- (1) Make language changes in the title and body of the measure to clarify that it addresses the "fixed rent period" rather than the "lease term";
- (2) Added two new "WHEREAS" clauses, to wit:

"WHEREAS, lenders have indicated that under certain loan arrangements they do provide mortgages when less than ten years are remaining on the fixed rent period; and

WHEREAS, lenders indicate that the problem is not so much in obtaining loans but rather in obtaining loans that meet the needs of the specific lessee, and that loans such as Hula Mae loans contain stringent requirements for more than ten years on the fixed rent period;"
- (3) Added the following "BE IT FURTHER RESOLVED" clause: "BE IT FURTHER RESOLVED that the Housing Finance Development Corporation (HFDC) is requested to communicate with the home office that secures Hula Mae bonds to seek appropriate amendments to expand coverage to those lessees who have less than ten years remaining on the fixed rent period;
- (4) Added another "BE IT FURTHER RESOLVED" clause requesting HFDC to explore the potential of amending stringent requirements of programs such as Fannie Mae, Freddie Mac, FHA, and VA;
- (5) Provided for HFDC to submit a report of actions taken and findings and conclusions no later than twenty days prior to the convening of the Regular Session of 1990; and
- (6) Provided for a copy of the resolution to be transmitted to HFDC.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of S.R. No. 244, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 244, S.D. 1.

Signed by all members of the Committee except Senators Cobb and Holt.

SCRep. 1586 Education on S.R. No. 121

The purpose of this Resolution is to request the Board of Education to build a new intermediate school in Waimea, Hawaii.

The Resolution specifically requests the Board to either consider land makai of the Hawaiian Electric power station or any other state land in the vicinity, or acquire additional land near Waimea Elementary and Intermediate School and Parker Ranch Center Complex.

The existing campus at Waimea Elementary and Intermediate School is already fully occupied, but the number of students seeking enrollment there is expected to increase by at least five percent each year for the next several years. A new elementary school is planned for West Hawaii, but those students will eventually need to attend intermediate school. Clearly a new intermediate school will be needed to accommodate them.

Your Committee received supporting testimony from the Superintendent of Education and the Waimea-Kawaihae Community Association and finds that the Department is currently investigating the educational needs of the rapidly growing West Hawaii area.

Your Committee has amended this Resolution by changing the reference to the "Waikoloa area of South Kohala" to "West Hawaii" in the fourth "WHEREAS" clause, to be consistent with the Department of Education's designation of the school area.

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

Your Committee on Education concurs with the intent and purpose of S.R. No. 121, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 121, S.D. 1.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1587 Education on S.C.R. No. 126

The purpose of this Concurrent Resolution is to request the Board of Education to build a new intermediate school in Waimea, Hawaii.

The Concurrent Resolution specifically requests the Board to either consider land makai of the Hawaiian Electric power station or any other state land in the vicinity, or acquire additional land near Waimea Elementary and Intermediate School and Parker Ranch Center Complex.

The existing campus at Waimea Elementary and Intermediate School is already fully occupied, but the number of students seeking enrollment there is expected to increase by at least five percent each year for the next several years. A

new elementary school is planned for West Hawaii, but those students will eventually need to attend intermediate school. Clearly a new intermediate school will be needed to accommodate them.

Your Committee received supporting testimony from the Superintendent of Education and the Waimea-Kawaihae Community Association and finds that the Department is currently investigating the educational needs of the rapidly growing West Hawaii area.

Your Committee has amended this Concurrent Resolution by changing the reference to the "Waikoloa area of South Kohala" to "West Hawaii" in the fourth "WHEREAS" clause, to be consistent with the Department of Education's designation of the school area.

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

Your Committee on Education 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 Ikeda.

SCRep. 1588 Education on S.R. No. 210

The purpose of this resolution is to request that the Superintendent of Education examine funding strategies for replicating successful features of the HANA KUPONO project.

In 1987 and 1988, the Department of Education implemented the HANA KUPONO project, a demonstration instructional program for intermediate school students designed to promote the acquisition of basic academic and higher order thinking skills. This pilot project was funded under the federal Carl D. Perkins Vocational Education Act (P.L. 98-524) as a result of evidence from standardized tests that Hawaiian and part-Hawaiian intermediate school students lag behind their peers in terms of mastery of these basic academic and higher order thinking skills.

Your Committee heard testimony in support of this resolution from the Superintendent of Education, the Office of Hawaiian Affairs, and Alu Like, Inc.

Your Committee finds that the pilot program has been very successful and funding alternatives should be sought out to enable the continuation and expansion of this promising and exciting approach to education.

Your Committee on Education concurs with the intent and purpose of S.R. No. 210 and recommends its adoption.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1589 Education on S.C.R. No. 238

The purpose of this concurrent resolution is to request that the Superintendent of Education examine funding strategies for replicating successful features of the HANA KUPONO project.

In 1987 and 1988, the Department of Education implemented the HANA KUPONO project, a demonstration instructional program for intermediate school students designed to promote the acquisition of basic academic and higher order thinking skills. This pilot project was funded under the federal Carl D. Perkins Vocational Education Act (P.L. 98-524) as a result of evidence from standardized tests that Hawaiian and part-Hawaiian intermediate school students lag behind their peers in terms of mastery of these basic academic and higher order thinking skills.

Your Committee heard testimony in support of this concurrent resolution from the Superintendent of Education, the Office of Hawaiian Affairs, and Alu Like, Inc.

Your Committee finds that the pilot program has been very successful and funding alternatives should be sought out to enable the continuation and expansion of this promising and exciting approach to education.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 238 and recommends its adoption.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1590 Education on S.R. No. 126

The purpose of this resolution is to request the Legislative Reference Bureau to study the regulation and licensing of private trade, vocational, and technical schools in the State and the certification of their instructors.

The study would examine (1) whether such schools and instructors should be certified or licensed, and (2) the most appropriate state agency to regulate the schools and instructors if regulation is necessary. The Bureau would submit a report of findings and recommendations to the 1990 legislature.

Differentiation between regulation of practitioners, training requirements, and schools within a vocational field is tenuous and vague and sometimes results in two state agencies inappropriately regulating a field. The various commissions and boards have expertise in their particular areas, but the Department of Education, with only one lower education generalist, reviews and monitors vocational schools. Also, the Office of Consumer Protection through enforcement of unfair and deceptive trade practices statutes provides a measure of regulation. Thus, there is reason to question whether boards, commissions, or the Department need to regulate trade, vocational, and technical schools and instructors and whether they are capable or willing to do so.

This study would provide answers to these and other questions relating to vocational, trade, and technical schools and instructors and help the legislature decide on matters involving regulation and protection of the consuming public.

Your Committee, upon further consideration, has determined that the Legislative Auditor, rather than the Legislative Reference Bureau, should conduct the study pursuant to Chapter 26H, Hawaii Revised Statutes. The resolution, including its title, has been accordingly amended. Your Committee has also provided that the Legislative Auditor shall examine the degree to which the State is or should be responsible for supervising or regulating degree granting trade, vocational, or technical schools.

Your Committee on Education concurs with the intent and purpose of S.R. No. 126, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as S.R. No. 126, S.D. 1.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1591 Education on S.C.R. No. 131

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to study the regulation and licensing of private trade, vocational, and technical schools in the State and the certification of their instructors.

The study would examine (1) whether such schools and instructors should be certified or licensed, and (2) the most appropriate state agency to regulate the schools and instructors if regulation is necessary. The Bureau would submit a report of findings and recommendations to the 1990 legislature.

Differentiation between regulation of practitioners, training requirements, and schools within a vocational field is tenuous and vague and sometimes results in two state agencies inappropriately regulating a field. The various commissions and boards have expertise in their particular areas, but the Department of Education, with only one lower education generalist, reviews and monitors vocational schools. Also, the Office of Consumer Protection through enforcement of unfair and deceptive trade practices statutes provides a measure of regulation. Thus, there is reason to question whether boards, commissions, or the Department need to regulate trade, vocational, and technical schools and instructors and whether they are capable or willing to do so.

This study would provide answers to these and other questions relating to vocational, trade, and technical schools and instructors and help the legislature decide on matters involving regulation and protection of the consuming public.

Your Committee, upon further consideration, has determined that the Legislative Auditor, rather than the Legislative Reference Bureau, should conduct the study pursuant to Chapter 26H, Hawaii Revised Statutes. The concurrent resolution, including its title, has been accordingly amended. Your Committee has also provided that the Legislative Auditor shall examine the degree to which the State is or should be responsible for supervising or regulating degree granting trade, vocational, or technical schools.

Your Committee on Education 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 Senator Ikeda.

SCRep. 1592 Education on S.R. No. 237

The purpose of this resolution is to request the National Aeronautics and Space Administration (NASA) to assist the Department of Education in the implementation of space education for Hawaii's teachers and students.

In particular, NASA is requested to assist with teacher resource centers, teacher training services, science center planning, and programming for a summer space camp. In addition, NASA is requested to bring its spacemobile vehicle to Hawaii in the near future for visits to public and private schools and the Bishop Museum Planetarium.

Hawaii has the potential for leadership in space sciences due to its natural attributes and historical associations with the space industry. All legitimate educational initiatives in this area should be encouraged and supported. Assistance from NASA of the kind contemplated by this resolution would be beneficial to all concerned.

Your Committee notes that the Department of Education testified that they look forward to the participation of the Department of Business and Economic Development and the Bishop Museum in the activities.

Your Committee on Education concurs with the intent and purpose of S.R. No. 237 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1593 Education on S.C.R. No. 269

The purpose of this concurrent resolution is to request the National Aeronautics and Space Administration (NASA) to assist the Department of Education in the implementation of space education for Hawaii's teachers and students.

In particular, NASA is requested to assist with teacher resource centers, teacher training services, science center planning, and programming for a summer space camp. In addition, NASA is requested to bring its spacemobile vehicle to Hawaii in the near future for visits to public and private schools and the Bishop Museum Planetarium.

Hawaii has the potential for leadership in space sciences due to its natural attributes and historical associations with the space industry. All legitimate educational initiatives in this area should be encouraged and supported. Assistance from NASA of the kind contemplated by this concurrent resolution would be beneficial to all concerned.

Your Committee notes that the Department of Education testified that they look forward to the participation of the Department of Business and Economic Development and the Bishop Museum in the activities.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 269 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1594 Education on S.R. No. 117

The purpose of this resolution is to request the Department of Education to implement a process by which administrators and teachers may evaluate each other.

Under this concept, teachers would anonymously evaluate principals and vice-principals, and principals and vice-principals would anonymously evaluate district superintendents and deputy district superintendents, and vice versa. The results of of the evaluations would be available only to the person evaluated, the Board of Education, and the Superintendent of Education, and would not be used as a basis for discipline, promotion, or any other personnel action.

Your Committee finds that a top-to-bottom and bottom-to-top evaluation process would be useful in strengthening department weaknesses and achieving overall excellence in the statewide education system.

Your Committee has amended this resolution as follows:

- (1) Deleted reference to "information gathering" in the "BE IT RESOLVED" clause and "information" in the second "BE IT FURTHER RESOLVED" clause and substituted "evaluation";
- (2) Requested the Department to assemble a task force including the HSTA and the HGEA to develop an evaluation process and mechanism which will respect due process;
- (3) Included parents or school parent organizations, if possible, in the anonymous evaluation of principals and vice-principals;
- (4) Deleted the second "BE IT FURTHER RESOLVED" clause;
- (5) Added a new "BE IT FURTHER RESOLVED" clause stating "that when unfavorable evaluations or trends in an unfavorable direction are received, provision may be considered to allow for corrective actions under special and prescribed circumstances;"
- (6) Provided for a copy of the resolution to be transmitted to the HGEA; and
- (7) Made nonsubstantive technical and language changes for the purposes of clarity and style.

Your Committee on Education 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 Senator Ikeda.

SCRep. 1595 Education on S.C.R. No. 122

The purpose of this concurrent resolution is to request the Department of Education to implement a process by which administrators and teachers may evaluate each other.

Under this concept, teachers would anonymously evaluate principals and vice-principals, and principals and vice-principals would anonymously evaluate district superintendents and deputy district superintendents, and vice versa. The results of of the evaluations would be available only to the person evaluated, the Board of Education, and the Superintendent of Education, and would not be used as a basis for discipline, promotion, or any other personnel action.

Your Committee finds that a top-to-bottom and bottom-to-top evaluation process would be useful in strengthening department weaknesses and achieving overall excellence in the statewide education system.

Your Committee has amended this concurrent resolution as follows:

- (1) Deleted reference to "information gathering" in the "BE IT RESOLVED" clause and "information" in the second "BE IT FURTHER RESOLVED" clause and substituted "evaluation";
- (2) Requested the Department to assemble a task force including the HSTA and the HGEA to develop an evaluation process and mechanism which will respect due process;
- (3) Included parents or school parent organizations, if possible, in the anonymous evaluation of principals and vice-principals;
- (4) Deleted the second "BE IT FURTHER RESOLVED" clause;

- (5) Added a new "BE IT FURTHER RESOLVED" clause stating "that when unfavorable evaluations or trends in an unfavorable direction are received, provision may be considered to allow for corrective actions under special and prescribed circumstances;"
- (6) Provided for a copy of the concurrent resolution to be transmitted to the HGEA; and
- (7) Made nonsubstantive technical and language changes for the purposes of clarity and style.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 122, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 122, S.D. 1.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1596 Education on S.R. No. 181

The purpose of this resolution is to request the Waianae-Nanakuli teacher retention task force to continue its study of the teacher retention problem at the Waianae-Nanakuli school complex during the 1989 legislative interim.

Your Committee received testimony in support of this resolution from the Superintendent of Education, the Hawaii State Teachers Association, the principal and a teacher at Nanakuli Elementary School, and the Waianae Coast School Concerns Coalition. Testimony indicated that the problem of teacher retention is unique to the Waianae-Nanakuli area and many concerned and dedicated citizens are actively involved in resolving this problem.

Your Committee finds that more time is needed for the task force to continue its work and make meaningful recommendations regarding the problem of teacher retention in the Waianae-Nanakuli area.

Your Committee on Education concurs with the intent and purpose of S.R. No. 181 and recommends its adoption.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1597 Education on S.C.R. No. 200

The purpose of this concurrent resolution is to request the Waianae-Nanakuli teacher retention task force to continue its study of the teacher retention problem at the Waianae-Nanakuli school complex during the 1989 legislative interim.

Your Committee received testimony in support of this concurrent resolution from the Superintendent of Education, the Hawaii State Teachers Association, the principal and a teacher at Nanakuli Elementary School, and the Waianae Coast School Concerns Coalition. Testimony indicated that the problem of teacher retention is unique to the Waianae-Nanakuli area and many concerned and dedicated citizens are actively involved in resolving this problem.

Your Committee finds that more time is needed for the task force to continue its work and make meaningful recommendations regarding the problem of teacher retention in the Waianae-Nanakuli area.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 200 and recommends its adoption.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1598 Education on S.R. No. 155

The purpose of this resolution is to request the Board of Education to direct the Department of Education to convene district task forces to look into the high costs of graduating from high school in Hawaii.

In particular, the task forces, composed of concerned students, senior class advisors, administrators, and school advisory council members, would determine:

- (1) Specific expenses of high school senior year events;
- (2) The proportion of students denied access to high school senior year events due to economic constraints; and
- (3) Whether a ceiling on expenses of high school senior year events needs to be imposed, or alternatives need to be designed.

Your Committee finds that graduating from high school can be an expensive proposition and that many deserving students cannot afford to participate in all the activities. Your Committee also finds that all graduating students should have the opportunity to enjoy the celebrations and activities attendant to successfully completing high school - a significant event in a young person's life which he or she is likely to remember for many years to come. Such memories should be of happiness and sharing rather than exclusion and sadness. This resolution would help to determine the extent of the problem and whether remedial action is indicated.

Your Committee on Education concurs with the intent and purpose of S.R. No. 155 and recommends its adoption.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1599 Education on S.C.R. No. 165

The purpose of this concurrent resolution is to request the Board of Education to direct the Department of Education to convene district task forces to look into the high costs of graduating from high school in Hawaii.

In particular, the task forces, composed of concerned students, senior class advisors, administrators, and school advisory council members, would determine:

- (1) Specific expenses of high school senior year events;
- (2) The proportion of students denied access to high school senior year events due to economic constraints; and
- (3) Whether a ceiling on expenses of high school senior year events needs to be imposed, or alternatives need to be designed.

Your Committee finds that graduating from high school can be an expensive proposition and that many deserving students cannot afford to participate in all the activities. Your Committee also finds that all graduating students should have the opportunity to enjoy the celebrations and activities attendant to successfully completing high school - a significant event in a young person's life which he or she is likely to remember for many years to come. Such memories should be of happiness and sharing rather than exclusion and sadness. This concurrent resolution would help to determine the extent of the problem and whether remedial action is indicated.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 165 and recommends its adoption.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1600 Education on S.R. No. 125

The purpose of this resolution is to request the Governor to convene a commission for the sesquicentennial anniversary celebration of public education in Hawaii.

The Department of Education and the Board of Education would make recommendations, and the Commission would plan and implement a program of activities and events appropriate to recognize and honor the role of public education in Hawaii's history.

October 15, 1990 marks the 150th anniversary of the enabling legislation signed by King Kamehameha III establishing a ministry of education for Hawaii. Since public interest and support for our public schools and public education has never been higher, your Committee finds that a statewide celebration of public education in Hawaii would touch the minds and hearts of thousands of Hawaii residents and serve as a fitting tribute to the countless individuals who over the decades have dedicated their lives to educating our young people.

Your Committee on Education concurs with the intent and purpose of S.R. No. 125 and recommends its adoption.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1601 Education on S.C.R. No. 130

The purpose of this concurrent resolution is to request the Governor to convene a commission for the sesquicentennial anniversary celebration of public education in Hawaii.

The Department of Education and the Board of Education would make recommendations, and the Commission would plan and implement a program of activities and events appropriate to recognize and honor the role of public education in Hawaii's history.

October 15, 1990 marks the 150th anniversary of the enabling legislation signed by King Kamehameha III establishing a ministry of education for Hawaii. Since public interest and support for our public schools and public education has never been higher, your Committee finds that a statewide celebration of public education in Hawaii would touch the minds and hearts of thousands of Hawaii residents and serve as a fitting tribute to the countless individuals who over the decades have dedicated their lives to educating our young people.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 130 and recommends its adoption.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1602 Education on S.R. No. 112

The purpose of this Resolution is to request the Board of Education to adopt a policy making dissection of animals in school strictly voluntary.

The Board is also requested to report on alternative teaching methods which would be satisfactory substitutes for dissection.

Your Committee finds that students should not be forced to participate in dissection experiments nor should their standing in any course be affected by nonparticipation in dissection. Your Committee also finds that activities involving dissection in the public schools are currently voluntary. However, it would be in the best interests of the students and the educational system if such were to be instituted as a formal policy.

Your Committee has amended this Resolution by clarifying that it is intended to address all grade levels, and by deleting the requirement that the Department determine which alternative teaching methods are satisfactory substitutes to dissection. Your Committee finds that the Department already has satisfactory alternatives in place; therefore, your Committee is instead requesting that the Department report on actions taken pursuant to this Resolution.

Your Committee on Education concurs with the intent and purpose of S.R. No. 112, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 112, S.D. 1.

Signed by all members of the Committee.

SCRep. 1603 Education on S.C.R. No. 116

The purpose of this Concurrent Resolution is to request the Board of Education to adopt a policy making dissection of animals in school strictly voluntary.

The Board is also requested to report on alternative teaching methods which would be satisfactory substitutes for dissection.

Your Committee finds that students should not be forced to participate in dissection experiments nor should their standing in any course be affected by nonparticipation in dissection. Your Committee also finds that activities involving dissection in the public schools are currently voluntary. However, it would be in the best interests of the students and the educational system if such were to be instituted as a formal policy.

Your Committee has amended this Concurrent Resolution by clarifying that it is intended to address all grade levels, and by deleting the requirement that the Department determine which alternative teaching methods are satisfactory substitutes to dissection. Your Committee finds that the Department already has satisfactory alternatives in place; therefore, your Committee is instead requesting that the Department report on actions taken pursuant to this Concurrent Resolution.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 116, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 116, S.D. 1.

Signed by all members of the Committee.

SCRep. 1604 Education on S.R. No. 23

The purpose of this resolution is to request the Department of Education to report on what steps have been taken to reduce the cost of portable classrooms, including a comparison between the cost of constructing portable classrooms and single family homes.

In 1987, the Department of Accounting and General Services published a report on portable classroom building cost reduction which found that a savings of approximately ten percent could be realized with a bare minimum portable. However, costs of portable buildings are currently down from 1987 costs and could possibly be lowered even further.

Your Committee received testimony from the Superintendent of Education and the Department of Accounting and General Services and finds that a study to compare the costs of constructing portable classrooms and single family homes would be worthwhile and may result in cost savings to the taxpayers.

Your Committee has amended this resolution by requesting the Department of Accounting and General Services to do the study and report to the 1990 Legislature, and by clarifying in the second "WHEREAS" clause that the \$70,000 approximate cost of each new portable classroom includes cost of site work, utility hookups, and the entry and walkway. Your Committee has also made nonsubstantive technical changes for the purposes of clarity and style.

Your Committee on Education concurs with the intent and purpose of S.R. No. 23, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 23, S.D. 1.

Signed by all members of the Committee.

SCRep. 1605 Education on S.C.R. No. 19

The purpose of this concurrent resolution is to request the Department of Education to report on what steps have been taken to reduce the cost of portable classrooms, including a comparison between the cost of constructing portable classrooms and single family homes.

In 1987, the Department of Accounting and General Services published a report on portable classroom building cost reduction which found that a savings of approximately ten percent could be realized with a bare minimum portable. However, costs of portable buildings are currently down from 1987 costs and could possibly be lowered even further.

Your Committee received testimony from the Superintendent of Education and the Department of Accounting and General Services and finds that a study to compare the costs of constructing portable classrooms and single family homes would be worthwhile and may result in cost savings to the taxpayers.

Your Committee has amended this concurrent resolution by requesting the Department of Accounting and General Services to do the study and report to the 1990 Legislature, and by clarifying in the second "WHEREAS" clause that the \$70,000 approximate cost of each new portable classroom includes cost of site entry and walkway. Your Committee has also made nonsubstantive technical changes for the purposes of clarity and style.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 19, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 19, S.D. 1.

Signed by all members of the Committee.

SCRep. 1606 Education on S.C.R. No. 232

The purpose of this concurrent resolution is to request the Legislative Auditor to conduct a comprehensive study on the impact of: 1) changing the current class VII for public school teachers pursuant to section 297-31.1, Hawaii Revised Statutes, [B class VIII, and 2) establishing a new class VII.

The concurrent resolution provides for the new class VII teacher to be any teacher who holds a certificate issued by the Department of Education based upon five acceptable years of college education and sixty additional credits approved by the Department, and other requirements established by the Department.

Your Committee supports measures that will promote ongoing professional development and improvement of teachers, and finds that the study will enable the Legislature to make an informed decision on the cost and benefits of creating a new class VII teacher classification.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 232 and recommends its adoption.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1607 Education on S.C.R. No. 202

The purpose of this concurrent resolution is to request the Legislative Auditor to conduct a financial and management audit of the Department of Education.

The audit would include an assessment and evaluation of at least the following:

- (1) Progress made in implementing recommendations made in the last Department audit (1973);
- (2) Analysis of Board of Education goals, personnel, and accountability as they relate to school based decision-making;
- (3) The process of program change, including any continuation of programs that are no longer useful;
- (4) State and district functions and positions, including responsibility for such support functions as teacher workshops, especially in light of shared decision-making;
- (5) Personnel deployment with a focus on any duplication of positions or responsibilities and the resulting confusion for schools and teachers;
- (6) Administrative positions created for programs peripheral to the central mission of the schools;
- (7) Roles, need for, and assignment of resource teachers, including the matter of resource teachers used in fields outside their subject of expertise; and
- (8) Reduction in instructional time in core subjects because of nonacademic programs.

The Legislative Auditor would also be asked to update the budget review and analysis of the Special Education Program (Report Number 89-6).

The Department was last formally reviewed in 1973. Now, the legislature and the State are seriously considering initiating school/community-based management whereby teachers, administrators, and interested parents would make decisions relating to their individual schools on the local level. An audit of the Department would be a responsible step towards initiating this and other changes being contemplated for our public school system.

After further consideration, your Committee has amended this concurrent resolution by requesting a program and management audit rather than a financial and management audit, and by clarifying that the Legislative Auditor shall assess and evaluate the process of program change, including development, evaluation, revision, continuation, and/or elimination of programs that are no longer useful.

Your Committee has also deleted the requested budget review and analysis of the Special Education Program.

Your Committee intends that this study focus most closely on personnel matters, including how skills and time are or can be used most effectively and be supported by resources and training, and program development, as reflected in the above amendment. It is not the intent of your Committee that this study be an educational assessment to determine if students are learning a body of material based on a national norm. Your Committee is most interested in the anticipated effects of proposed changes in the school system as they would relate to personnel and programs.

Your Committee has also made a technical change which has no substantive effect.

Your Committee on 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 except Senator Ikeda.

SCRep. 1608 Education on S.C.R. No. 231

The purpose of this concurrent resolution is to request the Legislative Auditor to study and report on the apparent disparity between the conditions of various public schools despite similar allotments for repair and maintenance.

Even though allocations to the public schools are made on a statewide basis and should provide for similar repair and maintenance, some schools are quite clearly in worse condition than others. This concurrent resolution would seek to find the reasons therefor, which would enable more accurate allocations or changes in project priorities.

Your Committee received supporting testimony from the Superintendent of Education and the Department of Accounting and General Services.

Your Committee has amended this concurrent resolution by making a technical change which has no substantive effect.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 231, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 231, S.D. 1.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1609 Energy and Natural Resources on S.C.R. No. 110

The purpose of this concurrent resolution is to create a task force to investigate and determine which governmental agency has jurisdiction over and responsibility for clearance, maintenance, and erosion control of various streams and waterways in residential areas.

After inquiry with state, county, and federal governments, residents of areas such as Manoa and Niu Valley have experienced extreme difficulty and confusion in determining which agency has jurisdiction over and responsibility for clearance, maintenance, and erosion control of streams and waterways within or near residential communities which could pose a threat to life and property if their flow is impeded.

The Department of Land and Natural Resources testified that in 1986, the Legislature enacted legislation to clarify the responsibility for maintenance of drainage systems among county, state, and private owners of land underlying these waterways and drainageways. The counties still possess the primary responsibility for maintenance of drainage systems. However, if the land underlying the waterway is either state or privately owned, then the waterway must be maintained by the respective owners. Implementing ordinances are currently being drafted or are in the process of being enacted by the counties. For situations where ownership of a drainageway is unclear, the law specifies that the Board of Land and Natural Resources shall coordinate the resolution of the maintenance problem.

Your Committee finds that there is a general lack of knowledge within the community about the ownership and upkeep responsibilities of residential waterways and drainageways. Your Committee finds that a task force as proposed by this concurrent resolution would greatly assist in the clarification of jurisdiction and responsibilities, but more importantly by its existence, will greatly facilitate the implementation of the actual cleanup, maintenance, and remedial work on residential waterways.

Your Committee has amended the concurrent resolution by deleting from the task force membership, the Governor, the mayor of each county, the Senate President, and the Speaker of the House; and by including the Chairperson of the Board of Land and Natural Resources and the counties' public works directors on the task force. The concurrent resolution has been further amended to direct the task force to also determine a means to educate the public as to the proper agency to contact regarding stream maintenance and erosion control.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.C.R. No. 110, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 110, S.D. 1.

Signed by all members of the Committee.

SCRep. 1610 Energy and Natural Resources on S.C.R. No. 151

The purpose of this concurrent resolution is to urge the federal government to fund and authorize independent federal regulatory agencies and departments authorized to exercise regulatory powers to reimburse state agencies for costs incurred for participation in federal regulatory proceedings.

Hawaii's participation in federal regulatory proceedings has taken place at a great financial cost to the State. In addition, the participation of Hawaii's state agencies in those federal regulatory proceedings has often assisted federal agencies in formulating national and international regulatory policy.

Your Committee recognizes that federal regulatory actions will increase, and that it is in Hawaii's best interest to represent and protect our activities in a timely manner.

Your Committee has amended the concurrent resolution by amending the sixth "WHEREAS" clause for the purpose of clarity.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.C.R. No. 151, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 151, S.D. 1.

Signed by all members of the Committee.

SCRep. 1611 Energy and Natural Resources on S.C.R. No. 218

The purpose of this concurrent resolution is to designate approximately sixty acres of State-owned land on Sand Island, Oahu, located at tax map key number 1-5-41, as the site of a State operated industrial park, to be known as the "Sand Island Industrial Park."

The Board of Land and Natural Resources on March 23, 1989, adopted the required resolution designating the Sand Island parcel as a State industrial park. This concurrent resolution affirms the designation of Sand Island Industrial Park.

Testimony in support of the concurrent resolution was received from the Department of Land and Natural Resources, the Office of State Planning, the Sand Island Businessmen's Association (SIBA) and from various employers and workers situated at Sand Island. The president of SIBA testified that SIBA would be willing to fund and create a development plan for the proposed industrial park.

Your Committee finds that the Sand Island site is currently being used for industrial purposes, and that there is a need for designation and improvement of the parcel as provided by Chapter 171, Part VII, Hawaii Revised Statutes.

Your Committee has made non-substantive changes to the concurrent resolution for the purpose of clarity.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.C.R. No. 218, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 218, S.D. 1.

Signed by all members of the Committee.

SCRep. 1612 Energy and Natural Resources on S.C.R. No. 245

The purpose of this concurrent resolution is to request that the Legislative Auditor review the Coastal Zone Management Program for the purpose of determining the status and implications of the decline in federal funding and resolving the jurisdictional questions relating to the Office of State Planning, the Department of Transportation, the Department of Land and Natural Resources, and the counties.

Testimony in support of this concurrent resolution was received from the Office of State Planning, the Department of Transportation, the County of Kauai Planning Department, and the Natural Resources Defense Council, Inc.

Your Committee feels that coastal zone management and its system of implementation needs to be clarified. Given the growing demands on the State's coastal resources, this will be an extremely important examination to guide the State towards a more efficient and effective resource management system.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.C.R. No. 245 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1613 Energy and Natural Resources on S.R. No. 143

The purpose of this resolution is to request that the Hawaii County Council reexamine its zoning ordinances to develop a sound system to protect agricultural lands from misuse and condominium-style development and to eliminate ambiguities in the law.

Condominium-style ownership of agricultural lands works much like a subdivision, but it is often noted that this process is frequently utilized to subvert county subdivision standards for dwellings and infrastructure. While there is nothing inherently wrong with the agriculture condominium concept, the problem arises when one is created to circumvent the intent of county law.

Hawaii County in particular, has experienced adverse problems in dealing with the issue of condominium development on agricultural lands. Testimony from the law firm of Gallup and Van Pernis cited instances where this practice is being used to subvert the intent of the county zoning ordinances. The problem arises when developers combine county ohana zoning ordinances with State condominium laws and interpret it in such a way that circumvents the original intent of State land use laws and county zoning ordinances.

Your Committee finds that the problem must be addressed by the County of Hawaii. The problems described are not as serious in other counties because their ohana zoning ordinances are designed so as to limit the opportunity for abuse in conjunction with Chapter 514A.

Your Committee has amended the resolution by making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee on Energy and Natural Resources 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. 1614 Energy and Natural Resources on S.C.R. No. 152

The purpose of this concurrent resolution is to request that the Hawaii County Council reexamine its zoning ordinances to develop a sound system to protect agricultural lands from misuse and condominium-style development and to eliminate ambiguities in the law.

Condominium-style ownership of agricultural lands works much like a subdivision, but it is often noted that this process is frequently utilized to subvert county subdivision standards for dwellings and infrastructure. While there is nothing inherently wrong with the agriculture condominium concept, the problem arises when one is created to circumvent the intent of county law.

Hawaii County in particular, has experienced adverse problems in dealing with the issue of condominium development on agricultural lands. Testimony from the law firm of Gallup and Van Pernis cited instances where this practice is being used to subvert the intent of the county zoning ordinances. The problem arises when developers combine county ohana zoning ordinances with State condominium laws and interpret it in such a way that circumvents the original intent of State land use laws and county zoning ordinances.

Your Committee finds that the problem must be addressed by the County of Hawaii. The problems described are not as serious in other counties because their ohana zoning ordinances are designed so as to limit the opportunity for abuse in conjunction with Chapter 514A.

Your Committee has amended the concurrent resolution by making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.C.R. No. 152, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 152, S.D. 1.

Signed by all members of the Committee.

SCRep. 1615 Energy and Natural Resources on S.R. No. 235

The purpose of this resolution is to request that the Department of Land and Natural Resources, the Office of State Planning, the Land Use Commission, and the County of Hawaii work together in a collaborative effort to ensure that the Lalamilo area of North Kona, Hawaii, is retained as open space and relatively undeveloped.

Testimony in support of this resolution was received from the Department of Land and Natural Resources and the Office of State Planning. Your Committee finds that the pace of development of West Hawaii has increased dramatically, and that joint and comprehensive planning is required to meet the needs of development and yet maintain the natural setting and quality of life of the South Kohala region. Lalamilo is only one of many areas of South Kohala that needs consideration for retention of open space.

Your Committee has amended the title and body of the resolution to expand the lands under consideration and participation in the collaborative effort to ensure that sufficient areas in the Lalamilo/Kawaihae area are retained in open space.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.R. No. 235, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 235, S.D. 1.

Signed by all members of the Committee.

SCRep. 1616 Energy and Natural Resources on S.C.R. No. 267

The purpose of this concurrent resolution is to request that the Department of Land and Natural Resources, the Office of State Planning, the Land Use Commission, and the County of Hawaii work together in a collaborative effort to ensure that the Lalamilo area of North Kona, Hawaii, is retained as open space and relatively undeveloped.

Testimony in support of this concurrent resolution was received from the Department of Land and Natural Resources and the Office of State Planning. Your Committee finds that the pace of development of West Hawaii has increased dramatically, and that joint and comprehensive planning is required to meet the needs of development and yet maintain the natural setting and quality of life of the South Kohala region. Lalamilo is only one of many areas of South Kohala that needs consideration for retention of open space.

Your Committee has amended the title and body of the concurrent resolution to expand the lands under consideration and participation in the collaborative effort to ensure that sufficient areas in the Lalamilo/Kawaihae area are retained in open space.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.C.R. No. 267, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 267, S.D. 1.

Signed by all members of the Committee.

SCRep. 1617 Energy and Natural Resources on S.R. No. 109

The purpose of this resolution is to request that the U.S. Congress support and enact legislation to implement a National Oceans Policy Commission to interpret and establish, with the input of Pacific states and Pacific island governments, a new territorial sea boundary of twelve miles and a twenty-four mile contiguous zone.

This resolution would also allow the Pacific states and Pacific island governments to participate in the management of these areas and provide for a share of the revenues generated by activities in that area for the participating governments.

Your Committee is informed that Presidential Proclamation 5928, extending the United States territorial sea from three to twelve miles as measured from the baseline of the United States, was signed by the President on December 27, 1988. This action by the U.S. government has removed the need to urge the adoption of the extension. However, the need to examine the impact of this change on domestic law and federal/state rights issues associated with this extension of sovereignty remains.

Your Committee received supporting testimony from the Office of State Planning which offered a redrafted resolution, which incorporates references to the proclamation, and recommends the formation of a National Oceans Policy Commission to address the concerns and prepare findings and recommendations concerning a long-range national oceans program which will address such issues within the Exclusive Economic Zone. The Department of Business and Economic Development and the Department of Transportation supported the resolution as redrafted.

Upon consideration, your Committee has adopted the recommendation of the Office of State Planning and has amended the resolution accordingly.

Your Committee has also amended the title of the resolution to better reflect the intent and purpose of the resolution.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.R. No. 109, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 109, S.D. 1.

Signed by all members of the Committee.

SCRep. 1618 Energy and Natural Resources on S.C.R. No. 113

The purpose of this concurrent resolution is to request that the U.S. Congress support and enact legislation to implement a National Oceans Policy Commission to interpret and establish, with the input of Pacific states and Pacific island governments, a new territorial sea boundary of twelve miles and a twenty-four mile contiguous zone.

This concurrent resolution would also allow the Pacific states and Pacific island governments to participate in the management of these areas and provide for a share of the revenues generated by activities in that area for the participating governments.

Your Committee is informed that Presidential Proclamation 5928, extending the United States territorial sea from three to twelve miles as measured from the baseline of the United States, was signed by the President on December 27, 1988. This action by the U.S. government has removed the need to urge the adoption of the extension. However, the need to examine the impact of this change on domestic law and federal/state rights issues associated with this extension of sovereignty remains.

Your Committee received supporting testimony from the Office of State Planning which offered a redrafted concurrent resolution, which incorporates references to the proclamation, and recommends the formation of a National Oceans Policy Commission to address the concerns and prepare findings and recommendations concerning a long-range national oceans program which will address such issues within the Exclusive Economic Zone. The Department of Business and Economic Development and the Department of Transportation supported the concurrent resolution as redrafted.

Upon consideration, your Committee has adopted the recommendation of the Office of State Planning and has amended the concurrent resolution accordingly.

Your Committee has also amended the title of the concurrent resolution to better reflect the intent and purpose of the concurrent resolution.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.C.R. No. 113, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 113, S.D. 1.

Signed by all members of the Committee.

SCRep. 1619 Legislative Management on S.C.R. No. 150

The purpose of this concurrent resolution is to establish a legislative policy stating that all legislative requests for studies, reports, and other actions that require significant amounts of personnel time and resources from governmental agencies shall require the review and agreement of both houses of the legislature through concurrent resolution.

Your Committee finds that certain governmental agencies, as a matter of internal policy, prefer to respond only to legislative requests adopted by concurrent resolution. The establishment of a consistent legislative policy under which all legislative requests requiring the expenditure of significant amounts of agency staff time and resources will help to ensure that the legislature is provided with the information it requests from all agencies while simultaneously reducing the number of legislative requests to the various state agencies.

Your Committee on Legislative Management concurs with the intent and purpose of S.C.R. No. 150 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1620 Legislative Management on S.R. No. 46

The purpose of this resolution is to request the Senate President to establish an interim committee to provide a comprehensive review of the milk control process in Hawaii.

More specifically, the interim committee is to:

- (1) Review the Department of Agriculture's independent audit process;
- (2) Determine whether or not producers are misrepresenting mainland-produced milk and milk products by not clearly indicating that such products were produced elsewhere;
- (3) Examine the quota system as it applies to the producers of raw milk;
- (4) Review the Milk Control Act to determine whether or not its regulatory provisions are adequate and whether or not closer regulation is required for milk processors; and
- (5) Examine the potential impact on Hawaii's economy should local dairies begin exporting milk.

Your Committee finds that a comprehensive review of the milk control process is necessary to determine whether that process is meeting its objectives of promoting equity among milk producers, maintaining fair competition in the market place, and ensuring that clean, wholesome fresh milk is available for consumers.

Your Committee on Legislative Management concurs with the intent and purpose of S.R. No. 46, S.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1621 Legislative Management on H.C.R. No. 3

The purpose of this concurrent resolution is to commend the United States Department of Agriculture in its work to eradicate fruit flies in Hawaii without resort to the use of aerial pesticide spraying.

Your Committee received testimony in support of this measure from the Department of Agriculture and finds that eradication of fruit flies in Hawaii will ease current restrictions against importation of Hawaiian agricultural products by other states and nations who are concerned by the threat that fruit fly infestation poses to their own crops. Equally important, the environmentally-safe methods used by the Department of Agriculture to combat fruit flies serves to allay the environmental and health concerns expressed by many over the use of pesticides and irradiation methods.

Your Committee on Legislative Management concurs with the intent and purpose of H.C.R. No. 3, H.D. 1, S.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1622 (Majority) Government Operations on S.R. No. 200

The purpose of this resolution is to request the U.S. Department of Defense to reevaluate its need for the current level of facilities and area occupied by U.S. military forces in Okinawa, and consider relocation of facilities to other areas in Japan or East Asia.

Your Committee finds that while the military bases built on Okinawa after World War II provided economic support which facilitated the development of Okinawa from a rural society to a modern urban community, their continued presence has become increasingly controversial.

Your Committee has amended this resolution and its title to include several recommendations made by Mr. Ryokichi Higashionna and to make certain technical and clarifying amendments.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 200, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 200, S.D. 1.

Signed by all members of the Committee except Senators McMurdo and Cobb.
Senator George did not concur.

SCRep. 1623 (Majority) Government Operations on S.C.R. No. 220

The purpose of this concurrent resolution is to request the U.S. Department of Defense to reevaluate its need for the current level of facilities and area occupied by U.S. military forces in Okinawa, and consider relocation of facilities to other areas in Japan or East Asia.

Your Committee finds that while the military bases built on Okinawa after World War II provided economic support which facilitated the development of Okinawa from a rural society to a modern urban community, their continued presence has become increasingly controversial.

Your Committee has amended this concurrent resolution and its title to include several recommendations made by Mr. Ryokichi Higashionna and to make certain technical and clarifying amendments.

Your Committee on Government Operations concurs with the intent and purpose of S.C.R. No. 220, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 220, S.D. 1.

Signed by all members of the Committee except Senators McMurdo and Cobb.
Senator George did not concur.

SCRep. 1624 Human Services on S.C.R. No. 155

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to study the feasibility of establishing a pilot program for volunteer youth services similar to the California Conservation Corps or the Volunteers in Service to America (VISTA) program.

Your Committee finds that such a program would greatly benefit the youth of our State by providing opportunities for them to expand their realm of experience in a positive manner.

Your Committee has amended this concurrent resolution by making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 155, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 155, S.D. 1.

Signed by all members of the Committee except Senators Cobb and Koki.

SCRep. 1625 Human Services on S.C.R. No. 214

The purpose of this concurrent resolution is to request an analysis of the State's use of the federal Medicaid program and to develop a strategic plan to recover maximum funding allowances from Medicaid in order to provide both timely and appropriate health care services to vulnerable populations who may not now be able to take advantage of available federal dollars.

Your Committee heard supporting testimony from the Department of Human Services; the Department of Health; the Commission on the Handicapped; the State Planning Council on Developmental Disabilities; the Committee on Welfare Concerns; the National Association of Social Workers, Hawaii Chapter; the Hawaii Public Health Association; Hawaii Healthy Mothers, Healthy Babies; and Loretta Schuler, retired Public Health Nurse, Chairperson for Founders Group, Koa Council, and a member of the Committee on Welfare Concerns.

Your Committee heard opposing testimony from the Department of Human Services, which nevertheless supports the intent of this concurrent resolution. The department stated that Hawaii is receiving the Federal Financial Participation to which it is entitled and which is contingent on per capita income. The Department of Health suggests that the scope of this concurrent resolution is "ambitious" and indicates it is concerned that the task force charged with the analysis have sufficient expertise.

Other agencies and individuals underscored the need for the analysis requested by this concurrent resolution, and your Committee heard offers to supply information and resources. Most witnesses indicated that Hawaii may not be taking advantage of applicable waivers that would benefit specific populations including the mentally retarded, the developmentally disabled, health-related services for special education program enrollees, as well as other persons similarly situated.

While your Committee on Human Services recognizes the complexity of such a study and the vastness of its scope, it supports implementation of such an independent analysis as being in the public interest. Your Committee has amended this concurrent resolution to include participation by the following agencies as well as those already identified in this concurrent resolution:

- The Committee on Welfare Concerns;
- The Legal Aid Society;
- The National Association of Social Workers;
- The Hawaii Medical Association;
- The Health Care Association of Hawaii;
- The State Health Planning and Development Agency (SHPDA);
- The State Insurance Commissioner;
- The Office of Children and Youth;
- The Executive Office on Aging;
- The Developmental Disabilities Council;
- The Hawaii Mental Health Association;
- The Hawaii State Primary Care Association; and

The Commission on the Handicapped.

Your Committee has amended this concurrent resolution by making minor language and technical changes which have no substantive effect.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 214, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 214, S.D. 1.

Signed by all members of the Committee except Senators Cobb and Koki.

SCRep. 1626 Human Services on S.C.R. No. 147

The purpose of this concurrent resolution is to request a study by the Office of the Legislative Auditor on the efficacy of earmarking the four percent excise tax currently levied on health care services for the provision of institutional and non-institutional long term care services.

In recognizing the burden on the public and on families of bearing the cost of long term care, your Committee has considered long term care to include neo-natal complications, recovery from transplant surgery, health conditions such as AIDS, rehabilitation following accidental injury, and chronic conditions, rather than health care systems that are synonymous with health services for the elderly.

Your Committee heard testimony from the Department of Health supporting the intent of this exploratory measure and deferring to the Department of Taxation for specifics and for final recommendations. Your Committee also heard testimony from the Executive Office on Aging supporting both the intent and purpose of this concurrent resolution while deferring to the Department of Taxation for details and revenue impact. The Department of Taxation did not testify. However, your Committee heard testimony from the Committee on Welfare Concerns, and from the Health Task Force for the Founders Group of Kokua Council indicating that the annual revenue to the State of Hawaii generated from the 4% General Excise Tax on medical services equals \$12,000,000. Both of the latter groups are in full support of this concurrent resolution's intent and purpose.

Your Committee on Human Services 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 Cobb and Koki.

SCRep. 1627 Agriculture on S.R. No. 95

The purpose of this resolution is to urge the United States Congress to support H.R. No. 4335 ("National Biological Diversity Conservation and Environmental Research Act") that proposes to establish a national policy for the conservation of biological diversity.

In addition, this resolution urges Congress to consider establishing the National Center for Biological Diversity or a Regional Center for Tropical Biology in Hawaii.

Besides providing additional funding and stature for biodiversity research in Hawaii, a Regional Center could provide badly needed coordination and information transfer between researchers in both government and private spheres.

Your Committee also urges Congress to provide adequate funding for this program.

Your Committee heard testimony in support of this resolution from the Natural Defense Council Inc., the Sierra Club and Hawaii's Thousand Friends.

Your Committee on Agriculture concurs with the intent and purpose of S.R. No. 95 and recommends its adoption.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1628 Agriculture on S.C.R. No. 98

The purpose of this concurrent resolution is to urge the United States Congress to support H.R. No. 4335 ("National Biological Diversity Conservation and Environmental Research Act") that proposes to establish a national policy for the conservation of biological diversity.

In addition, this concurrent resolution urges Congress to consider establishing the National Center for Biological Diversity or a Regional Center for Tropical Biology in Hawaii.

Besides providing additional funding and stature for biodiversity research in Hawaii, a Regional Center could provide badly needed coordination and information transfer between researchers in both government and private spheres.

Your Committee also urges Congress to provide adequate funding for this program.

Your Committee heard testimony in support of this concurrent resolution from the Natural Defense Council Inc., the Sierra Club and Hawaii's Thousand Friends.

Your Committee on Agriculture concurs with the intent and purpose of S.C.R. No. 98 and recommends its adoption.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1629 Agriculture on S.R. No. 124

The purpose of this resolution is to have the Department of Agriculture, with assistance from the Governor's Agriculture Coordinating Committee, the College of Tropical Agriculture and Human Resources of the University of Hawaii, and the Department of Business and Economic Development, conduct a study to determine the need for and feasibility of establishing a Hawaii Agricultural Development Corporation.

The Alternative Crops Industry Analysis submitted to the Governor's Agriculture Coordinating Committee in March, 1988, recommended formation of a quasi-public corporation which could facilitate joint public-private ventures for the development of alternative crops. The Alternative Crops Industry Analysis also identified the need to assist producers involved in the field scale commercialization of new crops and to provide direct marketing assistance by arranging production contracts between such producers and prospective buyers.

Your Committee heard testimony in support of the resolution from the College of Tropical Agriculture and Human Resources and the Board of Agriculture.

Your Committee on Agriculture concurs with the intent and purpose of S.R. No. 124 and recommends its adoption.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1630 Agriculture on S.C.R. No. 129

The purpose of this concurrent resolution is to have the Department of Agriculture, with assistance from the Governor's Agriculture Coordinating Committee, the College of Tropical Agriculture and Human Resources of the University of Hawaii, and the Department of Business and Economic Development, conduct a study to determine the need for and feasibility of establishing a Hawaii Agricultural Development Corporation.

The Alternative Crops Industry Analysis submitted to the Governor's Agriculture Coordinating Committee in March, 1988, recommended formation of a quasi-public corporation which could facilitate joint public-private ventures for the development of alternative crops. The Alternative Crops Industry Analysis also identified the need to assist producers involved in the field scale commercialization of new crops and to provide direct marketing assistance by arranging production contracts between such producers and prospective buyers.

Your Committee heard testimony in support of the concurrent resolution from the College of Tropical Agriculture and Human Resources and the Board of Agriculture.

Your Committee on Agriculture concurs with the intent and purpose of S.C.R. No. 129 and recommends its adoption.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1631 Agriculture on S.C.R. No. 198

The purpose of this concurrent resolution is to request the Department of Health, acting as agent for the Environmental Protection Agency, to verify its actions and participation in the decision to divert grant funds received for the Wailua Sewage Treatment Project in 1980 and report its findings to the Legislature.

In addition, the concurrent resolution respectfully requests assistance from the Hawaii congressional delegation in resolving this problem.

Your Committee heard testimony from the Department of Health in support of this concurrent resolution.

Your Committee on Agriculture 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 Hagino.

SCRep. 1632 Agriculture on S.R. No. 179

The purpose of this resolution is to request the Department of Health, acting as agent for the Environmental Protection Agency, to verify its actions and participation in the decision to divert grant funds received for the Wailua Sewage Treatment Project in 1980 and report its findings to the Legislature.

In addition, the resolution respectfully requests assistance from the Hawaii congressional delegation in resolving this problem.

Your Committee heard testimony from the Department of Health in support of this resolution.

Your Committee on Agriculture concurs with the intent and purpose of S.R. No. 179 and recommends its adoption.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1633 Agriculture on S.C.R. No. 177

The purpose of this concurrent resolution is to request that the Department of Land and Natural Resources undertake a comprehensive review of the sufficiency of Chapter 195D, Hawaii Revised Statutes, which pertains to conservation of aquatic life, wildlife, and land plants, to protect flora and fauna indigenous to the Hawaiian islands.

More specifically, the Department of Land and Natural Resources is asked to:

- (1) Review state policy regarding the conservation of species pursuant to Chapter 195D;
- (2) Determine whether Chapter 195D is adequate for the protection of native endangered species and whether it conforms substantively to the federal Endangered Species Act;
- (3) Prepare proposed legislation to update and amend state law to protect native endangered species if Chapter 195D is determined to be inadequate; and
- (4) Review current levels of funding available to implement Chapter 195D in light of the possible need to update and amend state law, and recommend a higher level of funding if necessary.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources, the Environmental Center of the University of Hawaii, the Natural Resources Defense Council, Inc., and others.

Your Committee recognizes that while plans must be made to protect species not yet declared endangered, there is also a pressing need to prepare recovery plans for those species already declared endangered. Your Committee has therefore amended this measure by adding a fifth item to the first BE IT RESOLVED clause that requests that the Department of Land and Natural Resources review resources necessary to develop recovery plans for those species.

Your Committee has further amended this measure by including the Nature Conservancy, the Natural Resources Defense Council, and the Animal Species Advisory Commission as organizations with which the Department of Land and Natural Resources is to consult in responding to this measure.

Your Committee on Agriculture concurs with the intent and purpose of S.C.R. No. 177, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 177, S.D. 1.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1634 Agriculture on S.R. No. 165

The purpose of this resolution is to request that the Department of Land and Natural Resources undertake a comprehensive review of the sufficiency of Chapter 195D, Hawaii Revised Statutes, which pertains to conservation of aquatic life, wildlife, and land plants, to protect flora and fauna indigenous to the Hawaiian islands.

More specifically, the Department of Land and Natural Resources is asked to:

- (1) Review state policy regarding the conservation of species pursuant to Chapter 195D;
- (2) Determine whether Chapter 195D is adequate for the protection of native endangered species and whether it conforms substantively to the federal Endangered Species Act;
- (3) Prepare proposed legislation to update and amend state law to protect native endangered species if Chapter 195D is determined to be inadequate; and
- (4) Review current levels of funding available to implement Chapter 195D in light of the possible need to update and amend state law, and recommend a higher level of funding if necessary.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources, the Environmental Center of the University of Hawaii, the Natural Resources Defense Council, Inc., and others.

Your Committee recognizes that while plans must be made to protect species not yet declared endangered, there is also a pressing need to prepare recovery plans for those species already declared endangered. Your Committee has therefore amended this measure by adding a fifth item to the first BE IT RESOLVED clause that requests that the Department of Land and Natural Resources review resources necessary to develop recovery plans for those species.

Your Committee has further amended this measure by including the Nature Conservancy, the Natural Resources Defense Council, and the Animal Species Advisory Commission as organizations with which the Department of Land and Natural Resources is to consult in responding to this measure.

Your Committee on Agriculture concurs with the intent and purpose of S.R. No. 165, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 165, S.D. 1.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1635 Agriculture on S.R. No. 214

The purpose of this resolution is to have the Department of Land and Natural Resources report to the Legislature on the ecological and environmental impact of diving, fishing, and other such recreational and commercial activities in the waters off Molokini Island, Hanalei Bay, and other marine conservation areas in the State of Hawaii.

It is in the public interest to regulate or prohibit activities which are inimical to the well-being of our precious marine conservation areas and resources.

Your Committee heard supporting testimony from the Department of Land and Natural Resources, the Environmental Center of the University of Hawaii, and The Ocean Recreation Council of Hawaii.

Your Committee on Agriculture concurs with the intent and purpose of S.R. No. 214 and recommends its adoption.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1636 Agriculture on S.C.R. 242

The purpose of this concurrent resolution is to have the Department of Land and Natural Resources report to the Legislature on the ecological and environmental impact of diving, fishing, and other such recreational and commercial activities in the waters off Molokini Island, Hanalei Bay, and other marine conservation areas in the State of Hawaii.

It is in the public interest to regulate or prohibit activities which are inimical to the well-being of our precious marine conservation areas and resources.

Your Committee heard supporting testimony from the Department of Land and Natural Resources, the Environmental Center of the University of Hawaii, and The Ocean Recreation Council of Hawaii.

Your Committee on Agriculture 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 Hagino.

SCRep. 1637 Agriculture on S.C.R. No. 178

The purpose of this concurrent resolution is to have the Office of State Planning study the issues causing uncertainty over the authority of the Environmental Council to issue declaratory rulings and to report its findings and recommendations to the 1990 legislature. The study should also propose ways to mitigate this dilemma and include proposed amendments to the law.

The Environmental Commission was recently advised by a deputy attorney general that it could no longer issue declaratory rulings. This conflicts with the Commission's past practice of issuing such rulings and poses a serious administrative deficiency in the present environmental process.

Your Committee received supporting testimony from the Office of State Planning, the Environmental Center of the University of Hawaii at Manoa and the American Lung Association.

In accordance with the Office of State Planning's recommendation, your Committee has amended this concurrent resolution to have the Legislative Reference Bureau conduct the study. Therefore, the Legislative Reference Bureau has been substituted for the Office of State Planning in the first "BE IT RESOLVED" clause and the second and third "BE IT FURTHER RESOLVED" clauses.

Your Committee on Agriculture 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 except Senator Hagino.

SCRep. 1638 Agriculture on S.C.R. No. 179

The purpose of this concurrent resolution is to have the Office of the Legislative Auditor conduct a financial audit of the Hawaii Sugar Planters' Association (HSPA), with emphasis on the propriety of expenditures of state funds.

Since 1982, \$16.5 million has been appropriated to the HSPA for sugar research and development, in order to sustain the sugar industry and to encourage the development of alternative crops to diversify Hawaii's agricultural industry.

The Legislature is committed to the preservation of agriculture and agricultural lands. However, your Committee finds it is in the public interest to ensure that public funds are utilized properly and for the purposes intended.

Your Committee received verbal testimony from the HSPA in favor of this concurrent resolution.

Your Committee on Agriculture concurs with the intent and purpose of S.C.R. No. 179 and recommends its adoption.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1639 Agriculture on S.R. No. 166

The purpose of this resolution is to request the Legislative Reference Bureau to examine the feasibility of using plant materials, particularly the Neem tree, for pest control in Hawaii and the Asia-Pacific region with an emphasis on the possible biological and economic consequences of importing such plant materials into Hawaii.

The Neem tree from the Indo-Pakistan region has attracted increased global attention in recent years because of its broad-spectrum effectiveness against many species of insects, mites, and nematodes, together with the fact that it is currently being used for pest control by many farmers in South Asia and elsewhere.

Your Committee heard testimony from the Department of Land and Natural Resources, the Department of Agriculture, the University of Hawaii, the Environmental Center of the University of Hawaii, C. S. Tang, Chairman of the Department of Agricultural Biochemistry at the University of Hawaii, and Saleem Ahmed, a research associate from the East-West Center.

Upon consideration, your Committee has amended this measure and its title to designate the Governor's Agriculture Coordinating Committee as the entity that is to evaluate the feasibility of using the Neem tree for pest control. Your Committee has also amended this measure by adding a new "WHEREAS" clause that relates the background behind use of the Neem tree for pest control. Your Committee finds that this measure, as amended, will provide information that is essential before any decision can be made to introduce the Neem tree to Hawaii for pest control.

Your Committee on Agriculture concurs with the intent and purpose of S.R. No. 166, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 166, S.D. 1.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1640 Agriculture on S.C.R. No. 174

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to examine the feasibility of using plant materials, particularly the Neem tree, for pest control in Hawaii and the Asia-Pacific region with an emphasis on the possible biological and economic consequences of importing such plant materials into Hawaii.

The Neem tree from the Indo-Pakistan region has attracted increased global attention in recent years because of its broad-spectrum effectiveness against many species of insects, mites, and nematodes, together with the fact that it is currently being used for pest control by many farmers in South Asia and elsewhere.

Your Committee heard testimony from the Department of Land and Natural Resources, the Department of Agriculture, the University of Hawaii, the Environmental Center of the University of Hawaii, C. S. Tang, Chairman of the Department of Agricultural Biochemistry at the University of Hawaii, and Saleem Ahmed, a research associate from the East-West Center.

Upon consideration, your Committee has amended this measure and its title to designate the Governor's Agriculture Coordinating Committee as the entity that is to evaluate the feasibility of using the Neem tree for pest control. Your Committee has also amended this measure by adding a new "WHEREAS" clause that relates the background behind use of the Neem tree for pest control. Your Committee finds that this measure, as amended, will provide information that is essential before any decision can be made to introduce the Neem tree to Hawaii for pest control.

Your Committee on Agriculture 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 Hagino.

SCRep. 1641 Agriculture on S.C.R. No. 183

The purpose of this concurrent resolution is to have the Department of Agriculture develop standards defining "organic" products.

There is increasing public interest in organically grown produce, and it should be noted that definitions of "organic" produce vary widely and that only fourteen states have special organic food regulations. Hawaii is among the states that need to develop standards defining "organic" produce.

Your Committee heard testimony from the Board of Agriculture and the University of Hawaii College of Tropical Agriculture and Human Resources in favor of this measure.

Your Committee has amended this concurrent resolution as follows:

- 1) Deleted the fifth "WHEREAS" paragraph in its entirety because the reference to cancer is unsubstantiated and therefore not pertinent;
- 2) Included the College of Tropical Agriculture and Human Resources and the Hawaii Farm Bureau Federation as additional parties requested to develop standards defining "organic" produce in the first "BE IT RESOLVED" paragraph;
- 3) Required that certified copies of this concurrent resolution be transmitted to the College of Tropical Agriculture and Human Resources and the Hawaii Farm Bureau Federation; and
- 4) Incorporated the first two "BE IT RESOLVED" paragraphs for purposes of style and clarity.

Your Committee on Agriculture concurs with the intent and purpose of S.C.R. No. 183, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 183, S.D. 1.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1642 Transportation on S.R. No. 202

The purpose of this resolution is to request the City and County of Honolulu to examine the parking situation in residential areas and to act positively to resolve any problems.

Your Committee finds that the parking situation in residential areas has become increasingly congested with cars which are not moved for extended periods of time. The increase in multi-family dwellings and the number of multiple car families is likely to further worsen this problem. An examination of the problems in the misuse or abuse of parking in residential areas could result in possible ways, particularly through adjustment in the city and county's traffic and zoning code provisions, to alleviate the situation before it becomes unmanageable.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 202 and recommends its adoption.

Signed by all members of the Committee except Senators Chang, Ikeda, Levin and McCartney.

SCRep. 1643 Transportation on S.C.R. No. 222

The purpose of this concurrent resolution is to request the City and County of Honolulu to examine the parking situation in residential areas and to act positively to resolve any problems.

Your Committee finds that the parking situation in residential areas has become increasingly congested with cars which are not moved for extended periods of time. The increase in multi-family dwellings and the number of multiple car families is likely to further worsen this problem. An examination of the problems in the misuse or abuse of parking in residential areas could result in possible ways, particularly through adjustment in the city and county's traffic and zoning code provisions, to alleviate the situation before it becomes unmanageable.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 222 and recommends its adoption.

Signed by all members of the Committee except Senators Chang, Ikeda, Levin and McCartney.

SCRep. 1644 Transportation on S.R. No. 42

The purpose of this resolution is to request the department of transportation to study the feasibility of establishing a direct-access from Waikiki to the H-1 freeway.

Your Committee heard testimony in support of the intent of this resolution from the department of transportation, the Waikiki Improvement Association, and the the Hawaii Hotel Association. Your Committee finds that the heavy traffic that daily flows through the Waikiki area causes serious access problems to and from Waikiki. Further, the need for direct freeway access to Waikiki has been cited in planning studies of the area since the 1960's.

Your Committee has amended this resolution by:

- (1) Deleting paragraphs four, seven, and nine entirely;
- (2) Deleting, in paragraph eight, the words "provided that the study focus on" and substituting the words "including but not limited to", and deleting language beginning with "the vicinity of" through the end of the paragraph and substituting "an area acceptable to residents, among other alternatives"; and
- (3) Making other nonsubstantive language changes for purposes of style, clarity, and consistency.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 42, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 42, S.D. 1.

Signed by all members of the Committee except Senators Chang, Ikeda, Levin and McCartney.

SCRep. 1645 Transportation on S.C.R. No. 38

The purpose of this concurrent resolution is to request the department of transportation to study the feasibility of establishing a direct-access from Waikiki to the H-1 freeway.

Your Committee heard testimony in support of the intent of this concurrent resolution from the department of transportation, the Waikiki Improvement Association, and the the Hawaii Hotel Association. Your Committee finds that the heavy traffic that daily flows through the Waikiki area causes serious access problems to and from Waikiki. Further, the need for direct freeway access to Waikiki has been cited in planning studies of the area since the 1960's.

Your Committee has amended this concurrent resolution by:

- (1) Deleting paragraphs four, seven, and nine entirely;
- (2) Deleting, in paragraph eight, the words "provided that the study focus on" and substituting the words "including but not limited to", and deleting language beginning with "the vicinity of" through the end of the paragraph and substituting "an area acceptable to residents, among other alternatives"; and
- (3) Making other nonsubstantive language changes for purposes of style, clarity, and consistency.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 38, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 38, S.D. 1.

Signed by all members of the Committee except Senators Chang, Ikeda, Levin and McCartney.

SCRep. 1646 Transportation on S.R. No. 101

The purpose of this resolution is to request the department of transportation to place a road sign off the eastbound lanes of the H-1 Freeway to indicate the entrance to the access road to Leeward Community College.

Your Committee received favorable testimony from the department of transportation and the community colleges. The department of transportation indicated that it would install the additional signs necessary to direct the public from the eastbound H-1 Freeway to Leeward Community College.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 101 and recommends its adoption.

Signed by all members of the Committee except Senators Chang, Ikeda, Levin and McCartney.

SCRep. 1647 Transportation on S.C.R. No. 104

The purpose of this concurrent resolution is to request the department of transportation to place a road sign off the eastbound lanes of the H-1 Freeway to indicate the entrance to the access road to Leeward Community College.

Your Committee received favorable testimony from the department of transportation and the community colleges. The department of transportation indicated that it would install the additional signs necessary to direct the public from the eastbound H-1 Freeway to Leeward Community College.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 104 and recommends its adoption.

Signed by all members of the Committee except Senators Chang, Ikeda, Levin and McCartney.

SCRep. 1648 Tourism, Recreation and Planning on S.R. No. 161

The purpose of this resolution is to request that the Department of Land and Natural Resources study the feasibility of establishing a separate black powder or primitive hunting season in Hawaii, identify areas conducive to such hunting, survey similar existing programs in other states, and propose appropriate rules.

Your Committee finds that black powder hunting requires hunters to develop their skills to a far greater degree than normal hunting and thus instills a greater respect and appreciation for nature. Your Committee further finds that a feasibility study on the establishment of a black powder hunting season would allow the legislature to respond intelligently and effectively to public demand for this most challenging form of hunting.

Your Committee on Tourism, Recreation and Planning concurs with the intent and purpose of S.R. No. 161 and recommends its adoption.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1649 Tourism, Recreation and Planning on S.C.R. No. 171

The purpose of this concurrent resolution is to request that the Department of Land and Natural Resources study the feasibility of establishing a separate black powder or primitive hunting season in Hawaii, identify areas conducive to such hunting, survey similar existing programs in other states, and propose appropriate rules.

Your Committee finds that black powder hunting requires hunters to develop their skills to a far greater degree than normal hunting and thus instills a greater respect and appreciation for nature. Your Committee further finds that a feasibility study on the establishment of a black powder hunting season would allow the legislature to respond intelligently and effectively to public demand for this most challenging form of hunting.

Your Committee on Tourism, Recreation and Planning concurs with the intent and purpose of S.C.R. No. 171 and recommends its adoption.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1650 Tourism, Recreation and Planning on S.R. No. 211

The purpose of this resolution is to request that the Department of Land and Natural Resources and the Office of the Attorney General report on the extent of liability exposure for the State, the counties, and private landowners when allowing the general public to use trails and accesses under their respective jurisdictions, and recommend strategies to reduce or limit liability exposure.

Section 198D-7, Hawaii Revised Statutes, currently requires the Department of Land and Natural Resources and the Office of the Attorney General to "examine" these liability issues, but there is no requirement that the two agencies report the results of their examination to the legislature. This resolution will ensure that such information is reported to the legislature.

Your Committee finds that requiring the Department of Land and Natural Resources and the Office of the Attorney General to report their findings to the legislature will enable the legislature to make appropriate decisions pertaining to oversight and funding of the Statewide Trail and Access System.

Your Committee on Tourism, Recreation and Planning concurs with the intent and purpose of S.R. No. 211 and recommends its adoption.

Signed by all members of the Committee except Senators Cobb and Crozier.

SCRep. 1651 Tourism, Recreation and Planning on S.C.R. No. 239

The purpose of this concurrent resolution is to request that the Department of Land and Natural Resources and the Office of the Attorney General report on the extent of liability exposure for the State, the counties, and private landowners when allowing the general public to use trails and accesses under their respective jurisdictions, and recommend strategies to reduce or limit liability exposure.

Section 198D-7, Hawaii Revised Statutes, currently requires the Department of Land and Natural Resources and the Office of the Attorney General to "examine" these liability issues, but there is no requirement that the two agencies report the results of their examination to the legislature. This concurrent resolution will ensure that such information is reported to the legislature.

Your Committee finds that requiring the Department of Land and Natural Resources and the Office of the Attorney General to report their findings to the legislature will enable the legislature to make appropriate decisions pertaining to oversight and funding of the Statewide Trail and Access System.

Your Committee on Tourism, Recreation and Planning 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 Cobb and Crozier.

SCRep. 1652 Tourism, Recreation and Planning on S.R. No. 243

The purpose of this resolution is to request the Department of Land and Natural Resources to enforce existing State laws prohibiting nudity in State parks.

One of the most unique aspects of Hawaii's attraction to residents and visitors alike is the opportunity Hawaii affords to those wishing to participate fully in outdoor recreational activities. Unfortunately, there has been a trend towards increased public nudity by a small segment of people in several of Hawaii's State parks, particularly Na Pali State Park on Kauai, that effectively prevents the general populace from taking part in outdoor activities at these sites.

Your Committee finds that requiring the Department of Land and Natural Resources to enforce existing State laws prohibiting public nudity will reduce the incidence of nudity in State parks and allow Hawaii's residents and visitors to enjoy Hawaii's natural beauty without fear of being subjected to illegal and improper nudity by others.

Your Committee on Tourism, Recreation and Planning concurs with the intent and purpose of S.R. No. 243 and recommends its adoption.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1653 Tourism, Recreation and Planning on S.C.R. No. 275

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources to enforce existing State laws prohibiting nudity in State parks.

One of the most unique aspects of Hawaii's attraction to residents and visitors alike is the opportunity Hawaii affords to those wishing to participate fully in outdoor recreational activities. Unfortunately, there has been a trend towards increased public nudity by a small segment of people in several of Hawaii's State parks, particularly Na Pali State Park on Kauai, that effectively prevents the general populace from taking part in outdoor activities at these sites.

Your Committee finds that requiring the Department of Land and Natural Resources to enforce existing State laws prohibiting public nudity will reduce the incidence of nudity in State parks and allow Hawaii's residents and visitors to enjoy Hawaii's natural beauty without fear of being subjected to illegal and improper nudity by others.

Your Committee on Tourism, Recreation and Planning concurs with the intent and purpose of S.C.R. No. 275 and recommends its adoption.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1654 Tourism, Recreation and Planning on S.R. No. 144

The purpose of this resolution is to request the Governor to convene a task force to identify a suitable site for a motor sports complex on Oahu capable of supporting a wide variety of motor sports events.

The task force would be chaired by a representative from the Office of State Planning and would consider possible sites such as Lagoon Drive, Mokuleia, Kapaa Landfill, Sand Island Park, and any other environmentally acceptable area satisfactory to the general public and the motor sports community.

The task force would also consider the advantages and disadvantages associated with the site it finally selects, and identify legal requirements and impediments associated with developing the site as a motor sports complex. Concurrently, the Governor would explore the issue of whether the State or the City and County of Honolulu should do the developing and the feasibility of a joint venture whereby the State would provide the land and the City and County would develop and operate the complex.

Hawaii Raceway Park, for years the center of motor sports on Oahu, is going to close down, leaving tens of thousands of Oahu residents without an outlet for their favorite sport. Thus, it would be consistent with objectives relating to recreation to explore the feasibility of establishing a public motor sports facility on state land for the benefit of motor sports enthusiasts. A first class facility of this kind would also help to focus national and even worldwide attention on Hawaii as a sports capital in the Pacific and impact favorably on our tourism industry and the economy in general.

Your Committee has amended this resolution by deleting reference to Sand Island Park and focusing attention on Fort Kamehameha along Lagoon Drive as a possible site. Your Committee finds that a motor sports facility would be inconsistent with the planned development of Sand Island as reflected in the Honolulu Waterfront Master Plan.

Your Committee has also made a technical change which has no substantive effect.

Your Committee on Tourism, Recreation and Planning concurs with the intent and purpose of S.R. No. 144, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 144, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1655 Tourism, Recreation and Planning on S.C.R. No. 153

The purpose of this concurrent resolution is to request the Governor to convene a task force to identify a suitable site for a motor sports complex on Oahu capable of supporting a wide variety of motor sports events.

The task force would be chaired by a representative from the Office of State Planning and would consider possible sites such as Lagoon Drive, Mokuleia, Kapaa Landfill, Sand Island Park, and any other environmentally acceptable area satisfactory to the general public and the motor sports community.

The task force would also consider the advantages and disadvantages associated with the site it finally selects, and identify legal requirements and impediments associated with developing the site as a motor sports complex. Concurrently, the Governor would explore the issue of whether the State or the City and County of Honolulu should do the developing and the feasibility of a joint venture whereby the State would provide the land and the City and County would develop and operate the complex.

Hawaii Raceway Park, for years the center of motor sports on Oahu, is going to close down, leaving tens of thousands of Oahu residents without an outlet for their favorite sport. Thus, it would be consistent with objectives relating to recreation to explore the feasibility of establishing a public motor sports facility on state land for the benefit of motor sports enthusiasts. A first class facility of this kind would also help to focus national and even worldwide attention on Hawaii as a sports capital in the Pacific and impact favorably on our tourism industry and the economy in general.

Your Committee has amended this concurrent resolution by deleting reference to Sand Island Park and focusing attention on Fort Kamehameha along Lagoon Drive as a possible site. Your Committee finds that a motor sports facility would be inconsistent with the planned development of Sand Island as reflected in the Honolulu Waterfront Master Plan.

Your Committee has also made a technical change which has no substantive effect.

Your Committee on Tourism, Recreation and Planning concurs with the intent and purpose of S.C.R. No. 153, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 153, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1656 Tourism, Recreation and Planning on S.R. No. 160

The purpose of this resolution is to request that the Department of Business and Economic Development submit a status report to the Legislature before the 1990 Regular Session which would outline each of the Hawaii Visitors Bureau's field offices and give an analysis and evaluation of the office's expenditures and activities.

Your Committee finds that the need to oversee the Hawaii Visitors Bureau's use of public money is in the best interest of the State.

Your Committee has amended the resolution to correct certain typographical errors.

Your Committee on Tourism 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 except Senator Cobb.

SCRep. 1657 Tourism, Recreation and Planning on S.C.R. No. 170

The purpose of this concurrent resolution is to request that the Department of Business and Economic Development submit a status report to the Legislature before the 1990 Regular Session which would outline each of the Hawaii Visitors Bureau's field offices and give an analysis and evaluation of the office's expenditures and activities.

Your Committee finds that the need to oversee the Hawaii Visitors Bureau's use of public money is in the best interest of the State.

Your Committee has amended the concurrent resolution to correct certain typographical errors.

Your Committee on Tourism concurs with the intent and purpose of S.C.R. No. 170, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 170, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1658 Tourism, Recreation and Planning on S.R. No. 216

The purpose of this resolution is to request the Department of Business and Economic Development (DBED) to prepare an analysis of Hawaii's tourism base markets, including but not limited to their precise delineations, the percentage of Hawaii's visitors arriving annually from each area, expenditures and personnel activities, projections and recommendations, and any other information relevant to understanding the implications and effectiveness of Hawaii's tourism base markets.

Supporting testimony was received from the Hawaii Hotel Association.

Your Committee finds that a better understanding of Hawaii's tourism market will help the State maximize its resources and increase its profit potential. A study such as this will greatly assist the State in achieving this goal.

Your Committee has amended the resolution by deleting the fifth "WHEREAS" clause, the first "BE IT FURTHER RESOLVED" clause, and by deleting a comma in the last line of the "BE IT RESOLVED" clause.

Your Committee on Tourism concurs with the intent and purpose of S.R. No. 216, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 216, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1659 Tourism, Recreation and Planning on S.C.R. No. 244

The purpose of this concurrent resolution is to request the Department of Business and Economic Development (DBED) to prepare an analysis of Hawaii's tourism base markets, including but not limited to their precise delineations, the percentage of Hawaii's visitors arriving annually from each area, expenditures and personnel activities, projections and recommendations, and any other information relevant to understanding the implications and effectiveness of Hawaii's tourism base markets.

Supporting testimony was received from the Hawaii Hotel Association.

Your Committee finds that a better understanding of Hawaii's tourism market will help the State maximize its resources and increase its profit potential. A study such as this will greatly assist the State in achieving this goal.

Your Committee has amended the concurrent resolution by deleting the fifth "WHEREAS" clause, the first "BE IT FURTHER RESOLVED" clause, and by deleting a comma in the last line of the "BE IT RESOLVED" clause.

Your Committee on Tourism concurs with the intent and purpose of S.C.R. No. 244, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 244, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1660 Tourism, Recreation and Planning on S.R. No. 158

The purpose of this resolution is to request that the Department of Transportation provide the Legislature with a status report on the proposed transfer of Sand Island Park acreage to the City and County of Honolulu.

Supporting testimony was received from the Office of State Planning, the Department of Land and Natural Resources, and the Department of Transportation.

Although support for the resolution was unanimous, all the agencies involved requested that the responsibility of conducting and submitting a status report be transferred to the Department of Land and Natural Resources.

Your Committee has amended the resolution accordingly to reflect the jurisdictional responsibility of the Department of Land and Natural Resources.

Your Committee on Tourism, Recreation and Planning concurs with the intent and purpose of S.R. No. 158, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 158, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1661 Tourism, Recreation and Planning on S.C.R. No. 168

The purpose of this concurrent resolution is to request that the Department of Transportation provide the Legislature with a status report on the proposed transfer of Sand Island Park acreage to the City and County of Honolulu.

Supporting testimony was received from the Office of State Planning, the Department of Land and Natural Resources, and the Department of Transportation.

Although support for the concurrent resolution was unanimous, all the agencies involved requested that the responsibility of conducting and submitting a status report be transferred to the Department of Land and Natural Resources.

Your Committee has amended the concurrent resolution accordingly to reflect the jurisdictional responsibility of the Department of Land and Natural Resources.

Your Committee on Tourism, Recreation and Planning concurs 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 Cobb.

SCRep. 1662 Tourism, Recreation and Planning on S.C.R. No. 172

The purpose of this concurrent resolution is to request the Legislative Auditor to conduct a study to consider alternative structures for administering a tourism program by comparing how other states and countries administer their tourism programs.

Your Committee finds that Hawaii is the only state in which a majority of state funds appropriated for tourism promotion pass through a private entity. This action relinquishes the State's right of legislative oversight and accountability.

Your Committee further finds that legislative oversight and accountability for these expended funds need to be exercised in a similar fashion to that of State agencies.

Your Committee on Tourism, Recreation and Planning concurs with the intent and purpose of S.C.R. No. 172 and recommends its adoption.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1663 Tourism, Recreation and Planning on S.R. No. 213

The purpose of this resolution is to request the Department of Transportation to provide a status update on the development of the Keehi Lagoon Subarea in the Honolulu Waterfront Plan, including the submerged acreage identified by H.C.R. No. 386, H.D. 1, S.D. 1, C.D. 1 (1988).

H.C.R. No. 386, H.D. 1, S.D. 1, C.D. 1 authorized the Board of Land and Natural Resources and the Department of Transportation to lease and provide for the reclamation of approximately 300 plus acres of submerged and tidal lands in Keehi Lagoon for recreational, educational, research, and commercial/light industrial purposes. The land would be included in the Keehi Lagoon Subarea in the Honolulu Waterfront Plan.

That same concurrent resolution requested the Department of Transportation to continually apprise the Legislature of its activities relating to the lease and reclamation of the Keehi Lagoon acreage at appropriate intervals.

Your Committee received supporting testimony from the Department of Transportation and finds that the Department is working with the Department of Land and Natural Resources to protect sea birds which would be impacted by the project. Also, land appraisals and requests for proposals are being developed, and the draft Environmental Impact Statement (EIS) for the entire Keehi Lagoon development is being prepared and is scheduled for publication this summer. The Final EIS is scheduled for acceptance by January, 1990.

Your Committee on Tourism, Recreation and Planning concurs with the intent and purpose of S.R. No. 213 and recommends its adoption.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1664 Tourism, Recreation and Planning on S.C.R. No. 241

The purpose of this concurrent resolution is to request the Department of Transportation to provide a status update on the development of the Keehi Lagoon Subarea in the Honolulu Waterfront Plan, including the submerged acreage identified by H.C.R. No. 386, H.D. 1, S.D. 1, C.D. 1 (1988).

H.C.R. No. 386, H.D. 1, S.D. 1, C.D. 1 authorized the Board of Land and Natural Resources and the Department of Transportation to lease and provide for the reclamation of approximately 300 plus acres of submerged and tidal lands in Keehi Lagoon for recreational, educational, research, and commercial/light industrial purposes. The land would be included in the Keehi Lagoon Subarea in the Honolulu Waterfront Plan.

That same concurrent resolution requested the Department of Transportation to continually apprise the Legislature of its activities relating to the lease and reclamation of the Keehi Lagoon acreage at appropriate intervals.

Your Committee received supporting testimony from the Department of Transportation and finds that the Department is working with the Department of Land and Natural Resources to protect sea birds which would be impacted by the project. Also, land appraisals and requests for proposals are being developed, and the draft Environmental Impact Statement (EIS) for the entire Keehi Lagoon development is being prepared and is scheduled for publication this summer. The Final EIS is scheduled for acceptance by January, 1990.

Your Committee on Tourism, Recreation and Planning concurs with the intent and purpose of S.C.R. No. 241 and recommends its adoption.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1665 Tourism, Recreation and Planning on S.R. No. 159

The purpose of this resolution is to request the Office of State Planning to submit a status report on the Honolulu Waterfront Final Master Plan, including an analysis and evaluation of the traffic implications for the development area.

The Honolulu Waterfront Master Plan area reaches from Ala Moana Park/Magic Island in the east to Keehi Lagoon in the west, and the Master Plan Report documents the overall planning process, describes the planning area, identifies short and long-range plans, and addresses fiscal implications and recommendations for changes to the present management framework necessary to implement the Master Plan. The Pre-Final Report of the Honolulu Waterfront Master Plan was submitted to the 1989 Legislature and the Final Report is scheduled for publication in June 1989.

Your Committee received supporting testimony from the Office of State Planning, which assured your Committee that it will keep the Legislature apprised of continuing actions and gladly report on the Final Plan, along with addenda, including an analysis of traffic implications.

Your Committee has amended this resolution by requesting the report to be submitted no later than August 1, 1989.

Your Committee on Tourism, Recreation and Planning 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 Cobb.

SCRep. 1666 Tourism, Recreation and Planning on S.C.R. No. 169

The purpose of this concurrent resolution is to request the Office of State Planning to submit a status report on the Honolulu Waterfront Final Master Plan, including an analysis and evaluation of the traffic implications for the development area.

The Honolulu Waterfront Master Plan area reaches from Ala Moana Park/Magic Island in the east to Keehi Lagoon in the west, and the Master Plan Report documents the overall planning process, describes the planning area, identifies short and long-range plans, and addresses fiscal implications and recommendations for changes to the present management framework necessary to implement the Master Plan. The Pre-Final Report of the Honolulu Waterfront Master Plan was submitted to the 1989 Legislature and the Final Report is scheduled for publication in June 1989.

Your Committee received supporting testimony from the Office of State Planning, which assured your Committee that it will keep the Legislature apprised of continuing actions and gladly report on the Final Plan, along with addenda, including an analysis of traffic implications.

Your Committee has amended this concurrent resolution by requesting the report to be submitted no later than August 1, 1989.

Your Committee on Tourism, Recreation and Planning concurs with the intent and purpose of S.C.R. No. 169, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 169, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1667 Tourism, Recreation and Planning on S.R. 173

The purpose of this resolution is to request that the Department of Transportation expedite the process of hiring seventeen additional marine patrol officers whose positions were authorized by the Legislature in 1988.

Supporting testimony was received from the Department of Transportation.

Your Committee finds that the problem of expeditiously hiring marine patrol officers is a joint one between the Department of Personnel Services (DPS) and the Department of Transportation. The Department of Transportation, with the approval of DPS, has implemented a Marine Patrol Officer trainee program to help provide more qualified applicants for the positions.

Your Committee has amended the resolution by adding two "WHEREAS" clauses after the third "WHEREAS" clause to acknowledge the implementation of a Marine Patrol Officer training program and to indicate that the filling of the remaining positions is largely dependent on the actions of DPS. Your Committee has accordingly amended the "BE IT RESOLVED" clauses to reflect that DPS is requested to expedite the process of hiring marine patrol officers and that DPS will be responsible for the status report to the Legislature.

Your Committee on Tourism, Recreation and Planning concurs with the intent and purpose of S.R. No. 173, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 173, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1668 Tourism, Recreation and Planning on S.C.R. No. 192

The purpose of this concurrent resolution is to request that the Department of Transportation expedite the process of hiring seventeen additional marine patrol officers whose positions were authorized by the Legislature in 1988.

Supporting testimony was received from the Department of Transportation.

Your Committee finds that the problem of expeditiously hiring marine patrol officers is a joint one between the Department of Personnel Services (DPS) and the Department of Transportation. The Department of Transportation, with the approval of DPS, has implemented a Marine Patrol Officer trainee program to help provide more qualified applicants for the positions.

Your Committee has amended the concurrent resolution by adding two "WHEREAS" clauses after the third "WHEREAS" clause to acknowledge the implementation of a Marine Patrol Officer training program and to indicate that the filling of the remaining positions is largely dependent on the actions of DPS. Your Committee has accordingly amended the "BE IT RESOLVED" clauses to reflect that DPS is requested to expedite the process of hiring marine patrol officers and that DPS will be responsible for the status report to the Legislature.

Your Committee on Tourism, Recreation and Planning 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 except Senator Cobb.

SCRep. 1669 Tourism, Recreation and Planning on S.R. No. 215

The purpose of this resolution is to request the Office of State Planning to include a Marine Education and Training Center on Sand Island in the Waterfront Master Plan.

The Office would consult with Honolulu Community College and other appropriate resources in planning for the Center.

Because of Hawaii's location and natural attributes, ocean and marine industries are logical and feasible areas of expertise in which Hawaii could specialize with great success. However, in order to build a competent and competitive marine industry, Hawaii needs first-class educational and training facilities where our young people can be educated and prepared for this new and challenging field.

Your Committee received supporting testimony from the Office of State Planning and the Chancellor of the Community Colleges and finds that Honolulu Community College currently provides several programs such as Diesel and Automotive Mechanics, Auto Body Repair, Machine Technology, Fire Science, and related studies which might be appropriately modified to emphasize marine industries. Your Committee also finds that there may be other appropriate lands for the Center other than Sand Island.

Therefore, your Committee has amended this resolution by deleting references to Sand Island and providing for inclusion of the Marine Education and Training Center within the Honolulu Waterfront Development area, and clarifying that the Office of State Planning is requested to consult with Honolulu Community College and other appropriate University and industry resources in planning for the Center.

Your Committee on Tourism, Recreation and Planning concurs with the intent and purpose of S.R. No. 215, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 215, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1670 Tourism, Recreation and Planning on S.C.R. No. 243

The purpose of this concurrent resolution is to request the Office of State Planning to include a Marine Education and Training Center on Sand Island in the Waterfront Master Plan.

The Office would consult with Honolulu Community College and other appropriate resources in planning for the Center.

Because of Hawaii's location and natural attributes, ocean and marine industries are logical and feasible areas of expertise in which Hawaii could specialize with great success. However, in order to build a competent and competitive marine industry, Hawaii needs first-class educational and training facilities where our young people can be educated and prepared for this new and challenging field.

Your Committee received supporting testimony from the Office of State Planning and the Chancellor of the Community Colleges and finds that Honolulu Community College currently provides several programs such as Diesel and Automotive Mechanics, Auto Body Repair, Machine Technology, Fire Science, and related studies which might be appropriately modified to emphasize marine industries. Your Committee also finds that there may be other appropriate lands for the Center other than Sand Island.

Therefore, your Committee has amended this concurrent resolution by deleting references to Sand Island and providing for inclusion of the Marine Education and Training Center within the Honolulu Waterfront Development area, and

clarifying that the Office of State Planning is requested to consult with Honolulu Community College and other appropriate University and industry resources in planning for the Center.

Your Committee on Tourism, Recreation and Planning concurs with the intent and purpose of S.C.R. No. 243, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 243, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1671 (Joint) Transportation and Tourism, Recreation and Planning on S.C.R. No. 247

The purpose of this concurrent resolution is to request the legislative auditor to conduct a financial and management audit of the harbors division of the department of transportation.

Your Committees have amended the concurrent resolution by deleting all references to a financial audit and by making corrections for style and grammar.

Your Committees on Transportation and Tourism concur with the intent and purpose of S.C.R. No. 247, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 247, S.D. 1.

Signed by all members of the Committees except Senators Cobb, Levin, Matsuura, McCartney and McMurdo.

SCRep. 1672 Transportation on S.R. No. 234

The purpose of this resolution is to recognize the continued problem of mass transit in the City and County of Honolulu and to express support for the City and County's efforts to solve it. The City and County is currently conducting alternate analyses to determine the most cost-effective and efficient approach to public transit, which will include a draft environmental impact statement on the alternatives considered. The resolution asks the City and County to submit the analyses and the draft environmental impact statement to the Legislature, and expresses the Legislature's support for the City and County's planning program.

Your Committee finds that traffic congestion is a major problem in the City and County of Honolulu, and that serious efforts must be made to search for solutions. Your Committee further finds that the City and County's proposed plans should help address these issues.

Your Committee received specific favorable testimony from the City and County Department of Transportation Services and the Department of Transportation, as well as generally supportive testimony from the Mililani/Waipio/Melemanu Neighborhood Board.

Your Committee has amended the title of the resolution, and made minor changes by deleting and amending whereas clauses to better effectuate the purpose of the resolution.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 234 and recommends its adoption in the form attached hereto as S.R. No. 234, S.D. 1.

Signed by all members of the Committee except Senators Nakasato, Chang, Levin and McCartney.

SCRep. 1673 Transportation on S.C.R. No. 265

The purpose of this concurrent resolution is to recognize the continued problem of mass transit in the City and County of Honolulu and to express support for the City and County's efforts to solve it. The City and County is currently conducting alternate analyses to determine the most cost-effective and efficient approach to public transit, which will include a draft environmental impact statement on the alternatives considered. The concurrent resolution asks the City and County to submit the analyses and the draft environmental impact statement to the Legislature, and expresses the Legislature's support for the City and County's planning program.

Your Committee finds that traffic congestion is a major problem in the City and County of Honolulu, and that serious efforts must be made to search for solutions. Your Committee further finds that the City and County's proposed plans should help address these issues.

Your Committee received specific favorable testimony from the City and County Department of Transportation Services and the Department of Transportation, as well as generally supportive testimony from the Mililani/Waipio/Melemanu Neighborhood Board.

Your Committee has amended the title of the concurrent resolution, and made minor changes by deleting and amending whereas clauses to better effectuate the purpose of the concurrent resolution.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 265 and recommends its adoption in the form attached hereto as S.C.R. No. 265, S.D. 1.

Signed by all members of the Committee except Senators Nakasato, Chang, Levin and McCartney.

SCRep. 1674 Transportation on S.R. No. 191

The purpose of this resolution is to request the department of transportation to study the desirability and feasibility of a bypass road around Keaau.

Testimony presented before your Committee by the department of transportation indicated that a joint state/county long-range highway planning study is underway for the island of Hawaii which will examine the travel demands in conjunction with normal and developmental growth in the area. This study will address the need for a bypass road around Keaau and will be completed in late 1989.

Your Committee has amended the resolution by correcting the spelling of "Keaau" and by deleting the BE IT RESOLVED clause requesting the department of transportation to submit a report prior to the 1990 legislative session.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 191, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 191, S.D. 1.

Signed by all members of the Committee except Senators Chang, Ikeda, Levin and McCartney.

SCRep. 1675 Transportation on S.C.R. No. 210

The purpose of this concurrent resolution is to request the department of transportation to study the desirability and feasibility of a bypass road around Keaau.

Testimony presented before your Committee by the department of transportation indicated that a joint state/county long-range highway planning study is underway for the island of Hawaii which will examine the travel demands in conjunction with normal and developmental growth in the area. This study will address the need for a bypass road around Keaau and will be completed in late 1989.

Your Committee has amended the concurrent resolution by correcting the spelling of "Keaau" and by deleting the BE IT RESOLVED clause requesting the department of transportation to submit a report prior to the 1990 legislative session.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 210, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 210, S.D. 1.

Signed by all members of the Committee except Senators Chang, Ikeda, Levin and McCartney.

SCRep. 1676 Transportation on S.R. No. 162

The purpose of this resolution is to request the department of transportation to initiate an operative contra-flow project during the hours of 5:30-6:30 p.m. on weekdays, excluding holidays, in the eastbound direction of the Kalaniana'ole Highway corridor from West Hind Drive to Keahole Street in Hawaii Kai.

Your Committee finds that vehicular traffic is usually severely congested during those hours and believes that the implementation of a contra-flow lane for eastbound commuters may help to alleviate the backlog of traffic along the Kalaniana'ole Highway corridor.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 162 and recommends its adoption.

Signed by all members of the Committee except Senators Chang, Ikeda, Levin and McCartney.

SCRep. 1677 Transportation on S.C.R. No. 176

The purpose of this concurrent resolution is to request the department of transportation to initiate an operative contra-flow project during the hours of 5:30-6:30 p.m. on weekdays, excluding holidays, in the eastbound direction of the Kalaniana'ole Highway corridor from West Hind Drive to Keahole Street in Hawaii Kai.

Your Committee finds that vehicular traffic is usually severely congested during those hours and believes that the implementation of a contra-flow lane for eastbound commuters may help to alleviate the backlog of traffic along the Kalaniana'ole Highway corridor.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 176 and recommends its adoption.

Signed by all members of the Committee except Senators Chang, Ikeda, Levin and McCartney.

SCRep. 1678 Consumer Protection and Commerce on S.C.R. No. 217

The purpose of this concurrent resolution is to request the Director of Commerce and Consumer Affairs and the Director of the Alternative Dispute Resolution Program of the Judiciary to form a roundtable of interested parties to address the high cost of medical malpractice insurance premiums.

The roundtable would include representatives from the Department of Health, the Department of the Attorney General, health care providers, plaintiff and defense attorneys, the insurance industry, and other parties as the Directors deem appropriate. The findings and recommendations arising from the discussions would be reported to the 1990 Legislature, along with recommendations for tort insurance reform, if any.

The Legislature enacted the 1986 tort reform legislation, including premium rate rollbacks, to address the high cost of liability insurance premiums paid by businesses and professions. The Legislature also adopted several resolutions requesting study of the availability of commercial medical malpractice insurance in Hawaii. The Department of Commerce and Consumer Affairs has now completed and submitted the requested study, which indicates that high

premiums are causing some physicians to curtail medical practice in certain specialty fields and in certain rural areas of the State.

Your Committee finds that Hawaii has not experienced significant relief from the high cost of medical malpractice insurance premiums since the 1986 legislation. In fact, if costs continue to escalate they could impact on the ability of consumers to obtain the kind and quality of health care they need and result in higher health care insurance premiums for the general public. Your Committee considers this to be a matter of compelling public interest which warrants continued dialogue among the principals.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.C.R. No. 217 and recommends its adoption.

Signed by all members of the Committee except Senators Cobb, Chang, McCartney, Nakasato and Tungpalan.

SCRep. 1679 Consumer Protection and Commerce on S.C.R. No. 236

The purpose of this concurrent resolution is to request the Legislative Auditor to study the current laws relating to financial planning as administered by the Department of Commerce and Consumer Affairs, including enforcement of unfair and deceptive trade practices, determining why there is a lack of consumer complaints, determining the need for a procedure to document consumer complaints, and addressing the need for dissemination of information to the public regarding financial planning.

Your Committee finds that lack of consumer complaints about financial planners may not truly indicate lack of abuse of the public financial planners. Therefore, this concurrent resolution is appropriate.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.C.R. No. 236 and recommends its adoption.

Signed by all members of the Committee except Senators Cobb, Hagino, McCartney, Tungpalan and Koki.

SCRep. 1680 Business Development and Pacific Relations on S.C.R. No. 112

The purpose of this concurrent resolution is to request the United States Congress to urge the Census Bureau to obtain up-to-date information on the Pacific islands.

Your Committee finds that accurate census information is necessary for the United States to fulfill its obligations to promote public health and prevent disease among the populations of the United States Affiliated Pacific Islands. Accordingly, Congress should be requested to urge the Census Bureau to obtain current information about those islands.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.C.R. No. 112 and recommends its adoption.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 1681 Business Development and Pacific Relations on S.R. No. 108

The purpose of this resolution is to request the United States Congress to urge the Census Bureau to obtain up-to-date information on the Pacific islands.

Your Committee finds that accurate census information is necessary for the United States to fulfill its obligations to promote public health and prevent disease among the populations of the United States Affiliated Pacific Islands. Accordingly, Congress should be requested to urge the Census Bureau to obtain current information about those islands.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 108 and recommends its adoption.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 1682 Energy and Natural Resources on S.C.R. No. 185

The purpose of this concurrent resolution is to provide legislative authorization to the Department of Transportation and the Board of Land and Natural Resources to lease out approximately 12,466 square feet of public submerged and tidal land situated at the Ala Wai Small Boat Harbor, Oahu, for the purposes of a marine fueling facility, convenience store, laundromat, mooring of vessels and other related marine services.

Section 171-53, Hawaii Revised Statutes, requires that the lease of public submerged land or land beneath tidal waters have prior approval of the Governor and prior authorization of the Legislature by concurrent resolution. The leasing of public lands by the Department of Transportation is also subject to approval by the Board of Land and Natural Resources.

The Department of Transportation testified in support of this administration measure. The lease for the present fueling facility at the Ala Wai Small Boat Harbor has expired. Prior authorization to lease this parcel to an operator for a 20 year term was issued in the 1986 Regular Session, however, upon examination, it was determined that the term was too short to amortize the required investment and that the uses allowed would be too limited.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.C.R. No. 185 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1683 Energy and Natural Resources on S.C.R. No. 187

The purpose of this concurrent resolution is to provide legislative authorization to the Department of Transportation and the Board of Land and Natural Resources to lease out approximately 391,300 square feet of public submerged and tidal land situated at Pier 41, Honolulu Harbor, for the purposes of a shipyard and marine-related facility.

Section 171-53, Hawaii Revised Statutes, requires that the lease of public submerged land or land beneath tidal waters have prior approval of the Governor and prior authorization of the Legislature by concurrent resolution. Leasing of public lands by the Department of Transportation is also subject to approval by the Board of Land and Natural Resources.

Testimony in support of this concurrent resolution was received from the Department of Transportation.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.C.R. No. 187 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1684 Energy and Natural Resources on S.C.R. No. 189

The purpose of this concurrent resolution is to provide legislative authorization to the Department of Transportation and the Board of Land and Natural Resources to lease out approximately 97,000 square feet of public submerged and tidal land situated at tax map key 1-5-41:3 and 6 situated at Sand Island, Oahu, for the purposes of a cable ship terminal and storage facility.

Section 171-53, Hawaii Revised Statutes, requires that the lease of public submerged land or land beneath tidal waters have prior approval of the Governor and prior authorization of the Legislature by concurrent resolution. Lease of public lands by the Department of Transportation is also subject to approval by the Board of Land and Natural Resources.

Testimony in support of this concurrent resolution was received from the Department of Transportation. Opposing testimony was received from the Outdoor Circle. The parcel under consideration is for the berthing of an AT&T undersea cable maintenance vessel and storage facility.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of S.C.R. No. 189 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1685 Tourism, Recreation and Planning on Gov. Msg. No. 248

Recommending that the Senate advise and consent to the nominations to the Tourism Training Council of the following:

LATRICIA CAMARA, CHUCK Y. GEE and CLEMENT M. K. JUDD JR., for terms to expire June 30, 1993;

GARY L. HOTCHKIN, ELWOOD K. MOTT JR. and JOYCE S. TSUNODA, Ph.D., for terms to expire June 30, 1992;

PAUL K. FINDEISEN, BARBARA F. MILLS and EARL PA MAI TENN, for terms to expire June 30, 1991; and

LUCY M. GAY, MARIAN M. RICKARD and WINONA WHITMAN, for terms to expire June 30, 1990.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1686 Judiciary on Gov. Msg. No. 234

Recommending that the Senate consent to the nomination of RONALD IBARRA as a Judge of the Circuit Court of the Third Circuit, in accordance with the provisions of Article VI, Section 3, of the Hawaii State Constitution, for a term to expire in ten (10) years.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1687 Human Services on Gov. Msg. Nos. 282, 283 and 284

Recommending that the Senate advise and consent to the nominations of the following:

MARIAN D. RAUCH to the Advisory Council for Children and Youth, for a term to expire June 30, 1990;

MIRIAM K. KAHALEKAI to the Advisory Council for Children and Youth, for a term to expire June 30, 1991;

ELLEN I. KUSANO to the Advisory Council for Children and Youth, for a term to expire June 30, 1992;

DIANA M. BUCKLEY, MARTIN C. EBY, JOHN A. JAMES, PUALANI MARTIN-WILSON, WILLIAM WAYNE PROTHEROE JR. and COLETTE MARI TOMA to the Advisory Council for Children and Youth, for terms to expire June 30, 1993; and

LAURENCE J. CAPELLAS, HERBERT S. COLEMAN, SHINTARO R. HIGA, CAROL KIKKAWA-WARD and PEDRO E. RACELIS JR. to the Policy Advisory Board for Elderly Affairs, for terms to expire June 30, 1993; and

THOMAS C. BLONDIN to the Criminal Injuries Compensation Commission, for a term to expire June 30, 1993;

Signed by all members of the Committee except Senator Cobb.

SCRep. 1688 Culture, Arts and Historic Preservation on Gov. Msg. No. 261

Recommending that the Senate advise and consent to the nominations of SHERRY P. BRODER, THOMAS K. SING, MARY P. STEINER and DENNIS K. C. ALOIAU to the Board of Public Broadcasting, for terms to expire June 30, 1993.

Signed by all members of the Committee.

SCRep. 1689 Culture, Arts and Historic Preservation on Gov. Msg. No. 260

Recommending that the Senate advise and consent to the nomination of ROBERT M. FOX to the Hawaii Historic Places Review Board, for a term to expire June 30, 1993.

Signed by all members of the Committee.

SCRep. 1690 Labor and Employment on Gov. Msg. No. 246

Recommending that the Senate advise and consent to the nominations of JOHN E. MIN and JULIANNE B. NOWELL to the Board of Trustees of the Deferred Compensation Plan, for terms to expire June 30, 1993,

Signed by all members of the Committee.

SCRep. 1691 Labor and Employment on Gov. Msg. No. 247

Recommending that the Senate advise and consent to the nominations of the following:

SANDRA OKAZAKI, LUCY M. GAY and DAVID IHA to the Advisory Commission on Employment and Human Resources, for terms to expire June 30, 1992; and

PHILIA L. LAU to the Advisory Commission on Employment and Human Resources, for a term to expire June 30, 1991.

Signed by all members of the Committee.

SCRep. 1692 Labor and Employment on Gov. Msg. No. 286

Recommending that the Senate advise and consent to the nomination of WAYNE T. MIYAO to the Board of Trustees, Employees Retirement System, for a term to expire January 1, 1995.

Signed by all members of the Committee.

SCRep. 1693 Education on Gov. Msg. No. 243

Recommending that the Senate advise and consent to the nominations of DORIS M. CHING, PH.D., JOHN L. KNOREK and JOSEPH W. LAPILIO III to the Hawaii Education Council, for terms to expire June 30, 1993,

Signed by all members of the Committee.

SCRep. 1694 Consumer Protection and Commerce on Gov. Msg. Nos. 237, 238, 239, 240, 241, 242, 255, 256, 257, 258 and 259

Recommending that the Senate advise and consent to the nominations of the following:

ANTOINETTE M. ALFONSO, JOY B. Y. SHIMABUKU and CAROL E. SUZAWA to the Board of Cosmetology, for terms to expire June 30, 1993;

MICHELE MAILE HOLT to the Board of Cosmetology, for a term to expire June 30, 1991;

ROBERT S. WEINER, M.D., to the Board of Medical Examiners, for a term to expire June 30, 1993;

KEVIN DOYLE to the Motor Vehicle Repair Industry Board, for a term to expire June 30, 1993;

GILBERT A. GIMA, VERNA HANASHIRO and CYNTHIA K. KAMAKAWIWOOLE to the Board of Examiners of Nursing Home Administrators, for terms to expire June 30, 1993;

LARRY A. LAND and SUSAN CHUN WAKAYAMA to the Board of Pharmacy, for terms to expire June 30, 1993; and

WANDA LOUISE PATE to the Board of Pharmacy, for a term to expire June 30, 1991;

BARBARA DEW and STANLEY M. KURIYAMA to the Real Estate Commission, for terms to expire June 30, 1993;

TERESITA UMALI OKIHARA and ANTHONY A. RODRIGUES SR. to the Board of Electricians and Plumbers, for terms to expire June 30, 1993;

WILLIAM FRANK BRANDT, RICHARD Y. MITSUMORI and GEORGE T. OKAMOTO to the Board of Registration of Professional Engineers, Architects, Surveyors and Landscape Architects, for terms to expire June 30, 1993;

WILLIAM F. REMULAR to the Board of Registration of Professional Engineers, Architects, Surveyors and Landscape Architects, for a term to expire June 30, 1991;

GENEVIEVE L. KINNEY, COLLEEN ETSUKO MINAMI, EVELYN S. TAKAZAWA and SYLVIA J. THOMASON, to the State Board of Nursing, for terms to expire June 30, 1992;

PAULA HARRIS-WHITE to the Board of Examiners in Optometry, for a term to expire June 30, 1993; and

PATRICK A. Y. H. AHANA, D.V.M., and THELMA K. YOSHIDA to the Board of Veterinary Examiners, for terms to expire June 30, 1993,

Signed by all members of the Committee except Senators Cobb and Tungpalan.

SCRep. 1695 Agriculture on Gov. Msg. No. 139

Recommending that the Senate advise and consent to the nomination of YUKIO KITAGAWA as Chairman, Board of Agriculture, for a term to expire December 31, 1990.

Signed by all members of the Committee.

SCRep. 1696 Agriculture on Gov. Msg. Nos. 213, 251, 252, 253, 292, 297, 298 and 299

Recommending that the Senate advise and consent to the nominations of the following:

JOHN R. HENDERSON and CLIFFORD W. SMITH, Ph.D., to the Animal Species Advisory Commission, for terms to expire June 30, 1993;

ALVIN F. FUKUYAMA, LIBERT K. LANDGRAF and GEORGE BUGARIN to the Advisory Committee on Pesticides, for terms to expire June 30, 1993;

JERRY A. MORGAN and IAN KAGIMOTO to the Board of Certification of Operating Personnel in Wastewater Treatment Plants, for terms to expire June 30, 1993;

M. LEE GOFF, Ph.D., and CHRISTINE M. SIMON, Ph.D., to the Natural Area Reserves System Commission, for terms to expire June 30, 1993;

ROLAND KAOPUIKI to the Aquatic Life and Wildlife Advisory Committee, County of Maui, for a term to expire June 30, 1990;

JOHN V. DUEY to the Advisory Committee on Agricultural Products, for a term to expire June 30, 1993;

JOHN E. LOOMIS and PHYLLIS SUMIKO SHIMABUKURO to the Board of Agriculture, for terms to expire June 30, 1993; and

TERRY Y. YAMANE to the Governor's Agriculture Coordinating Committee, for a term to expire June 30, 1993.

Signed by all members of the Committee.

SCRep. 1697 Corrections on Gov. Msg. No. 236

Recommending that the Senate advise and consent to the nomination of MARC V. OLEY to the Hawaii Paroling Authority, for a term to expire June 30, 1991.

Signed by all members of the Committee.

SCRep. 1698 Corrections on Gov. Msg. No. 156

Recommending that the Senate advise and consent to the nomination of HENRY B. EPSTEIN to the Hawaii Paroling Authority, for a term to expire June 30, 1991.

Signed by all members of the Committee.

SCRep. 1699 Agriculture on S.R. No. 227

The purpose of this resolution is to have the Department of Land and Natural Resources conduct a statewide census of the Ope'ape'a and develop an action plan for the protection and replenishment of the Ope'ape'a.

The department is also requested to develop a public education program to sensitize the citizens of Hawaii to the very delicate nature of the State's ecosystem and the need for organisms that share our habitat in the middle of the Pacific Ocean.

The Ope'ape'a is the only native land mammal remaining in Hawaii and was placed on the National Endangered Species list on October 13, 1970.

Your Committee heard testimony from the Sierra Club, the Natural Resources Defense Council, Inc., the Department of Land and Natural Resources, and the Environment Center of the University of Hawaii at Manoa.

Your Committee has amended this resolution by deleting item (3) of the first "BE IT RESOLVED" paragraph because while your Committee concurs with the need for public education, item (3) is overly broad and encompasses more than just information on the Ope'ape'a. Your Committee further amended this resolution by adding the United States Department of Interior, Fish and Wildlife Service to the list of organizations receiving certified copies of this resolution.

Your Committee on Agriculture concurs with the intent and purpose of S.R. No. 227, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 227, S.D. 1.

Signed by all members of the Committee.

SCRep. 1700 Government Operations on Gov. Msg. No. 244

Recommending that the Senate advise and consent to the nominations of the following:

JOHN K. IWAMOTO and BARRIE K. TREBOR-MACCONNELL to the Advisory Board on Veterans Services, for terms to expire June 30, 1991; and

WALTER J. HAYES and JUDITH H. WOROBE to the Advisory Board on Veterans Services, for terms to expire June 30, 1992; and

LOUIS KAOIWI, ALFRED S. LOS BANOS and RAYMOND SADAQ SUMIKAWA to the Advisory Board on Veterans Services, for terms to expire June 30, 1993,

Signed by all members of the Committee except Senators Cobb and Menor.

SCRep. 1701 Energy and Natural Resources on H.C.R. No. 261

The purpose of this concurrent resolution is to designate up to sixty acres of state-owned land (TMK 1-5-41) as the "Sand Island Industrial Park". The date of designation is to be thirty days after the effective date of the administrative rules, if necessary, or November 15, 1989, whichever is later.

At its meeting of March 23, 1989, the board of land and natural resources adopted a resolution designating the "Sand Island Industrial Park". Under section 171-132, Hawaii Revised Statutes, the development of industrial parks on state-owned lands is permitted with the legislature's approval of a resolution so adopted.

Your Committee finds that the proposed designation and subsequent development of this land area as an industrial park are consistent with the Honolulu waterfront master plan. Furthermore, it will provide existing qualified and eligible permittees an opportunity to obtain, through direct negotiation, long-term leases in the industrial park, help to stabilize the Sand Island business community, and secure long-term employment for many of its workers.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of H.C.R. No. 261 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1702 Culture, Arts and Historic Preservation on H.C.R. No. 63

The purpose of this concurrent resolution is to request the Government of Belgium to release the remains of Father Damien Deveuster for reinterment at St. Philomena's Catholic Church in Kalaupapa, Molokai.

Your Committee received testimony in support of the concurrent resolution from Representative Reb Bellinger.

Your Committee finds that Father Damien demonstrated a deep, unswerving commitment to the people of Kalaupapa and in commemoration of the centennial anniversary of his death, it would be appropriate to have his remains returned to Kalaupapa where he can rest eternally among those he so devotedly loved and cared for.

Your Committee on Culture, Arts and Historic Preservation 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.

SCRep. 1703 Energy and Natural Resources on Gov. Msg. No. 265

Recommending that the Senate advise and consent to the nominations of RICHARD H. COX and GUY K. FUJIMURA to the Commission on Water Resource Management, for terms to expire June 30, 1993,

Signed by all members of the Committee.

SCRep. 1704 Culture, Arts and Historic Preservation on H.C.R. No. 47

The purpose of this concurrent resolution is to encourage the Department of Land and Natural Resources (DLNR) to expand and improve its historic preservation program on the neighbor islands.

Your Committee finds that although most historic Hawaiian sites are to be found on neighbor islands, the DLNR only maintains a historic preservation office in Honolulu. This results in the deprivation of needed archaeological services and the expeditious resolution of important preservation matters. This problem is compounded when historic sites on the neighbor islands are located in an area of direct conflict with planned urban development.

Your Committee received supporting testimony from the DLNR.

Your Committee finds that the preservation of Hawaii's historic and cultural heritage is of utmost importance. The preservation of culturally and historically significant properties is of inestimable value to the State, its people, and its future generations.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of H.C.R. No. 47 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1705 Transportation on S.R. No. 106

The purpose of this resolution is to request officials from the department of transportation and the department of health to form a committee to study the cost-effectiveness of erecting noise barriers along Interstate H-1 in the Bingham Tract area.

Your Committee finds that the increase in traffic on our State's highways also increases the amount of noise pollution. Residents who live along or in the vicinity of highways are especially affected by the excessive noise created by heavy traffic. Your Committee is interested in the possibility that the erection of noise barriers along the highways may drastically reduce the noise level of heavy traffic thereby directly benefiting those residents who live along or in the vicinity of heavily travelled highways.

Your Committee has amended this resolution by limiting the scope of the study to the determination of the cost-effectiveness of constructing noise barriers in the densely populated area of Bingham Tract along Interstate H-1, and by requesting that the study be conducted solely by the department of transportation.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 106, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 106, S.D. 1.

Signed by all members of the Committee.

SCRep. 1706 Agriculture on H.C.R. No. 153

The purpose of this Concurrent Resolution is to request the Department of Land and Natural Resources to study the feasibility of requiring fishing nets to be made of biodegradable materials and of establishing a program to buy out monofilament nets with funds to be requested for fiscal year 1990-1991.

Your Committee finds that currently, most fishing nets are made of monofilament material and are considered indestructible due to their nonbiodegradable character. It is common to lose or tear nets while fishing. As a result, lost fishing nets or pieces thereof entangle fish, seabirds, endangered and threatened sea turtles, and protected marine mammals. Additionally, lost fishing nets that float at or near the surface are also a hazard to navigation.

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 153 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1707 Agriculture on H.C.R. No. 152

The purpose of this concurrent resolution is to request the Department of Health to develop a comprehensive program for the collection and recycling of used motor oil that will reach all do-it-yourself motor oil changers in the State.

The Department of Health, in developing this program, is requested to consider the recommendations in the recent Legislative Auditor's report, prepared pursuant to Act 248, Session Laws of Hawaii 1988, which suggest the expansion of the current used oil recycling program through an aggressive education and promotion program.

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 152 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1708 Agriculture on H.C.R. No. 5

The purpose of this concurrent resolution is to request that the United State Congress and the United States Environmental Protection Agency ensure that the funds appropriated pursuant to Section 319 of the Water Quality Act of 1987, Public Law 100-4 are released.

The Water Quality Act of 1987 emphasizes the importance of nonpoint source pollution control programs by providing federal program money to implement practices to reduce pollution problems. Your Committee finds that Section 319 funds would be used to better manage nonpoint source pollution, thereby protecting Hawaii's coastal water quality and nearshore marine life. Your Committee strongly supports the release of these funds.

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 5 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1709 Agriculture on H.C.R. No. 9

The purpose of this concurrent resolution is to adopt a recycling policy for the State Capitol.

Representatives of agencies occupying the State Capitol are requested to consult with the Department of Accounting and General Services to identify office waste generated at the Capitol, and establish procedures for collecting, separating, and storing recyclable materials.

Your Committee finds there is an urgent need to encourage recycling of waste products in Hawaii by all of its citizens. The proposed recycling policy can serve as a model and will demonstrate workable strategies for recycling to other State agencies and the public.

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 9 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1710 Health on Gov. Msg. Nos. 194, 195, 196, 197, 198, 219, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280 and 301

Recommending that the Senate advise and consent to the nominations of the following:

BETTYE JO HARRIS and MARVIN TUNG LOONG to the Board of Health, for terms to expire June 30, 1993;

LT. BENJAMIN WRIGHT JR. to the Advisory Commission on Drug Abuse and Controlled Substances, for a term to expire June 30, 1992;

RAI SAINT CHU, GERARD P. De LISIO, Ph.D., WILLIAM K. IKAIKA, JR., RICHARD S. UEJO, and JOSE VILLA to the Advisory Commission on Drug Abuse and Controlled Substances, for terms to expire June 30, 1993;

LESLIE BAILEY, Ph.D., and MILES T. NAKATSU to the Drug Product Selection Board, for terms to expire on June 30, 1993;

GWENDOLYN R. COSTELLO, JUNE TAKEKO SHIMOKAWA and MARGARET G. SMITH to the Child Abuse and Neglect Secondary Prevention Advisory Committee, for terms to expire on June 30, 1992;

PHILIP E. TAKABA to the Commission on the Handicapped, for a term to expire on June 30, 1992;

ANN TESKA KADOGUCHI, JILL KOUCHI, MARVIN M. SANEMITSU and RICHARD N. WESTOVER to the Commission on the Handicapped, for terms to expire on June 30, 1993;

PAUL A. De MARE, M.D., STEVEN H. HOSAKA, CAROL PAUL-WATANABE and LESTER M. UYEDA to the Board of Radiologic Technologists, for terms to expire on June 30, 1993;

STEPHANIE L. OHIGASHI to the Statewide Health Coordinating Council, for a term to expire on June 30, 1992;

DAVID EDWARD GIRE, KEITH HORINOUCHE, D.H.Sc., WINIFRED H. ISHIMOTO, DENNIS KAJIKAWA, GARY KAZUTO KAJIWARA, NANCY E. MCGUCKIN-SMITH, LORETTA PETRIE, Ph.D., REVEREND KENNETH W. SMITH, JERRY A. WALKER JR. and NONA WILSON to the Statewide Health Coordinating Council, for terms to expire on June 30, 1993;

LILLIAN PILTZ KRUSE to the Honolulu Subarea Health Planning Council, for a term to expire on June 30, 1991;

LILY H. YAMASHIRO to the Honolulu Subarea Health Planning Council, for a term to expire on June 30, 1993;

JOSEPH FEDERICI to the Central Oahu Subarea Health Planning Council, for a term to expire on June 30, 1990;

KATHLEEN Y. DOI to the Central Oahu Subarea Health Planning Council, for a term to expire on June 30, 1992;

BERNADETTE LEDESMA, ROSE MARIE M. MAY, FAY NAKAMOTO, JANET I. OHTA and PATTI YAMAMOTO to the Central Oahu Subarea Health Planning Council, for terms to expire on June 30, 1993;

PATRICIA D. DeSOTO to the Waianae Coast Subarea Health Planning Council, for a term to expire on June 30, 1990;

- ELAINE ASHIMINE to the Waianae Coast Subarea Health Planning Council, for a term to expire on June 30, 1992;
- MERRIE K. AIPOALANI, JONATHAN DIAS, DENNIS KAJIKAWA, Laverne A. KIA, M.D., LAURA MANUEL and ROSE MARIE PURDY to the Waianae Coast Subarea Health Planning Council, for terms to expire on June 30, 1993;
- ANTHONY LENZER to the Windward Oahu Subarea Health Planning Council, for a term to expire on June 30, 1990;
- KAREN OSHIRO to the Windward Oahu Subarea Health Planning Council, for a term to expire on June 30, 1991;
- GENEVIEVE L. KAMAUU to the Windward Oahu Subarea Health Planning Council, for a term to expire on June 30, 1992;
- ALTHEA MOMI KAMA'U, RALPH J. KIESSLING, ROGER EMIL ROACH, MARY E. SWAN and JAMES R. YANO to the Windward Oahu Subarea Health Planning Council, for terms to expire on June 30, 1993;
- HARRY BORANIAN to the Hawaii County Subarea Health Planning Council, for a term to expire on June 30, 1991;
- FRED D. HORWITZ to the Hawaii County Subarea Health Planning Council, for a term to expire on June 30, 1992;
- MANUEL S. ANDUHA, JR., DOROTHY P. KATAOKA, MARY M. KATAYAMA and LUANA KAWELU to the Hawaii County Subarea Health Planning Council, for terms to expire on June 30, 1993;
- CAROL A. VENTURA to the Kauai County Subarea Health Planning Council, for a term to expire on June 30, 1992;
- WILLIAM W. GOODHUE, M.D., GEORGE HIYANE and TSUGIE N. KADOTA to the Kauai County Subarea Health Planning Council, for terms to expire on June 30, 1993;
- JANE E. L. K. GALICINAO to the Maui County Subarea Health Planning Council, for a term to expire on June 30, 1990;
- ALVIS B. CARR JR. and CATHERINE KIM NOBRIGA to the Maui County Subarea Health Planning Council, for terms to expire on June 30, 1991;
- JOYCE KIMI HORIKAWA and STANLEY H. RAYMOND II to the Maui County Subarea Health Planning Council, for terms to expire on June 30, 1992;
- JEROLD HAYASHIDA, LEILANI D. HAYS, NEAL SHINYAMA and SARAJEAN A. TOKUNAGA to the Maui County Subarea Health Planning Council, for terms to expire on June 30, 1993;
- DOROTHY K. S. ONO and RODOLFO V. RAMOS to the County Hospital Management Advisory Committee, City and County of Honolulu Hospital System, for terms to expire on June 30, 1993;
- RALPH C. BOYEA and CHARLES SAKAMOTO to the County Hospital Management Advisory Committee, Hawaii County Hospital System, for terms to expire on June 30, 1993;
- MABEL JEAN ODO and ALAN T. TSUNODA to the County Hospital Management Advisory Committee, Kauai County Hospital System, for terms to expire on June 30, 1993;
- KENNETH A. HALING, M.D., and WAYNE TAKEHARA to the County Hospital Management Advisory Committee, Maui County Hospital System, for terms to expire on June 30, 1993;
- CHARLES "DICK" BEAMER to the State Council on Mental Health and Substance Abuse, for a term to expire on June 30, 1991;
- GENEDINA B. GOO and HELEN E. MARTIN to the State Council on Mental Health and Substance Abuse, for terms to expire on June 30, 1992;
- NANCY K. HAMANA, ALICE B. KAMAHELE, LYN KUX and VALERIE MUROKI to the State Council on Mental Health and Substance Abuse, for terms to expire on June 30, 1993;
- JANE F. KELLEHER, Ph.D., to the Commission on the Handicapped, for a term to expire on June 30, 1991;
- WILLIAM B. STEVEN to the State Planning Council on Developmental Disabilities, for a term to expire on June 30, 1990;
- MADELEINE J. GOODMAN, Ph.D., JOYCE D. METZGER and MARIA SARDON to the State Planning Council on Developmental Disabilities, for terms to expire on June 30, 1991;
- BUENAVENTURA E. REALICA, M.D., to the Advisory Commission on Drug Abuse and Controlled Substances, for a term to expire on June 30, 1990;
- ALONZO DeMELLO, Ph.D., to the Advisory Commission on Drug Abuse and Controlled Substances, for a term to expire on June 30, 1992.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1711 Human Services on H.C.R. No. 212

The purpose of this Concurrent Resolution is to urge the Department of Human Services to recognize registered nurses licensed to practice in the State of Hawaii as qualified Medicaid direct health care service providers.

In addition, the Department is directed to assist in preparing legislation necessary to formally establish registered nurses as qualified Medicaid direct health care service providers.

Your Committee recognizes the ability of the nursing profession to deliver high quality and cost-effective services to the aged, disabled, and families in Hawaii. Your Committee finds that recognizing licensed registered nurses as qualified Medicaid direct health care providers will greatly benefit the State's eligible Medicaid recipients.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 212, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Cobb and Levin.

SCRep. 1712 Human Services on H.C.R. No. 215

The purpose of this Concurrent Resolution is to request the Department of Human Services to establish a committee to review the State's laws concerning child abuse and neglect.

Specifically, the committee is requested to determine: 1) whether the current child abuse and neglect laws are adequate, inconsistent, or overlapping with other laws, 2) whether the Department of Human Services is performing the duties and functions provided by statute, 3) the reasonableness of the statutory mandates and the State's ability to conform to the requirements of existing law, and 4) whether any legislation should be enacted to clarify or consolidate the existing laws. In addition, the committee is directed to conduct public informational briefings during the interim prior to the 1990 Regular Session to gather input and allow public response to its findings and recommendations.

Your Committee finds that the current laws regarding child abuse and neglect are confusing, which may lead to a deterioration of services provided by agencies charged with implementing these laws. Your Committee further finds that the State has a responsibility to provide children who have been abused or neglected with prompt and ample protection from further abuse or neglect.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 215, H.D. 2 and recommends its adoption.

Signed by all members of the Committee except Senators Cobb and Levin.

SCRep. 1713 Health on H.C.R. No. 394

The purpose of this Concurrent Resolution is to request the Department of Health to amend its rules to allow health care facilities, including acute care hospitals to provide psychological services as a supplemental service to hospital patients, to admit psychologists to membership on their medical staffs, and to permit psychologists clinical or staff privileges.

Your Committee amended this Concurrent Resolution by deleting its substance and inserting the substance of S.R. No. 142, S.D. 1, which requests the Department of Health to update state policies concerning the provision of services by non-physician practitioners in hospitals and other health care facilities, including adult day health centers. In addition, your Committee changed the title of the Concurrent Resolution to conform with the amendments.

Your Committee finds that updating state policies concerning the provision of hospital and health care facility services is in the public interest and will help to improve the quality of health care the public receives.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 394, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 394, H.D. 1, S.D. 1.

Signed by all member of the Committee except Senators Menor, Yamasaki and Reed.

SCRep. 1714 Health on H.C.R. No. 312

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to conduct a study of discharge planning services for persons suffering from chronic illnesses after they are discharged from acute care facilities.

Your Committee heard supporting testimony from the Director of Health, the Hawaii Nurses' Association Collective Bargaining Organization, and the Founders Group, Kokua Council for Senior Citizens of Hawaii. Your Committee heard opposing testimony from the Healthcare Association of Hawaii who thought this concurrent resolution unnecessary, or, in the alternative, that they should be a participant in the study. Your Committee finds that this study is warranted and has amended this concurrent resolution by substituting the Healthcare Association of Hawaii for the Legislative Reference Bureau as the entity to conduct the study.

Your Committee further has amended this concurrent resolution by substituting a new paragraph (9) in the "BE IT RESOLVED" clause to add a question, "What are the gaps in post-discharge services?" and to clarify the question, "What additional resources are needed in the community to effectively implement discharge plans?". Your Committee further has amended this concurrent resolution by deleting the "BE IT FURTHER RESOLVED" clauses and inserting new clauses

which provide an additional change: Certified copies of this concurrent resolution are to be transmitted to the Healthcare Association of Hawaii, the Hawaii Long Term Care Association, the Association of Discharge Planners, and the Hawaii Nurses Association in addition to the recipients listed in this concurrent resolution, but deleting the Director of the Legislative Reference Bureau from the list.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 312, 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. 312, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senators McMurdo, Menor and Yamasaki.

SCRep. 1715 Consumer Protection and Commerce on H.B. No. 1894

The purpose of this bill is to amend the enactment sections of four Acts passed by the legislature in 1987, to clarify any ambiguity as to the relationship between those Acts and the Insurance Code.

The Acts amended by this bill are:

- (1) Act 97, which amended the section of the Unfair Practices and Frauds sections of the insurance law concerning the penalty for violation of a cease and desist order;
- (2) Act 250, pertaining to total disability premium waivers;
- (3) Act 253, relating to long-term care insurance; and
- (4) Act 332, mandating in vitro fertilization benefits.

Acts 97, 250, 253, and 332 were enacted in the same session as the Insurance Code (Act 347-87), but did not contain clear language relating them to the Insurance Code. This bill would expressly clarify that the four Acts in question are part and parcel of the Insurance Code.

The inclusion of Acts 250, 253, and 332 into the Insurance Code poses no problem, because these Acts merely add new sections which the Revisor of Statutes can appropriately number. Act 97 is slightly more complicated, as it amended Section 431-647, which is not identical to its counterpart, Section 431:13-202, in the Insurance Code. However, there are only two differences between Section 431-647 and Section 431:13-202: (1) a reference to "431-646" instead of "431:13-201," and (2) a reference to a "monetary penalty" instead of "fine." It is understood that the Revisor of Statutes will implement Act 97 by amending Section 431:13-202 to include two subsections. The provisions from Section 431:13-202 in Act 347, including the references to "431:13-201" and "fine," would be subsection "(a)" and the underlined portion of Act 97 would be subsection "(b)" of 431:13-202.

This bill and Act 97, Session Laws of Hawaii 1987, are not intended to indicate legislative support or objection to the recognition of a statutory private cause of action with respect to violations of Article 13 of the Insurance Code. This bill and Act 97 are also not intended to impair the court's ability to recognize or decline to recognize such a right.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1894, 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 Cobb and Koki.

SCRep. 1716 Health on H.B. No. 836

The purpose of this bill is to require counseling in connection with the drawing of blood for the purpose of testing for the presence of human immunodeficiency virus (HIV) infection.

Section 325-16, Hawaii Revised Statutes, currently provides for prior written consent to be obtained for testing for HIV infection. There is no provision in the statutes for mandatory counseling in connection with such testing. This bill would require the party ordering or requesting that the test be performed to provide the person being tested with counseling both before the sample is taken and upon the disclosure of the test results, if the person so desires. Further, this bill would provide that the person being tested shall be afforded the opportunity to obtain the test results.

Your Committee heard an identical bill and finds that the rights provided by this bill are important rights which should be supported by statute. Your Committee further finds that pre-test counseling is necessary to obtain meaningful informed consent to testing, while posttest counseling for those tested seronegative is needed to prevent infection by identifying high-risk behaviors which may expose someone to greater risk of infection. As for those who test seropositive, posttest counseling would serve to encourage behavior change that will prevent infection of others and to encourage monitoring and treatment.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 836, 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. 1717 Business Development and Pacific Relations on Gov. Msg. No. 309

Recommending that the Senate advise and consent to the nomination of R. BRIAN TSUJIMURA to the Hawaii Community Development Authority, for a term to expire June 30, 1993.

Signed by all members of the Committee except Senators Holt and B. Kobayashi.

SCRep. 1718 Business Development and Pacific Relations on Gov. Msg. No. 300

Recommending that the Senate advise and consent to the nomination of RYOKICHI HIGASHIONNA, Ph.D., to the Board of Directors, Aloha Tower Development Corporation, for a term to expire June 30, 1993.

Signed by all members of the Committee except Senators Holt and B. Kobayashi.

SCRep. 1719 Business Development and Pacific Relations on Gov. Msg. No. 254

Recommending that the Senate advise and consent to the nomination of COLIN C. CAMERON to the Board of Directors, High Technology Development Corporation, for a term to expire June 30, 1993.

Signed by all members of the Committee except Senators Holt and B. Kobayashi.

SCRep. 1720 Human Services on Gov. Msg. No. 319

Recommending that the Senate advise and consent to the nominations of MAYETTE RAMOLETE-HAYASHI, PAULINE N. NAMUO and HAROLD NAUMU to the Board of Vocational Rehabilitation, for terms to expire June 30, 1993.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1721 Human Services on Gov. Msg. No. 318

Recommending that the Senate advise and consent to the nominations of ROSEMARIE K. BUZBY, LA-LI HING, WALLETTTE G. PELLEGRINO, SHIRLEY R. ROBINSON, and SANDRA YAMAMOTO to the Commission on the Status of Women, for terms to expire June 30, 1993.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1722 Human Services on Gov. Msg. No. 317

Recommending that the Senate advise and consent to the nominations of the following:

ROSE MARIE H. DUEY to the Board of Human Services, for a term to expire June 30, 1990; and

TOBY BAILIN, BARBARA DART and CECILE L. MOTUS to the Board of Human Services, for terms to expire June 30, 1993.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1723 Agriculture on Gov. Msg. No. 308

Recommending that the Senate advise and consent to the nominations of the following:

RICHARD B. SPENCER, Ph.D., to the Hawaii Aquaculture Advisory Council, for a term to expire June 30, 1989;

JAMES H. URE to the Hawaii Aquaculture Advisory Council, for a term to expire June 30, 1992; and

DENNIS K. GOTO to the Hawaii Aquaculture Advisory Council, for a term to expire June 30, 1993,

Signed by all members of the Committee.

SCRep. 1724 Transportation on Gov. Msg. No. 323

Recommending that the Senate advise and consent to the nominations of HARDY HUTCHINSON, J.D. WATUMULL, ROBERT H. ISHIMOTO and JAN M. L. Y. AMII to the State Highway Safety Council, for terms to expire June 30, 1993.

Signed by all members of the Committee.

SCRep. 1725 Transportation on Gov. Msg. No. 322

Recommending that the Senate advise and consent to the nomination of NORMAN K. TSUJI to the Commission on Transportation, for a term to expire June 30, 1993.

Signed by all members of the Committee.

SCRep. 1726 Judiciary on Gov. Msg. No. 285

Recommending that the Senate advise and consent to the nominations of DAISY U. SMITH and TIMOTHY JOHN LUI-KWAN to the Board of Registration, Island of Hawaii, for terms to expire June 30, 1992 and June 30, 1993, respectively.

Signed by all members of the Committee except Senators Cobb and Holt.

SCRep. 1727 Judiciary on Gov. Msg. No. 295

Recommending that the Senate advise and consent to the nomination of RANDALL VALENCIANO to the Defender Council, for a term to expire June 30, 1991.

Signed by all members of the Committee except Senators Cobb and Holt.

SCRep. 1728 Culture, Arts and Historic Preservation on Gov. Msg. No. 312

Recommending that the Senate advise and consent to the nominations of ANDY M. ICHIKI, BERNADETTE H. SAKODA and GLADYS AINO A BRANDT to the State Foundation on Culture and the Arts, for terms to expire June 30, 1993.

Signed by all members of the Committee.

SCRep. 1729 Business Development and Pacific Relations on S.R. No. 217

The purpose of this resolution is to have the Association of Pacific Island Legislatures admit Hawaii as a member.

After due consideration, your Committee finds that the State should endeavor to strengthen ties with our Pacific neighbors by seeking to gain admittance to the Association of Pacific Island Legislatures.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 217 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senators Holt and B. Kobayashi.

SCRep. 1730 (Joint) Tourism, Recreation and Planning and Transportation on S.R. No. 247

The purpose of this resolution is to request the Department of Land and Natural Resources to discontinue the issuance and/or the renewal of special landing permits for commercial boating activities on the North shore of Kauai.

Your Committees find that the jurisdictional authority to regulate and manage certain commercial boating activities on the North shore of Kauai is presently unclear. More specifically, the problem revolves around conflicting jurisdiction of the Department of Transportation, the Department of Land and Natural Resources, and the Kauai county government. In addition, a number of environmental, community, and business concerns have also been raised. As a result of these conflicts, legal action has been brought against the Department of Transportation and the County of Kauai. Consequently, approximately thirty commercial operators are now prohibited by court action from launching their vessels and are therefore effectively prevented from engaging in business.

It is the understanding of your Committees, however, that a special use permit has been issued by the Department of Land and Natural Resources to a commercial operation known as Na Pali Zodiac. The possession of this permit, in essence, allows Na Pali Zodiac to launch and retrieve its vessels from the Hanalei River mouth where the court has prohibited other similar commercial operators from launching and retrieving their vessels.

In light of this situation, your Committees strongly believe that it is the responsibility of the Legislature to address the salient aspects of this problem from the standpoint of public policy and statewide concern. Your Committees find, therefore, that the real issue before the Legislature is the propriety of the decision made by a state agency to sanction the commercial operations of a single business entity at the expense of other commercial operators, the jurisdictional authority of the county government and various state policies regarding boating activities, ocean recreation and safety, and the protection of the environment. Your Committees further find that the Legislature should also review the Department's decision in light of certain constitutionally mandated concepts such as justice, fairness, and equal protection and treatment under the law.

Your Committees have examined the issues as reflected in this resolution and hereby determine that the decision of the Department of Land and Natural Resources to knowingly issue a special use permit to Na Pali Zodiac to technically load and unload passengers at the Haena Point area (Tunnels Beach), thereby allowing this firm to operate at the exclusion of all others, is contrary to proper public policy.

In making this determination, it is also the purpose of your Committees to strongly reemphasize the Legislature's intent that the decision-making powers of all state agencies are delegated subject to the public's trust and confidence. It is thus the hope of your Committees that passage of this resolution will send a message to all state agencies that their decisions must be made in the best interests of the general public.

Your Committees further find that the maintenance of the public's enjoyment of Tunnels Beach and the corresponding need to prevent any further deterioration of its natural beauty and unique marine life and environment may require a higher standard of protection.

Your Committees have therefore amended this resolution by adding appropriate language to request that the Department of Land and Natural Resources explore the possibility of designating Tunnels Beach as a marine conservation district and report its findings and recommendations to the Legislature no later than twenty days prior to the convening of the 1990 Legislature.

Your Committees have amended the title of this resolution accordingly and have also made technical changes which have no substantive effect.

Your Committees on Tourism, Recreation and Planning and Transportation concur with the intent and purpose of S.R. No. 247, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 247, S.D. 1.

Signed by all members of the Committees except Senator Cobb.

SCRep. 1731 Human Services on H.C.R. No. 310

The purpose of this concurrent resolution is to determine what pension and other employment benefits are lost in the State by those who provide care to elderly family members and what is the value of those lost benefits.

Your Committee finds that, because of the increase in the proportion of residents who are over 60 years of age, there are increasing demands in many areas including housing, health, and social services. A study such as the one requested by this concurrent resolution is an important step in planning for the future.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 310 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1732 Human Services on H.C.R. No. 289

The purpose of this concurrent resolution is to request a study reviewing the welfare hearings process in the State to determine if it meets the requirements of the Hawaii Administrative Procedure Act and constitutional due process guarantees, as well as to see if there are methods for improving the fairness and impartiality of the procedure.

Your Committee finds that the study requested by this concurrent resolution should be carried out to assure fairness and constitutionality of the welfare hearing process in the State.

Your Committee has amended this concurrent resolution by making minor technical changes which have no substantive effect.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 289, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 289, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1733 Human Services on H.C.R. No. 256

The purpose of this concurrent resolution is to request that the Office of the Legislative Auditor conduct a study and develop a strategic plan to ensure the most efficient utilization of federal Medicaid funds available to the State.

Your Committee finds that efficient utilization of federal Medicaid funds available to the State will be of benefit to the people of Hawaii and that the study called for by this concurrent resolution should be done as described.

Your Committee has amended this concurrent resolution by inserting the phrase "is requested" in the "BE IT RESOLVED" clause immediately before the words "to conduct a study and develop a strategic plan."

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 256, 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. 256, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1734 Human Services on H.C.R. No. 189

The purpose of this concurrent resolution is to request that the Office of Children and Youth study the feasibility of establishing a youth recognition program to recognize organizations involved in youth development and youth who have excelled in various endeavors.

Your Committee finds that there is a need to recognize and positively reinforce youth organizations and young individuals who strive to better themselves and their community through positive and creative means.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 189 and recommends its adoption.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1735 Human Services on H.C.R. No. 157

The purpose of this concurrent resolution is to proclaim the decade of 1990 to 2000 as the "Decade of the Child."

Your Committee finds that due to the strong public support received on behalf of the many family and children related issues the Legislature is considering this session, it would be most appropriate to affirm the Legislature's commitment to the children of Hawaii by proclaiming the decade from 1990 to 2000 as the "Decade of the Child."

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 157, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1736 Education on H.C.R. No. 242

The purpose of this concurrent resolution is to request that the Superintendent of Education examine funding strategies for replicating successful features of the Hana Kupono project.

In 1987 and 1988, the Department of Education implemented the Hana Kupono project, a demonstration instructional program for intermediate school students designed to promote the acquisition of basic academic and higher order thinking skills. This project was funded under the federal Carl D. Perkins Vocational Education Act (P.L. 98-524) as a result of evidence from standardized tests that Hawaiian and part-Hawaiian intermediate school students lag behind their peers in terms of mastery of these basic academic and higher order thinking skills.

Your Committee finds that the Hana Kupono project has been very successful and funding alternatives should be sought out to enable the continuation and expansion of this promising and exciting approach to education.

Your Committee heard testimony in support of this concurrent resolution from the Superintendent of Education, the Office of Hawaiian Affairs, and Alu Like, inc.

Your Committee has amended this concurrent resolution by making a technical amendment which has no substantive effect.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 242, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 242, S.D. 1.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1737 Education on H.C.R. No. 120

The purpose of this concurrent resolution is to request the Waianae-Nanakuli teacher retention task force to continue its study of the teacher retention problem at the Waianae-Nanakuli school complex during the 1989 legislative interim.

Your Committee received testimony in support of this concurrent resolution from the Superintendent of Education, the Hawaii State Teachers Association, the principal and a teacher at Nanakuli Elementary School, and the Waianae Cost School Concerns Coalition. Testimony indicated that the problem of teacher retention is unique to the Waianae-Nanakuli area and many concerned and dedicated citizens are actively involved in resolving this problem.

Your Committee finds that more time is needed for the task force to continue its work and make meaningful recommendations regarding the problem of teacher retention in the Waianae-Nanakuli area.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 120 and recommends its adoption.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1738 Education on H.C.R. No. 282

The purpose of this concurrent resolution is to request the Department of Education to convene district task forces composed of representatives from concerned student bodies, parents, senior class advisors, and administrators from district high schools, community and business leaders, and school advisory council members to determine specific expenses surrounding school-sponsored high school graduation and social activities in the district, the proportion of students denied participation or unduly burdened by senior high school expenses, and a determination of whether a cap on expenses should be imposed or alternative activities designed in order to guarantee equal opportunity for participation by all students.

Your Committee finds that senior year social events in our public high school impose an untenable economic burden on a significant portion of our population and prohibits access for many students.

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

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 282, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 282, S.D. 1

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1739 Education on H.C.R. No. 20

The purpose of this concurrent resolution is to request the Department of Accounting and General Services to develop a systematic program of repair and maintenance for all public libraries in the State.

The Department is also requested to periodically inform the House of Representatives of its progress during the legislative interim and submit a report describing the maintenance and repair plan, with an appropriate cost analysis, to the 1990 Legislature.

Your Committee finds that a statewide repair and maintenance program would be of considerable benefit to the public library system and would provide the State and the Legislature with the kinds of information necessary to make appropriate budget decisions on a regular basis.

Your Committee has amended this concurrent resolution by requesting the Department of Accounting and General Services to periodically inform both Houses of the Legislature of its progress in developing the program during the legislative interim.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 20, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 20, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1740 Culture, Arts and Historic Preservation on H.C.R. No. 390

The purpose of this concurrent resolution is to recognize the significance and importance of the Statue of Freedom and its plaster model as symbols of peace and freedom.

The concurrent resolution would also recognize the importance of the restoration of the plaster model of the Statue of Freedom.

Your Committee received supporting testimony from the Foundation of I, Inc.

Your Committee finds that the Statue of Freedom represents our nation's commitment to freedom and to the rights of individuals all over the world and that the restoration of the plaster model of the statue would give people the ability to view this great symbol of freedom.

Your Committee has amended the concurrent resolution to correct a typographical error in the seventh "WHEREAS" clause and to clarify in the "BE IT RESOLVED" clause that the measure is a House concurrent resolution.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of H.C.R. No. 390, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 390, S.D. 1.

Signed by all members of the Committee.

SCRep. 1741 Human Services on H.C.R. No. 248

The purpose of this Concurrent Resolution is to urge the United States Congress to eliminate the social security penalty against elderly recipients who live with their families and express support for this pending measure.

Caring for elderly parents at home is a traditional and customary practice in Hawaii. Your Committee finds that this practice may be considered socially beneficial to all Americans, and as such, its practice should be encouraged rather than penalized by our social security laws.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 248 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki, Cobb and Koki.

SCRep. 1742 Human Services on H.C.R. No. 12

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to conduct a study to determine the feasibility of offering tax credits to families caring for the elderly who are ill.

Your Committee finds that the costs of caring for the elderly can be extremely high and that the option of obtaining long-term care insurance may be beyond the means of many. The possibility of some relief through tax credits for families caring for the elderly needs to be studied.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 12, H.D. 1, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senators Yamasaki, Cobb and Koki.

SCRep. 1743 Human Services on H.C.R. No. 309

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to study the issues involved in home health care quality assurance.

Your Committee finds that the study requested by this concurrent resolution will assist the State in its attempt to determine quality of care criteria and to address personnel, affordability, and related issues involved in providing quality care.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 309 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senators Yamasaki, Cobb and Koki.

SCRep. 1744 Human Services on H.C.R. No. 268

The purpose of this Concurrent Resolution is to request the Department of Labor and Industrial Relations to study the feasibility of establishing a youth volunteer program in Hawaii similar to the California Conservation Corps or the Volunteers in Service to American (VISTA) program.

Your Committee finds that the establishment of this pilot program would provide an opportunity for Hawaii's youth to gain valuable educational and work experience, as well as make positive contributions to the community.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 268, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki, Cobb and Koki.

SCRep. 1745 Consumer Protection and Commerce on Gov. Msg. Nos. 310 and 311

Recommending that the Senate advise and consent to the nominations of the following:

WILLIAM V. PACHECO and TED COOK to the Boxing Commission, for terms to expire June 30, 1993;

HOWARD H. TASAKA to the Contractors License Board, for a term to expire June 30, 1990; and

HOWARD M. FUKUNAGA, RONALD B. IIDA, BURMA J. KANEAPUA and JAPO I. YOKOYAMA to the Contractors License Board, for terms to expire June 30, 1993.

Signed by all members of the Committee except Senators Cobb, Nakasato, Tungpalan and Koki.

SCRep. 1746 Labor and Employment on Gov. Msg. No. 333

Recommending that the Senate advise and consent to the nominations of RUSSELL TADAO HIGA and BERT M. TOMASU to the Hawaii Labor Relations Board, for terms to expire June 30, 1994.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1747 Labor and Employment on Gov. Msg. No. 303

Recommending that the Senate advise and consent to the nominations of the following:

KEITH W. AHUE to the Board of Trustees, Hawaii Public Employees Health Fund, for a term to expire June 30, 1992; and

JESSICA K. HASHIMOTO and CALVIN S. MIYAMOTO to the Board of Trustees, Hawaii Public Employees Health Fund, for terms to expire June 30, 1993.

Signed by all members of the Committee.

SCRep. 1748 Labor and Employment on H.C.R. No. 191

The purpose of this concurrent resolution is to request the Department of Labor and Industrial Relations, with the assistance of the Department of Agriculture, to determine if a shortage of agricultural workers exists in Hawaii and, if such a shortage does exist, to develop ways to alleviate this situation.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations and the Department of Agriculture and finds that there is a growing amount of preliminary evidence that indicates Hawaii may indeed be facing a shortage of agricultural workers. Your Committee further finds that a definitive assessment of the agricultural worker situation is necessary so that the legislature may respond appropriately before the shortage of workers decimates Hawaii's agricultural industries.

Your Committee on Labor and Employment 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 except Senator Yamasaki.

SCRep. 1749 Labor and Employment on H.C.R. No. 139

The purpose of this concurrent resolution is to request that the Conference of Personnel Directors review and recommend appropriate increases in the compensation of adult corrections officers to the Public Employees Compensation Appeals Board.

Your Committee heard testimony in support of this measure from the Department of Corrections and finds that a review and recommendation for increased compensation for adult corrections officers is an appropriate matter to be considered by the Conference of Personnel Directors.

Your Committee on Labor and Employment concurs with the intent and purpose of H.C.R. No. 139, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1750 Higher Education on Gov. Msg. No. 281

Recommending that the Senate advise and consent to the nominations of DENNIS T. TOYOMURA and THOMAS S. YAGI to the Board of Directors, Research Corporation, University of Hawaii, for terms to expire June 30, 1993.

Signed by all members of the Committee.

SCRep. 1751 Higher Education on Gov. Msg. No. 294

Recommending that the Senate advise and consent to the nomination of RICHARD H. KOSAKI, Ph. D., to the Western Interstate Commission for Higher Education (WICHE), for a term to expire June 30, 1993.

Signed by all members of the Committee.

SCRep. 1752 Transportation on H.C.R. No. 301

The purpose of this concurrent resolution is to request the department of transportation to conduct a study on the need for noise barriers along highways in the State. This study will include:

- (1) A determination as to what areas along Interstate H-1 need noise barriers;
- (2) Whether federal matching funds for the construction of noise barriers are available;
- (3) The costs and effectiveness of various available materials for the construction of the noise barriers;
- (4) What industries in Hawaii are capable of designing, planning, and constructing the noise barriers;
- (5) A study of the sound barrier project for PENDOT and Caltrans and their feasibility in Hawaii; and
- (6) The identification of residences, schools, and other facilities that would benefit from the noise barriers.

Your Committee finds that the increase in traffic on our State's highways also increases the amount of noise pollution. Residents who live along or in the vicinity of highways are especially affected by the excessive noise created by heavy traffic. Your Committee is interested in the possibility that the erection of noise barriers along the highways will drastically reduce the noise level of heavy traffic thereby directly benefiting those residents who live along or in the vicinity of heavily travelled highways.

Your Committee has amended this concurrent resolution by limiting the scope of the study to the determination of the cost-effectiveness of constructing noise barriers in the densely populated area of Bingham Tract along Interstate H-1.

Your Committee on Transportation 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 Senator Menor.

SCRep. 1753 Transportation on H.C.R. No. 182

The purpose of this concurrent resolution is to request the department of transportation to study the feasibility of establishing passing lanes on the Kamehameha Highway between Kahaluu and Haleiwa, with emphasis on the stretch between Kahaluu and Kahuku.

Your Committee finds that Kamehameha Highway is the major thoroughfare on the windward coast of Oahu, and is a narrow, winding two-lane road for most of the distance from Kahaluu to Haleiwa. Kamehameha Highway is heavily travelled by residents and visitors and creating passing lanes would help to alleviate traffic congestion.

Your Committee on Transportation concurs with the intent and purpose of H.C.R. No. 182, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senator Menor.

SCRep. 1754 Energy and Natural Resources on H.B. No. 20

The purpose of this bill is to prohibit the use of drift gillnets in the waters of the State by adding a new section to Chapter 188, Hawaii Revised Statutes.

Supportive testimony was received from the Department of Land and Natural Resources, the Environmental Center of the University of Hawaii, and the Hawaiian Humane Society.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 20, 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. 1755 Energy and Natural Resources on Gov. Msg. No. 314

Recommending that the Senate advise and consent to the nominations of the following:

ELTON S. WADA to the Land Use Commission for a term to expire June 30, 1992; and

ALLEN Y. KAJIOKA, EUSEBIO LAPENIA JR. and JAMES M. SHINNO to the Land Use Commission, for terms to expire June 30, 1993.

Signed by all members of the Committee.

SCRep. 1756 Energy and Natural Resources on Gov. Msg. No. 313

Recommending that the Senate advise and consent to the nomination of JOHN Y. ARISUMI to the Board of Land and Natural Resources, for a term to expire June 30, 1993.

Signed by all the members of the Committee.

SCRep. 1757 Energy and Natural Resources on H.C.R. No. 276

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources to assist and cooperate with county and federal authorities in planning and securing improved and greater flood control for Kawaiui Marsh.

Your Committee received supportive testimony from the Department of Land and Natural Resources and the Chairman of the Kailua Neighborhood Board.

Your Committee recognizes the need for better flood control measures in the basin, and the need to seek practical, acceptable, and effective solutions.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of H.C.R. No. 276, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1758 Energy and Natural Resources on H.C.R. No. 204

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources to prepare a report on the servicing and maintenance of the Fish Aggregating Device (FAD) System, including considerations for: 1) contracting small independent profit or non-profit boats to service the FADS; 2) commissioning the University of Hawaii's research vessel KILA for the deployment of buoys only; and 3) mitigating any weaknesses that exist in the FAD moorings.

Your Committee received supporting testimony from the Department of Land and Natural Resources.

Your Committee finds that by properly servicing and maintaining the FAD system, "down-time" can be minimized, subsequently increasing the fishing efficiency of FAD stations.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of H.C.R. No. 204 and recommends its adoption.

Signed by all the members of the Committee.

SCRep. 1759 Housing and Hawaiian Programs on H.C.R. No. 200

The purpose of this concurrent resolution is to request that Congress and the President of the United States provide the necessary financial support for the implementation of the Hawaiian Homes Lands program.

Your Committee finds that the Hawaiian Homes Commission Act has been hampered in providing house and farm lots to eligible native Hawaiians due to the lack of financial and support resources. Your Committee further finds that the United States government has certain oversight responsibilities for the program but has contributed very little to the program in funds or services.

Your Committee has amended the concurrent resolution to correct typographical errors as well as to make technical, nonsubstantive amendments for the purpose of clarity.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of H.C.R. No. 200, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 200, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1760 Human Services on H.C.R. No. 115

The purpose of this concurrent resolution is to request the Department of Human Services to study federal emergency assistance options for families currently receiving Aid for Families with Dependent Children (AFDC) and families who do not qualify for AFDC but who have been made needy because of an emergency situation.

Your Committee finds that the State offers AFDC emergency assistance in natural emergency situations, but the level and extent of such assistance is limited to qualified AFDC families and does not address the total well-being of all families in need.

Your Committee further finds that it would be in the best interest of the State to adopt an emergency assistance program that would not only cover natural, "act of god" emergencies, but also domestic emergencies that directly threaten a child's well-being, and to extend this assistance to AFDC and non-AFDC families in need.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 115, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki, Aki and Cobb.

SCRep. 1761 Human Services on H.C.R. No. 232

The purpose of this Concurrent Resolution is to urge the Office of State Planning to consider provisions made by other states for family support and to adopt a State policy on families.

The State policy to be adopted shall (1) stress the importance of families; (2) state that support and assistance to families should be the primary goals of state programs in the Departments of Health and Human Services; and (3) establish the goal of promoting family bonding and unity through programs and services provided by the State.

Your Committee finds that families form the basic social unit in our society and the adoption of a state policy on families will help those in need obtain the necessary support to enable them to successfully manage their lives.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 232 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki, Aki and Cobb.

SCRep. 1762 Human Services on H.C.R. No. 175

The purpose of this concurrent resolution is to request the Office of the Legislative Auditor to study the shortage of social workers among the various state agencies.

Your Committee finds that there is a shortage of social workers as well as morale problems among social workers employed by the State. A study of the shortage, including pay scale comparisons, investigation of morale problems, and recommendations to alleviate the current social worker shortage and to improve working conditions, is very desirable.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 175, H.D. 1, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senators Yamasaki, Aki and Cobb.

SCRep. 1763 Human Services on H.C.R. No. 11

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to conduct a study of long-term care insurance.

Your Committee finds that long-term care costs can be a great burden to those who must bear them and that a study of long-term care insurance is warranted.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 11, H.D. 1, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senators Yamasaki, Aki and Cobb.

SCRep. 1764 Human Services on H.C.R. No. 192

The purpose of this Concurrent Resolution is to request the State of Hawaii to participate in the resettlement of Amerasian immigrants and their families by cooperating with private nonprofit agencies providing immigrant services.

In addition, the Governor is requested to name representatives to the Amerasian Resettlement Task Force from the Departments of Education, Human Services, Health, and Labor and Industrial Relations, and to provide and coordinate resources and support special services to Amerasian immigrants so they can become productive members of our community.

Your Committee finds that research studies of Amerasian immigrant families on the mainland indicate that most are at high risk for serious long-term adaptation problems and have required more intensive special services during the post-

arrival period. Your Committee believes it is critical that the State provide a comprehensive program providing services sensitive to the needs of these immigrants.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 192, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki, Aki and Cobb.

SCRep. 1765 Housing and Hawaiian Programs on H.C.R. No. 154

The purpose of this concurrent resolution is to request the Housing Finance and Development Corporation (HFDC), Kuliouou Valley Associates, and Hawaiian Dredging and Construction Company to formulate a fair and just approach toward compensating the residents of the "Kau Hale Aupuni O Kuliouou" subdivision in Kuliouou Valley.

HFDC would consider giving Kuliouou residents first priority in purchasing new homes in its next housing project and the State would be requested to reimburse the owners of damaged homes for all property taxes assessed over the past year and until they are relocated.

Seventeen homes in the Kau Hale Aupuni O Kuliouou subdivision have been damaged by soil erosion and severe hillside movement. Five homes are uninhabitable and one residence has been completely torn in half. The area shows signs of buckling pavements, destroyed garages, and a severe disruption to underground utility lines.

These homes were constructed eight years ago by Kuliouou Valley Associates and Hawaiian Dredging and Construction Company under the auspices of the Hawaii Housing Authority.

Your Committee finds the residents of Kau Hale Aupuni O Kuliouou are in immediate need of assistance and compensation.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of H.C.R. No. 154, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1766 Housing and Hawaiian Programs on H.C.R. No. 64

The purpose of this concurrent resolution is to oppose the U.S. Department of Housing and Urban Development's (HUD) presumption of state prevailing wage rates for workers in public housing projects.

On October 6, 1988, HUD issued a final rule that preempts state wage rates that exceed corresponding federal wage rates for trade workers employed at HUD assisted projects.

The HUD's basis for preempting state prevailing wage laws is that the application of the State law conflicts with the requirements of the United States Housing Act of 1937, as amended, and stands as an obstacle to the execution of the purposes and objectives of the Act by seriously impairing HUD in discharging its statutory responsibility to provide and maintain low income housing.

Before this ruling was issued, State and County construction contracts in excess of \$2,000 which included federal funds were considered covered by both the federal Davis-Bacon Act and Chapter 104, Hawaii Revised Statutes. As a result, the Department of Labor and Industrial Relations enforced the State law on the basis that the contractor must comply with the higher standard. Contracting agencies were required to include both state and federal wage rate schedules in the contract specifications, and the contractor was required to comply with the higher rate.

Currently, the Department of Labor and Industrial Relations is unable to enforce higher state prevailing wage rates on HUD-assisted projects because the final ruling issued by HUD was properly adopted in accordance with statutory guidelines and will in all probability be upheld on any legal challenge.

Your Committee also finds that in practice, some state rates are as much as \$3.50 higher than federal rates for certain categories. If federal prevailing wage rates were in fact reflective of the wage rates already prevailing in the locality, both federal and state wage rates would be identical. Requiring the preemption does not ensure the most effective use of limited budget resources and your Committee urges the United States Department of Housing and Urban Development to reconsider the effect of its ruling.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of H.C.R. No. 64, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1767 Culture, Arts and Historic Preservation on H.C.R. No. 136

The purpose of this concurrent resolution is to request the Office of Hawaiian Affairs (OHA), in collaboration with the Department of Land and Natural Resources (DLNR), to study ways for the State to better manage the Hawaiian historical sites within the State.

The study would include analysis of laws and rules relating to Hawaiian historic sites; procedural problems and recommendations for resolving them; preparation for OHA to adopt rules; and recommendations regarding OHA's potential role when important historical sites are discovered.

Your Committee received favorable testimony from the DLNR.

Your Committee finds that there is a need to explore more aggressive and innovative ways of protecting and managing newly discovered Hawaiian historical sites and that OHA may be well-suited to play an active role in the process.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of H.C.R. No. 136, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1768 Culture, Arts and Historic Preservation on H.C.R. No. 185

The purpose of this concurrent resolution is to request the Governor to establish July 31st as Hawaiian Flag Day and that it be celebrated annually.

The Hawaiian flag has had a long and proud history dating back to the reign of Kamehameha the Great. It has been an inextricable part of Hawaiian history and has served throughout the years as the standard of the Kingdom, Republic, Territory, and State of Hawaii. Setting aside one day a year to honor the flag would be an appropriate expression of respect.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of H.C.R. No. 185, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1769 Agriculture on H.C.R. No. 253

The purpose of this concurrent resolution is to urge the City and County of Honolulu to take immediate action to construct the Waiialua-Haleiwa wastewater treatment and disposal system.

Your Committee finds that this area has a high cesspool failure rate resulting in a hazard to public health and safety.

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 253 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1770 Agriculture on H.C.R. No. 274

The purpose of this concurrent resolution is to urge all hotels in the State of Hawaii to promote and serve Kona coffee to further encourage awareness of Hawaii agricultural products.

Your Committee finds that Kona coffee is unique with excellent aroma and taste and worthy to be served to visiting hotel patrons in all hotels in the State and promoted as a gourmet coffee grown in Hawaii.

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 274 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1771 Housing and Hawaiian Programs on H.C.R. No. 389

The purpose of this concurrent resolution is to request the United States Department of Interior to investigate the recovery of Hawaiian homestead land at Lualualei and Keaukaha.

In 1986, the Department of Hawaiian Home Lands filed suit to recover Hawaiian homestead lands set aside through two Executive Orders in the Lualualei military reservation. The suit was recently dismissed by the Federal District Court upon a finding that the action is barred by the statute of limitations under the Quiet Title Act. As a result of the dismissal, the validity of the set asides by Executive Order at Lualualei, Oahu and Keaukaha, Hawaii, remain unresolved.

Your Committee has amended the concurrent resolution by correcting the date of the Treaty of Annexation to read 1887 instead of 1987, deleting the ninth "WHEREAS" clause, and by making other technical, nonsubstantive changes.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of H.C.R. No. 389, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 389, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1772 Housing and Hawaiian Programs on Gov. Msg. No. 302

Recommending that the Senate advise and consent to the nominations of the following:

DENNIS KAUAHI to the Hawaiian Homes Commission, for a term to expire June 30, 1991; and

GEORGE H. ROBERTSON and WALTER J. SMITH to the Hawaiian Homes Commission, for terms to expire June 30, 1993.

Signed by all members of the Committee except Senators Cobb.

SCRep. 1773 Energy and Natural Resources on H.B. No. 1803

The purpose of this bill is to amend Section 269-3, Hawaii Revised Statutes, to provide the Public Utilities Commission with the opportunity to appoint research assistants whose positions shall be exempt from the provisions of Chapters 76 and 77, Hawaii Revised Statutes.

Responsibilities of the research assistants will include the following: analyzing emerging issues in telecommunications, energy, and other areas subject to the Commission's jurisdiction; identifying the objectives and policies of the State that the Commission should pursue; identifying the available options; analyzing the potential impact of such options on the utilities and consumers; and analyzing the impact of the Commission's decision within the context of stated policies.

Your Committee finds that the responsibilities and tasks to be performed by research assistants require personnel with special and unique abilities. By exempting these positions from Chapters 76 and 77, the Chairperson of the Public Utilities Commission would be provided the flexibility to hire and replace the research assistants as program issues and directions change.

Under the present statute, the Chairperson has the authority to appoint and dismiss a chief administrator and hearing officers as may be necessary. This bill would extend this authority to include research assistants.

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of H.B. No. 1803 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1774 Housing and Hawaiian Programs on H.C.R. No. 364

The purpose of this concurrent resolution is to request the Governor to appoint a task force to investigate the present variety of programs delivering services to the Native Hawaiian and Hawaiian community.

The task force would be commissioned to: 1) take inventory of current services and programs being provided, 2) assess their use and accessibility, 3) analyze the level of coordination between services and programs, 4) identify critical needs and requirements that need to be addressed in the future, and 5) make recommendations for improving accessibility, coordination, and provision of services and programs for currently unmet needs.

Your Committee amended this concurrent resolution by inserting the substance of S.C.R. No. 106, S.D. 1, which is similar to this measure but expands the responsibility of the task force to include the examination of: social services for the elderly, educational services, special needs for "at risk" categories such as school dropouts, juvenile offenders, and pregnant teenagers, medical needs, legal assistance including land titles and genealogical research, special needs of rural Hawaiians, employment problems, and cultural heritage.

Your Committee on Housing and Hawaiian Affairs concurs with the intent and purpose of H.C.R. No. 364, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 364, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1775 Energy and Natural Resources on H.C.R. No. 39

The purpose of this concurrent resolution is to authorize the Board of Land and Natural Resources to issue licenses to divert, impound, transmit, and use water from the upper North Fork of the Wailua River on Kauai for the non-consumptive and non-polluting generation of hydro-electric power.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources, Kauai Electric, and Island Power, Inc.

Your Committee finds that licensing water rights on the North Fork of the Wailua River will allow Kauai to become much more self-sufficient with regard to energy production. The Upper Wailua Project also presents an opportunity to develop a pollution-free, renewable energy source on Kauai.

Your Committee has amended the concurrent resolution by making technical changes which have no substantive effect.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of H.C.R. No. 39, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 39, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1776 Energy and Natural Resources on H.C.R. No. 293

The purpose of this concurrent resolution is to request that the Hawaii County Council reexamine its zoning ordinances to develop an effective system to protect agricultural lands from misuse through condominium-style development and to eliminate ambiguities in the law.

Condominium-style ownership of agricultural lands works much like a subdivision, but this process is frequently utilized to subvert county subdivision standards for dwellings and infrastructure. While there is nothing inherently wrong with the agriculture condominium concept, problems arise when one is created to circumvent the intent of state and county law.

Developers have in the past combined county ohana zoning ordinances with State condominium laws and interpreted them in a manner that circumvents the original intent of State land use laws and county zoning ordinances.

Your Committee finds that the problems in dealing with the issue of condominium development must be addressed by the County of Hawaii to avoid such violations of the law in the future.

Your Committee on Energy and Natural Resources concurs with the intent and purpose of H.C.R. No. 293 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1777 Housing and Hawaiian Programs on Gov. Msg. No. 316

Recommending that the Senate advise and consent to the nominations of the following:

RICHARD M. IGA to the Hawaii Housing Authority, for a term to expire June 30, 1990;

KATSUGO MIHO to the Hawaii Housing Authority, for a term to expire June 30, 1992; and

FRED K. KWOCK to the Hawaii Housing Authority, for a term to expire June 30, 1993.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1778 Housing and Hawaiian Programs on H.C.R. No. 354

The purpose of this concurrent resolution is to request the Housing Finance and Development Corporation to set aside at least ten percent of all future single family developments that it sponsors to be available to owner-builder programs, with preference to those programs that assist families earning below 80% of the median family income.

Your Committee finds that given the current crisis in affordable housing, owner-builder programs and self-help housing represent a practical and low-cost means of enabling the construction of more affordable homes for lower income families and should be supported.

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

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of H.C.R. No. 354, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 354, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senators Cobb and Holt.

SCRep. 1779 Housing and Hawaiian Programs on H.C.R. No. 86

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to study mechanisms through which the State may insure the affordability of subsidized housing.

The Housing Finance and Development Corporation (HFDC), which currently provides affordable housing to low- and moderate-income families, administers a buy-back plan intended to maintain the affordability of homes in state-subsidized projects for a given period, usually ten years. Although the housing units are affordable at the time they are first offered for sale, they can be sold at the prevailing market price after the buy-back period has expired. This takes the units out of the affordable category and, in effect, creates a situation in which the State has subsidized a windfall profit by a private owner-investor.

Your Committee finds that there is a need for the State to consider ways to prevent speculation by the subsidized owner-occupants. This study would explore ways in which the availability of affordable housing could be maintained.

Upon further consideration of this measure, your Committee has amended this concurrent resolution by specifically requesting that the study examine the benefits and disadvantages of these mechanisms to the consumer, the State, and other parties.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of H.C.R. No. 86, 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. 86, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1780 Health on H.C.R. No. 291

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to study alternatives for the care of medically high-risk infants in the State.

Your Committee finds that (1) there are an increasing number of infants in the medical high-risk category as a result of HIV infection, AIDS, low birth weights, and the use of cocaine, alcohol, and other drugs by their mothers. (2) the resulting high-risk infants require specialized treatment and many of them cannot be provided that treatment by their parents or foster parents, (3) Hawaii lacks facilities for managing skilled or intermediate nursing needs of high-risk children, and (4) the need for individually planned and coordinated packages of special services for the population with developmental disabilities as well as the need for an adequate and proper mix of services are well-recognized.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 291, H.D. 1, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senators McMurdo and Menor.

SCRep. 1781 Government Operations on S.R. No. 206

The purpose of this resolution is to request that the Department of Accounting and General Services (DAGS) evaluate its method of acquiring state motor vehicles, weighing the cost-effectiveness of the present system against a system of purchasing used vehicles with an increased frequency of replacement.

Your Committee received supporting testimony from the DAGS and the Anglo American Auto Auctions Services, Inc. The DAGS stated that it has been purchasing new sedans for the central motor pool fleet since the inception of the program. Your Committee finds that with the increasing cost of new vehicles, it may be advantageous for the program to purchase used vehicles.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 206 and recommends its adoption.

Signed by all members of the Committee except Senators Cobb and Menor.

SCRep. 1782 Government Operations on S.R. No. 226

The purpose of this resolution is to urge Congress to exercise its constitutional power to regulate interstate commerce by enacting legislation requiring direct marketers to collect sales and excise taxes and remit them to the governmental jurisdictions in which the purchases were made.

Your Committee heard supporting testimony from Richard Kahle, Director of Taxation. Mr. Kahle testified that nationwide, one of six retail sales dollars escapes state general excise taxes, resulting in at least \$1 billion annually in uncollected tax revenues. The Department of Taxation is currently working closely with other state tax authorities across the country, as well as with other organizations to stem this loss of state tax dollars.

Your Committee finds that this resolution will promote the enactment of legislation to:

- (1) Eliminate the disadvantage suffered by in-state retailers who face unfair, tax-free competition from out-of-state direct marketers and sellers; and
- (2) Halt the otherwise irreversible and continually growing erosion in state sales tax bases.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 226 and recommends its adoption.

Signed by all members of the Committee except Senators Cobb and Menor.

SCRep. 1783 Government Operations on S.R. No. 172

The purpose of this concurrent resolution is to urge the United States government to abandon efforts to purchase or condemn certain land in Waikane Valley.

In 1961, the owners of the land entered into a lease agreement with the United States government that provided for: (1) use of the land by the United States Marine Corps as a training area, (2) the United States government's obligation to restore the land in a manner satisfactory to the state Department of Agriculture and Conservation, and (3) the United States government's obligation to indemnify and hold lessors and owners of the land harmless from and against any loss, expense, claims, damages, or demands of nature that may arise as a result of the United States government's use.

Your Committee finds that the land is of important historical, archaeological, and religious value and urges the United States government to return the land, in a safe condition, to its rightful owners.

Your Committee has amended the bill to:

- (1) Amend the title to read: "SENATE RESOLUTION URGING THE UNITED STATES GOVERNMENT TO CLEAR LANDS, FORMERLY USED AS TRAINING FACILITIES, OF ALL UNEXPLODED ORDNANCE,";
- (2) Delete paragraphs 14, 16, 17, 18, 23, 24, 27, 29, 30, 31, 32, and 35;
- (3) Add a provision urging the development of a definite time schedule to ensure orderly and timely removal of all ammunition, unexploded shells, and explosives from the land; and
- (4) Urge Hawaii's congressional delegates to work to expedite the fencing of the hazardous area to allow the rightful owners access to their lands.

Your Committee on Government Operations concurs 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 Senators McMurdo, Cobb and Menor.

SCRep. 1784 Government Operations on H.C.R. No. 50

The purpose of this concurrent resolution is to reduce the solid waste stream in our islands by encouraging state and county agencies to adopt policies that will facilitate the purchase of goods and supplies made from recycled materials.

Recycling is especially important in Hawaii due to the limited capacity of our islands to absorb solid waste in landfills.

Your Committee finds that state and county agencies, by setting an example for the rest of the community, could help foster a greater demand for recycled products and promote the growth of the recycling industry.

Your Committee on Government Operations concurs with the intent and purpose of H.C.R. No. 50 and recommends its adoption.

Signed by all members of the Committee except Senators McMurdo, Cobb and Menor.

SCRep. 1785 Government Operations on H.C.R. No. 110

The purpose of this concurrent resolution is to request that Congress work toward reducing the federal deficit.

Your Committee amended the bill to make certain technical and clarifying amendments, to request that both Congress and the Bush administration work diligently together to reduce the federal deficit, and to amend the title to read: "REQUESTING THAT THE BUSH ADMINISTRATION AND THE UNITED STATES CONGRESS WORK DILIGENTLY TOGETHER TO REDUCE THE FEDERAL DEFICIT."

Your Committee on Government Operations concurs with the intent and purpose of H.C.R. No. 110, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 110, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senators McMurdo, Cobb and Menor.

SCRep. 1786 Government Operations on H.C.R. No. 365

The purpose of this concurrent resolution is to request that the Department of Budget and Finance explore opportunities to integrate the state information network with federal information services to provide better service to Hawaii's residents.

Your Committee finds that such an integration of information services will facilitate the development and diversification of the State's economy, the establishment of an information industry, and the promotion of public access to information.

Your Committee has amended the concurrent resolution to make certain technical and clarifying amendments.

Your Committee on Government Operations concurs with the intent and purpose of H.C.R. No. 365, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 365, S.D. 1.

Signed by all members of the Committee except Senators McMurdo, Cobb and Menor.

SCRep. 1787 Higher Education on H.C.R. No. 287

The purpose of this concurrent resolution is to urge the University of Hawaii to study the feasibility of athletic program expansion and to develop a systemwide athletic master plan addressing club and intercollegiate sports and community college involvement in athletics.

Your Committee heard testimony in favor of the concurrent resolution from the Director of Intercollegiate Athletics at the University of Hawaii and a private citizen.

Your Committee has amended the first "BE IT RESOLVED" clause by requesting the University of Hawaii's Office of Planning and Policy to coordinate the report with the assistance of the Department of Collegiate Athletics and other affected Departments.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 287, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 287, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1788 Higher Education on H.C.R. No. 379

The purpose of this concurrent resolution is to recognize the contributions of the governments of Canada, France, the United Kingdom, the United States, and the University of Hawaii in establishing Hawaii as an international center of excellence in astronomy.

The concurrent resolution also recognizes the tenth anniversaries of the Canada-France-Hawaii telescope, the United Kingdom infrared telescope and the National Aeronautics and Space Administration's (NASA) infrared telescope facility. These telescopes are at the forefront of their respective fields and are expanding international participation in projects on Mauna Kea.

Your Committee has amended the concurrent resolution by deleting the first "BE IT FURTHER RESOLVED" clause and by making technical, nonsubstantive changes to correct grammatical and punctuation errors. Changes have also been made for purposes of style and clarity.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 379, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 379, S.D. 1.

Signed by all members of the Committee.

SCRep. 1789 Higher Education on Gov. Msg. No. 315

Recommending that the Senate advise and consent to the nominations of MOMI CAZIMERO and DIANE J. PLOTTS to the Board of Regents, University of Hawaii, for terms to expire June 30, 1993.

Signed by all members of the Committee.

SCRep. 1790 Tourism, Recreation and Planning on Gov. Msg. No. 321

Recommending that the Senate advise and consent to the nominations of the following:

LARRY L. CUNDIFF to the Stadium Authority, for a term to expire June 30, 1990; and

GREGORY R. GOMES, MERLE A. K. KELAI and TORU SUZUKI to the Stadium Authority, for terms to expire June 30, 1993.

Signed by all members of the Committee except Senators Chang and Cobb.

SCRep. 1791 (Majority) Tourism, Recreation and Planning on Gov. Msg. Nos. 160 and 304

Recommending that the Senate advise and consent to the nominations of the following:

GEORGE AKAHANE and AL T. HARRINGTON to the Waikiki Convention Center Authority, for terms to expire June 30, 1990;

DOROTHY K. CHING, ROBERT J. FISHMAN and DONALD M. TAKAKI to the Waikiki Convention Center Authority, for terms to expire June 30, 1992; and

ALIKA THOMPSON to the Waikiki Convention Center Authority, for a term to expire June 30, 1991.

Signed by all members of the Committee except Senator Cobb.
Senator McMurdo did not concur.

SCRep. 1792 Human Services on H.C.R. No. 335

The purpose of this concurrent resolution is to request the Departments of Human Services, Health, and Labor and Industrial Relations to respectively review and evaluate health and social needs and services in rural areas.

Your Committee finds that persons living in rural areas may have different health and social needs than other residents of the State and that it is more difficult at present for the rural residents to obtain the services that they need. Your Committee further finds that the reviews and evaluations requested by this concurrent resolution are an important step towards improving services for rural residents.

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

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 335, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 335, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senators Cobb and Levin.

SCRep. 1793 Human Services on H.C.R. No. 397

The purpose of this concurrent resolution is to urge the Department of Health, with the cooperation of the Department of Human Services and other state agencies, to proceed as rapidly as possible to amend the State Medicaid Plan to include mental health services that meet the needs of mentally ill individuals in the State.

Your Committee finds that there are steps that can be taken rapidly to help meet the needs of mentally ill individuals in the State and that the amendment of the State Medicaid Plan urged by this concurrent resolution is one such step which should be taken.

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

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 397, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 397, S.D. 1.

Signed by all members of the Committee except Senators Cobb and Levin.

SCRep. 1794 Human Services on H.C.R. No. 362

The purpose of this concurrent resolution is to request Congress to cease implementation of the Medicare Catastrophic Expansion Act of 1988 until Congress can review the Act thoroughly and modify it as necessary.

Your Committee finds that the federal law is deficient in that it did not address the most catastrophic financial concern for most older people, the prospect of paying for long-term nursing home care, and that the method of paying for the expanded coverage provided by the Act needs to be reexamined.

Your Committee has amended this concurrent resolution by clarifying that it is a concurrent resolution.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 362, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No.362, S.D. 1.

Signed by all members of the Committee except Senators Cobb and Levin.

SCRep. 1795 Human Services on H.C.R. No. 307

The purpose of this concurrent resolution is to request the Office of Community Services in consultation with the Office of Children and Youth, the Department of Education, and the Department of Health to study the feasibility of establishing a program to assist the acculturation of recent immigrants.

Your Committee finds that such a study would be an important first step toward assisting recent immigrants and will benefit all the citizens of the State.

Your Committee has amended this concurrent resolution by clarifying that it is a concurrent resolution and by making other technical changes which have no substantive effect.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 307, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 307, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senators Cobb and Levin.

SCRep. 1796 Tourism, Recreation and Planning on H.C.R. No. 91

The purpose of this concurrent resolution is to request the Hawaii Visitors Bureau to support the Hawaii film, video, and publishing industries by ensuring that criteria for the advertising jobs which are directly or indirectly contracted for by the Bureau are established and publicized to allow open competition.

The Bureau is also requested to notify its contractors of this intent to promote fair competition.

The number of Hawaii publishing, film, and video companies is increasing, offering residents new and rewarding jobs. However, in order for such local companies to successfully compete with larger out-of-state firms they must be informed of the jobs which are being offered. The HVB and its contractors would be a prime source of business for such companies, and your Committee finds that it is appropriate that the Bureau lead the way in promoting fair competition.

Your Committee on Tourism, Recreation and Planning concurs with the intent and purpose of H.C.R. No. 91, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Chang and Cobb.

SCRep. 1797 Culture, Arts and Historic Preservation on H.C.R. No. 285

The purpose of this concurrent resolution is to recognize the value of the "Aloha Sunshine Around the World" project and encourage Hawaii's children to participate.

Your Committee finds that the "Aloha Sunshine Around the World" project will be extremely valuable in creating an environment of positive support for world communication, understanding, and peace. The project will definitely enrich our lives by enhancing our awareness and perception of ourselves and the world.

Your Committee has amended this concurrent resolution to broaden the scope of support for the "Aloha Sunshine" Project by amending the title and inserting additional "WHEREAS" clauses.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of H.C.R. No. 285, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 285, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1798 Human Services on H.C.R. No. 149

The purpose of this concurrent resolution is to request that the Waianae Coast Coalition for Human Services (WCCHS) continue the work undertaken pursuant to House Concurrent Resolution No. 183, H.D. 1, Regular Session of 1988, through the existing task force.

Your Committee finds that the Fourteenth Legislature, through the aforementioned House Concurrent Resolution, requested the WCCHS to assume responsibility for the development of a comprehensive plan of integrated services for the Waianae Coast by convening a task force. WCCHS submitted an interim report on the development of integrated human services planning to the Legislature in December, 1988, and included with the task force's preliminary findings, the report requested that the task force be extended through fiscal year 1989-1990.

Your Committee finds that in order for the task force to perform its duties efficiently and comprehensively, an extension is in order.

Your Committee has amended this concurrent resolution by clarifying that it is a concurrent resolution and by making technical changes which have no substantive effect.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 149, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 149, S.D. 1.

Signed by all members of the Committee except Senators Cobb and Levin.

SCRep. 1799 Culture, Arts and Historic Preservation on H.C.R. No. 135

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources to develop a plan of action for the protection of historic sites.

Your Committee is informed that the Department of Land and Natural Resources is currently preparing an update of its Historic Preservation Functional Plan in coordination with the Office of State Planning. This update will be completed and submitted to the Governor for approval in 1990.

Your Committee has amended this concurrent resolution by amending the title, by adding an additional "WHEREAS" clause to recognize the Department of Land and Natural Resources' ongoing planning efforts and by requesting that the Department submit a progress report to the Legislature prior to the Regular Session of 1990.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of H.C.R. No. 135, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 135, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1800 Education on Gov. Msg. Nos. 262, 263, 264 and 293

Recommending that the Senate advise and consent to the nominations of the following:

ROBERTA ANN CABULONG, ABRAHAM L. KEALOHA JR. and LIANA PANG-TAMURA to the Library Advisory Commission, City and County of Honolulu, for terms to expire June 30, 1993;

LEIDEEN NOENOE VALENTINO to the Library Advisory Commission, County of Hawaii, for a term to expire June 30, 1991;

PIEPER TOYAMA to the Library Advisory Commission, County of Hawaii, for a term to expire June 30, 1992;

DIANE KENT and ROBERT K. LINDSEY to the Library Advisory Commission, County of Hawaii, for terms to expire June 30, 1993;

JOSE BERTOMEN and SHEILA EIKO UEDA BLACK to the Library Advisory Commission, County of Maui, for terms to expire June 30, 1993; and

ROBERT BUCHANAN to the Library Advisory Commission, County of Maui, for a term to expire June 30, 1990.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1801 Education on H.C.R. No. 305

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to review options for the creation of the Office of Literacy advocated in Goal Five of the "Literacy Assessment Report" published by the Office of Children and Youth and the Governor's Council for Literacy in March, 1989.

The study would examine the duties and functions that would be assigned to the Office, compare them with duties and functions of other state agencies that deal with literacy including the Department of Education and the Office of Children and Youth, and explore options to (1) expand the Office of Information to include literacy programs; (2) incorporate the duties into an existing department; (3) disburse or reassign those duties to existing departments; or (4) make no changes.

The Department of Education, the Office of Information, the Office of Children and Youth, and the Governor's Council for Literacy would cooperate fully in the study and provide the Bureau with copies of all available materials relating to state literacy programs.

Your Committee finds that illiteracy is a major problem in Hawaii's population. An Office of Literacy would coordinate various components of literacy efforts, house the literacy HOTLINE, and be the primary link between adult students,

community based literacy programs, and volunteers. This study would provide the information needed to successfully and effectively implement the Office of Literacy.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 305 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1802 Education on H.C.R. No. 62

The purpose of this concurrent resolution is to request the Department of Education to report on the status of its crime-prevention programs in the schools.

School-related crimes appear to be on the increase and incur expenses which must be paid out of the Department's limited budget. Alerting communities to the actual rate and frequency of school-related crimes through a formal report as requested by this concurrent resolution may be a positive step towards resolving or mitigating the problem.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 62, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1803 Education on H.C.R. No. 133

The purpose of this concurrent resolution is to urge the Department of Education to develop a master plan for Iroquois Point Elementary School, including priorities.

Your Committee finds that since the population of the Ewa area of Oahu is expected to dramatically increase with development of a second city, it is appropriate to develop a master plan for Iroquois Point Elementary School.

Your Committee has amended this concurrent resolution by requesting the Department to include library and other priorities in the master plan.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 133, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 133, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1804 Education on H.C.R. No. 233

The purpose of this concurrent resolution is to request the Legislative Auditor to study school bus safety.

The study would include (1) review of current school bus safety criteria, maintenance programs, and driver training; (2) an inventory of the existing school bus fleet to determine how many buses meet federal rules and specifications; (3) a comparison between school buses and tour buses, including a comparison of safety regulations governing each type of mass transit vehicle; and (4) the extent to which the Department of Transportation's rule regarding chartering school buses for school-related activities is being followed.

The Legislative Auditor would submit a report of findings and recommendations, including any proposed legislation, to the 1990 Legislature.

Your Committee finds that this study would provide valuable information on school bus safety criteria, the actual safety of our current school bus fleet, and an insightful evaluation of the Department of Transportation's rules and their applications.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 233, H.D. 1, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1805 Education on H.C.R. No. 165

The purpose of this concurrent resolution is to request the Board of Education to consider adopting a policy of displaying both the American and Hawaiian flags in public school classrooms.

Cost implications would also be considered, and the Superintendent of Education would report to the 1990 Legislature on progress towards adoption of the policy.

Your Committee finds that the American and Hawaiian flags inspire a sense of patriotism in young people which can reasonably be expected to continue throughout life. If the costs are manageable, it would be appropriate to give appropriate consideration to adopting such a policy.

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

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 165, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 165, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1806 Education on H.C.R. No. 41

The purpose of this concurrent resolution is to request the Board of Education and the Department of Education to evaluate the findings and recommendations of "The Hawaii Plan: Educational Excellence for the Pacific Era," in conjunction with other plans including the goals and objectives of the Board of Education and the State Educational Functional Plan.

The Board would hold public hearings to encourage input from principals, teachers, support staff, students, parents, and community members, and the Superintendent of Education would report findings and recommendations, including any proposed legislation, to the 1990 Legislature.

Your Committee finds that in light of the vigorous movement at the state, legislative, and community levels to improve public education in Hawaii, a comparison of the Hawaii Plan with existing educational goals and functional plans, with input from persons intimately acquainted with the practical aspects of the educational system as it exists today, would help to insure that any substantive changes would be considerate of all segments of the community which would be directly or indirectly affected.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 41, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1807 Education on H.C.R. No. 18

The purpose of this concurrent resolution is to request the Department of Education to evaluate the consolidated approach to alternative learning centers (ALC's).

The Superintendent of Education would submit a report of findings and recommendations to the 1990 Legislature.

ALC's are scattered throughout the school districts with limited staffing. Nationally, a trend is developing to consolidate several small ALC's into one large center to provide students with more comprehensive services while maintaining low student-teacher ratios. A study to evaluate the relative advantages and disadvantages of implementing a consolidation approach in Hawaii would be beneficial to the overall planning process for improving our statewide educational system.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 18, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1808 Education on H.C.R. No. 21

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to evaluate the establishment of new categories of teachers.

New categories might include teacher teams consisting of a lead teacher, regular teachers, apprentices or interns, educational technicians, and adjunct teachers. The Bureau would submit a report of findings and recommendations, including proposed legislation if appropriate, to the 1990 Legislature.

Your Committee finds that new categories of teachers such as teacher teams might help to clearly demarcate responsibilities in the teaching force, enhance the quality of training received by new teachers, and elevate overall teacher standards.

Your Committee has amended this concurrent resolution by requesting the Department of Education, rather than the Legislative Reference Bureau, to conduct the study. The title has been amended accordingly. Your Committee has also deleted the reference to the collective bargaining process in the "BE IT RESOLVED" clause.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 21, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 21, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1809 Education on H.C.R. No. 24

The purpose of this concurrent resolution is to request the Department of Education, in consultation with the Department of Accounting and General Services and the Department of Budget and Finance, to develop a prudent and feasible six year plan for funding all projects contained in Categories 1A and 1B of the Department of Education's CIP Matrix.

The Superintendent of Education would submit the plan, along with appropriate statutory recommendations, to the 1990 Legislature.

Category 1A priorities address problems posing serious threats to life and property, and Category 2A priorities consist of new and replacement classrooms and acquisition of land needed within three years to accommodate enrollment increases.

Your Committee finds that a well-reasoned plan would contribute to efficient and appropriate budgeting for school construction projects.

Your Committee has amended this concurrent resolution by correcting typographical errors in the second and fifth "WHEREAS" clauses and by making other technical changes which have no substantive effect.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 24, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 24, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1810 Education on H.C.R. No. 128

The purpose of this concurrent resolution is to request the Department of Education and the Department of Health to conduct a joint study of measures which can be taken to eliminate or mitigate the effects of excessive noise and heat on the learning process in the public schools.

The study would include development of criteria for prioritizing noise control and ventilation for effective classroom construction; consideration of input from principals, faculty, and students; recommendations for alternatives such as landscaping which may substitute for ventilation; and consideration of Department policies which provide for air conditioning of offices but not classrooms. The study would incorporate suggestions of principals, teachers, parents, and students, with emphasis on the opinions of teachers and students.

Your Committee finds that a comprehensive and systematic statewide process of identifying unsatisfactory schoolroom conditions, involving input from those most intimately familiar with the situation, would help to improve the overall quality of education in the public schools.

Your Committee has amended this concurrent resolution by requesting the Department of Education to do the study with the assistance of the Department of Health, and by making several nonsubstantive language and other technical changes for the purposes of clarity, style, and conformance with recommended drafting technique.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 128, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 128, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1811 Education on H.C.R. No. 113

The purpose of this concurrent resolution is to request the Department of Education to ask the Athletics Issues Review Committee to adopt uniform rules for interscholastic athletic activities.

The Department would submit a report of findings and recommendations to the 1990 Legislature.

Your Committee finds that consistent interpretation and application of uniform rules in interscholastic athletic contests will contribute to the positive social development of our young people by demonstrating that winning is the result of skill and hard work rather than the vagaries of fallible officiating.

Your Committee has amended this concurrent resolution by requesting the Hawaii High School Athletic Association (HHSAA), rather than the Athletics Issues Review Committee, to review and adopt uniform rules and report to the 1990 Legislature. Your Committee finds that the HHSAA is the recognized statewide athletic organization which encompasses both the public and private high school leagues.

Your Committee has also provided for a copy of this concurrent resolution to be transmitted to the HHSAA and the Athletics Issues Review Commission.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 113, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 113, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1812 Legislative Management on H.C.R. No. 312

The purpose of this concurrent resolution is to request the Healthcare Association of Hawaii to conduct a study of discharge planning services for persons suffering from chronic illnesses after they are discharged from acute care facilities.

Although the study was originally to be conducted by the Legislative Reference Bureau, your Committee agrees with the amendments made to this measure by your Committee on Health in H.C.R., H.D. 1, S.D. 1 in which the Healthcare Association of Hawaii is designated as the entity to head the study.

Your Committee finds that a study of discharge planning services in Hawaii will enable the legislature to enact legislation that will be responsive to the hardships encountered by persons who need continued care after being discharged from acute care facilities.

Your Committee on Legislative Management concurs with the intent and purpose of H.C.R. No. 312, H.D. 1, S.D. 1 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1813 Agriculture on H.C.R. No. 334

The purpose of this concurrent resolution is to recommend that the Department of Land and Natural Resources (DLNR) and the Department of Business and Economic Development (DBED) meet and work with concerned and interested organizations to discuss the development of environmentally sound forestry practices.

Your Committee finds that our natural forest reserves should be protected from being depleted of native trees or tree species.

Therefore, your Committee has amended this concurrent resolution by adding a fifth "WHEREAS" clause, stating that our natural forest reserves should be protected from being depleted of native trees or tree species.

Your Committee has further amended this concurrent resolution by adding another "BE IT RESOLVED" clause stating that the DLNR and DBED ensure that seedlings provided for planting of native trees and other selected tree species come from nurseries or botanical gardens and not from natural forest reserves.

This concurrent resolution has also been amended by deleting (4) in the first "BE IT RESOLVED" clause as it implies that the State is responsible for protecting private landowner's newly planted trees.

Finally, this measure has been amended by amending its title to correct a typographical error.

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 334, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 334, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1814 Agriculture on S.R. No. 9

The purpose of this Senate Resolution is to request that the President of the Senate appoint an interim committee to oversee the Department of Health during its current reorganization, and, if enabling legislation passes, to oversee the establishment of a new Department of Environmental Protection.

Your Committee received supportive testimony from the Department of Health with suggestions for minor amendments.

Your Committee has amended this Senate Resolution by combining the second and third "WHEREAS" paragraphs. Your Committee further amended this Resolution by amending the fourth "WHEREAS" paragraph to clarify that the oversight committee should be a legislative committee and to delete the language relating to the creation of a Department of Environmental Protection.

Your Committee on Agriculture and Environment concurs with the intent and purpose of S.R. No. 9, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.R. No. 9, S.D. 1, and be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1815 Business Development and Pacific Relations on Gov. Msg. No. 149

Recommending that the Senate advise and consent to the nominations of the following:

RICHARD JOHN BARBER, MEHEROO F. JUSSAWALLA, Ph.D., and HIDETO KONO to the Board of Directors of the Hawaii Information Network Corporation (Hawaii, Inc.), for terms to expire June 30, 1991; and

WARREN H. HARUKI, SANDRA T. OHARA and BETTINA W. J. LUM to the Board of Directors of the Hawaii Information Network Corporation (Hawaii, Inc.), for terms to expire June 30, 1992.

Signed by all members of the Committee except Senator George.

SCRep. 1816 Business Development and Pacific Relations on H.C.R. No. 333

The purpose of this concurrent resolution is to request the Office of State Planning to prepare a report recommending State policy on the amount of rent to be charged by public or quasi-public organizations that are operating State-owned facilities to other public or quasi-public organizations that are tenants in the State-owned facilities.

This measure seeks to avoid possible problems that may arise through the State's establishment of business incubators or ownership of film facilities. Both of those ventures are being undertaken in an effort to facilitate the growth of business in Hawaii, but there may be possible questions regarding the appropriateness of the amount of rent to be charged to quasi-public organizations utilizing State-owned facilities.

For example, the Manoa Innovation Center (Center) is a business incubator that will be ready for occupancy in mid-1990. The Center will also serve, however, as headquarters for three organizations that are public instrumentalities of the

State of Hawaii, all three being duly established according to State law. While it may be appropriate for these organizations to serve as resources for the Center by providing their expertise to start-up businesses, the fair amount of rent to be charged to these organizations has yet to be determined.

Your Committee finds that a report by the Office of State Planning on the potential problems in this area, together with recommendations for a proposed State policy will enable the legislature to enact appropriate legislation in this area.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of H.C.R. No. 333, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1817 Business Development and Pacific Relations on H.C.R. No. 337

The purpose of this concurrent resolution is to request the Office of the Legislative Auditor to review the effectiveness and appropriateness of private sector contracts entered into by the Department of Business and Economic Development.

Your Committee finds that a review of private sector contracts entered into by the Department of Business and Economic Development would be done more appropriately first by the Legislature than by the Legislative Auditor. The department could report to the Legislature about areas of concern and then conduct audits of programs still of concern. Inasmuch as audits are costly, it is best to focus them on specific areas. Your Committee further finds that the Department of Business and Economic Development is willing to provide desired information about any of its programs or contracts, which may obviate the need for some audits.

Your Committee has amended this concurrent resolution by amending the title and the body of the concurrent resolution to incorporate the concerns mentioned in the previous paragraph.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of H.C.R. No. 337, 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. 337, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1818 Business Development and Pacific Relations on H.C.R. No. 366

The purpose of this concurrent resolution is (1) to express legislative support for efforts to establish a ground station in Hawaii that will collect data from remote sensing satellites and (2) to request that the Department of Business and Economic Development, with the assistance of the Pacific Space Center, prepare a report addressing the nature, extent, and need for a ground station in Hawaii to collect that data and the potential economic benefits of such a facility.

Your Committee finds that this expression of legislative support for the establishment of a ground station will reiterate Hawaii's intention to be a leader in the aerospace industry. Your Committee further finds that a report on the nature of the ground station as well as assessments of its economic benefits will enable the legislature to pass laws responsive to the needs of this fledgling industry in Hawaii.

Your Committee has amended this measure by changing the order of the material in the BE IT RESOLVED and BE IT FURTHER RESOLVED clauses to reflect proper legislative drafting technique.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of H.C.R. No. 366, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 366, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1819 Judiciary on H.C.R. No. 194

The purpose of this resolution is to request that the Lieutenant Governor convene a temporary advisory committee to consider the feasibility of employing electronic voting in this State.

The resolution sets forth membership requirements for the committee, whose members will serve without compensation. The committee would:

- (1) Evaluate totally electronic voting systems for use by the State;
- (2) Make recommendations regarding the selection of a vendor to supply an electronic voting system; and
- (3) Make recommendations regarding standards for use of a totally electronic voting system.

The findings and recommendations of the committee would be reported by the Lieutenant Governor to the Legislature prior to the convening of the Regular Session of 1990.

Testimony in support of this resolution was presented by the Office of the Lieutenant Governor, and the Association of Clerks & Election Officers of Hawaii. Your Committee was advised that the computer punch card system, which is the heart of the State's current system, is antiquated and expensive. The current ballot printing process requires considerable lead-time, and lacks flexibility for handling unanticipated contingencies such as the withdrawal of a candidate. Your

Committee was informed that electronic voting machines were used by four precincts in the 1988 primary election, and were favorably received by voters surveyed.

Your Committee believes that while the State's present election system is reliable, it is labor intensive and is becoming increasingly expensive in terms of ballot printing and data processing. Each election year, longer delays in the reporting of results are experienced because of the rising numbers of votes being cast. An electronic voting system may dramatically reduce election day worker requirements, and enable results to be reported much more quickly.

Your Committee on Judiciary concurs with the intent and purpose of H.C.R. No. 194, and recommends its adoption.

Signed by all members of the Committee except Senators Aki and Cobb.

SCRep. 1820 Judiciary on H.C.R. No. 263

The purpose of this concurrent resolution is to encourage Congress to pass the Uniform Poll Closing Act, and to request that the Chief Election Officer form an advisory body to conduct a study to determine the impact on the State of Hawaii should the Uniform Poll Closing Act be enacted.

Under the proposed federal act, Hawaii and Alaska would have the option to participate in a plan for consistent election polling hours nationwide. This concurrent resolution requests that the advisory body make recommendations as to whether the State of Hawaii should participate in this plan.

Your Committees received supporting testimony from a representative for the Chief Elections Officer for the State of Hawaii.

Your Committee on Judiciary concurs with the intent and purpose of H.C.R. No. 263, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Aki and Cobb.

SCRep. 1821 Housing and Hawaiian Programs on H.C.R. No. 353

The purpose of this concurrent resolution is to request the Housing Finance and Development Corporation (HFDC) and the Hawaii Housing Authority (HHA) to incorporate manufactured housing units in their housing projects when feasible.

Your Committee finds that Hawaii's housing shortage problem which particularly affects low-income families, may be resolved by the use of manufactured homes. These homes provide a cost-effective alternative to stick-built homes and should be utilized in housing projects when feasible.

Your Committee has amended this concurrent resolution by deleting the HHA from the requirements of the concurrent resolution. The HHA testified that the U.S. Department of Housing and Urban Development does not allow the development of single family units in public housing projects, therefore, it is inappropriate to request the HHA to incorporate manufactured housing in their projects. The title of the concurrent resolution has also been amended accordingly.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of H.C.R. No. 353, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 353, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senators Cobb, Fernandes Salling and Holt.

SCRep. 1822 Higher Education on H.C.R. No. 97

The purpose of this concurrent resolution is to request that the University of Hawaii establish sister-university relations with universities in Hawaii's sister-states.

Your Committee received testimony in support of this measure from the President of the University of Hawaii.

Your Committee finds that the University of Hawaii should actively seek to expand its participation in social and cultural activities on national and international levels as much as possible.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 97, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1823 Higher Education on H.C.R. No. 98

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to study the overall issue of financing higher education in Hawaii as well as specific alternative financial means to enable more Hawaii students to obtain a higher education in Hawaii or elsewhere.

Your Committee received supporting testimony from Dr. David Robb, an Officer of Planning and Policy at the University of Hawaii.

Your Committee finds that the cost of higher education has steadily risen in recent years, and with cuts in federal aid, more families are having a difficult time sending their children to college. Your Committee feels that a study would help identify the nature of the problem and recommend alternatives for the State to pursue.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 98 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1824 Higher Education on H.C.R. No. 106

The purpose of this concurrent resolution is to urge the University of Hawaii to increase student involvement in academic decision making.

Your Committee heard testimony in favor of the concurrent resolution from the Associated Students of the University of Hawaii Lobbying Committee, the Student Bar Association of the William S. Richardson School of Law, and several university students. The President of the University of Hawaii testified that the proposed policy is only in the initial stages and stressed that the proposed policy has not been enacted.

Your Committee finds that the current university policy of student involvement in academic decision making is beneficial to the students and the university. Students serve an important function in this process by voicing the student perspective and protecting the students' interests.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 106, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1825 Housing and Hawaiian Programs on H.C.R. No. 119

The purpose of this concurrent resolution is to urge the Office of Hawaiian Affairs (OHA) to work actively with native Hawaiian organizations on the mainland in a nationwide effort to obtain federal redress and reparations for past injustices perpetrated on the Hawaiian people by the United States government, and to cooperate with nonresident native Hawaiians in obtaining federal assistance.

Your Committee heard testimony in support of this concurrent resolution from the Office of Hawaiian Affairs and the Department of Hawaiian Home Lands. The Office of Hawaiian Affairs is presently working toward these stated objectives by planning a strategy to identify nonresident Hawaiians.

Testimony in opposition to this concurrent resolution was heard from Mr. Richard P. Kinney, Hawaiian Political Action Council.

Your Committee finds that the drive to obtain federal assistance for native Hawaiians should be a concerted group effort by all native Hawaiians, regardless of where they reside.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of H.C.R. No. 119, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Cobb and Fernandes Salling.

SCRep. 1826 Housing and Hawaiian Programs on H.C.R. No. 199

The purpose of this concurrent resolution is to request the Congress and the President to provide just compensation to the Hawaiian people for losses related to the overthrow of the Hawaiian monarchy.

Your Committee finds that the Legislature, as the policy making body for all the people of Hawaii, should reaffirm its commitment to Hawaiians by supporting their claims relating to the overthrow of the Hawaiian monarchy by the United States government.

Your Committee received supporting testimony from the Office of Hawaiian Affairs and the Department of Hawaiian Home Lands. Mr. Richard Kinney of the Hawaii Political Action Council also submitted testimony in opposition to the concurrent resolution.

Your Committee has amended the concurrent resolution by making nonsubstantive changes to conform the concurrent resolution to recommended drafting format.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of H.C.R. No. 199, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 199, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senators Cobb and Fernandes Salling.

SCRep. 1827 Housing and Hawaiian Programs on H.C.R. No. 92

The purpose of this concurrent resolution is to request the Housing Finance and Development Corporation to study the implications of the present definition of "affordable housing," and to amend the State Housing Functional Plan as the study shows need.

Your Committee received favorable testimony from the Housing Finance and Development Corporation and the president of Young Democrats of Hawaii.

Your Committee finds that such a study is necessary to determine whether or not all income groups are being served equitably, and how the shortfall of lower income housing can best be met.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of H.C.R. No. 92, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Cobb and Fernandes Salling.

SCRep. 1828 Housing and Hawaiian Programs on H.C.R. No. 271

The purpose of this concurrent resolution is to request the Housing Finance and Development Corporation to explore alternative solutions to the Queen Emma Gardens rent increase problem, including the possibility of converting the rental project to a housing cooperative.

A portion of the tenants of the Queen Emma Gardens rental project, some of whom are elderly and on fixed incomes, have been faced with sharp rental increases since the death of former landlord Robert Black. Your Committee finds that the State should explore possible solutions to address this problem, including the possibility of converting this rental project into a limited equity housing cooperative.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of H.C.R. No. 271, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Cobb and Fernandes Salling.

SCRep. 1829 Housing and Hawaiian Programs on H.C.R. No. 221

The purpose of this concurrent resolution is to request the counties to express their views as to whether a restriction on the legal separation and sale of Ohana units is desirable.

Ohana zoning allows the construction of two single family dwelling units on a single lot. Your Committee finds that the sale of ohana units under the condominium property law has led to speculation which is contrary to the legislative intent of ohana zoning. Corrective action by the Legislature may be appropriate and input from the counties would be beneficial in addressing this problem.

Your Committee received testimony from the City and County of Honolulu's Director of Land Utilization in support of this measure.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of H.C.R. No. 221 and recommends its adoption.

Signed by all members of the Committee except Senators Cobb and Fernandes Salling.

SCRep. 1830 Human Services on H.C.R. No. 375

The purpose of this concurrent resolution is to recommend for consideration by the National Governors Conference changes in the rules of the U.S. Department of Health and Human Services and the parts of the United States Code governing Aid to Families with Dependent Children (AFDC).

Your Committee finds that changes in the federal rules and statutes are necessary to match the AFDC program to current realities for those who utilize or would utilize the program.

Your Committee has amended this concurrent resolution by making minor language and technical changes which have no substantive effect.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 375, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 375, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1831 Culture, Arts and Historic Preservation on H.C.R. No. 19

The purpose of this concurrent resolution is to request the State Foundation on Culture and the Arts to review Chapter 42, Hawaii Revised Statutes, to determine what provisions must be changed to allow the awarding of fellowships to artists, and to submit legislation that will enable artists to receive these fellowships.

Your Committee received supporting testimony from the State Foundation on Culture and the Arts.

Your Committee finds that the State should actively support and encourage aspiring artists in their creative efforts.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of H.C.R. No. 19 and recommends its adoption.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 1832 Culture, Arts and Historic Preservation on H.C.R. No. 275

The purpose of this concurrent resolution is to request that the Department of Land and Natural Resources, the Department of Education, and the Waikiki Aquarium jointly develop a plan of action for the selection of the Official State Fish for 1990.

Your Committee received supporting testimony from the Department of Land and Natural Resources, the Department of Education, and the Acting Director of the Waikiki Aquarium.

Your Committee finds that the election of an Official State Fish for 1990 would stimulate public interest in Hawaii's native aquatic life.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of H.C.R. No. 275 and recommends its adoption.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 1833 Legislative Management on H.C.R. No. 256

The purpose of this concurrent resolution is to request that the Office of the Legislative Auditor study and develop a plan to ensure the most efficient utilization of federal Medicaid funds available to the State.

Your Committee finds that a strategic plan to study federal Medicaid funds will be of benefit to the people of Hawaii by ensuring maximum recovery of federal dollars.

Your Committee on Legislative Management concurs with the intent and purpose of H.C.R. No. 256, H.D. 1, S.D. 1 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1834 Legislative Management on H.C.R. No. 175

The purpose of this concurrent resolution is to request the Office of the Legislative Auditor to study the shortage of social workers among the various state agencies.

Your Committee finds that a concerted effort is needed by the State to attract and keep qualified social workers. The study will include, but not be limited to, pay scale comparisons, investigation of morale problems, causes of staff burnout, and a review of social worker salaries relative to other state government job categories in Hawaii.

Your Committee on Legislative Management concurs with the intent and purpose of H.C.R. No. 175, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1835 Legislative Management on H.C.R. No. 309

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to study the issues involved in home health care quality assurance.

Your Committee finds that the study requested by this concurrent resolution will assist the State in its attempt to determine quality of care criteria and to address personnel, affordability, and related issues involved in providing quality care. In the future such information will be vital in making good policy decisions that can assure the elderly safe care in their own homes.

Your Committee on Legislative Management concurs with the intent and purpose of H.C.R. No. 309 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1836 Health on H.C.R. No. 229

The purpose of this concurrent resolution is to request the Department of Health to develop a plan and timetable for the upgrading and construction of medical facilities in Hawaii county, including a plan for an Emergency Medical Services system.

In addition, the Department if directed to develop this plan and timetable in coordination with a task force of interested persons.

Your Committee finds that some medical facilities in Hawaii county need to be built and others upgraded, and that a plan for emergency medical services needs to be developed.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 229, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1837 Health on H.C.R. No. 177

The purpose of this concurrent resolution is to request the Department of Health to amend the administrative rules regulating patron access to sanitary facilities in food service establishments.

Your Committee finds that there appears to be a need for sanitary facilities in places where ready-to-eat food is sold, such as fast food and other restaurants and that the Department of Health should hold hearings to amend the administrative rules relating to patron access to said sanitary facilities.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 177, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1838 Health on H.C.R. No. 292

The purpose of this concurrent resolution is to request the Department of Health to apply for federal matching grants to build state nursing homes for veterans on the islands of Hawaii, Maui, and Kauai.

Your Committee finds that there are no direct Veterans Administration elderly health care services on the Neighbor Islands; there are few beds available in nursing homes; services on Oahu are more difficult for the veterans living off-island to obtain because of recent changes in federal regulations; and other problems exist for veterans which could be alleviated to some degree by building nursing homes with federal matching grant funds.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 292 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1839 Housing and Hawaiian Programs on H.C.R. No. 201

The purpose of this concurrent resolution is to urge Congress to pass legislation conferring standing to sue in the federal district courts upon the State of Hawaii and its native beneficiaries for breach of the native land trusts.

Your Committee finds that Act 395, Session Laws of Hawaii, 1988, was enacted to provide beneficiaries the right to sue in State courts to enforce provisions of the Hawaiian Homes Commission Act, 1920, as amended. Federal legislation allowing beneficiaries the right to sue in federal courts would help to ensure that trust obligations under the Hawaiian Homes Commission Act of 1920, as amended, are met.

Your Committee heard testimony from the Office of Hawaiian Affairs, Department of Hawaiian Home Lands, and Alu Like in support of this measure. Testimony in opposition was heard from Mr. Richard P. Kinney, Hawaiian Political Action Council.

Your Committee on Housing and Hawaiian Programs concurs with the intent and purpose of H.C.R. No. 201 and recommends its adoption.

Signed by all members of the Committee except Senators Cobb and Fernandes Salling.

SCRep. 1840 Business Development and Pacific Relations on H.C.R. No. 93

The purpose of this concurrent resolution is to request the Governor to seek to establish a sister-state relationship with the Soviet territory of Primor'ye.

Your Committee finds that Hawaii and the Soviet Union have a longstanding tie and that closer ties in the future seem both desirable and likely because of an emerging global viewpoint and because of the Soviet policies of glasnost and perestroika. Your Committee further finds that establishing a sister-state relationship with the Soviet territory of Primor'ye will be a step toward world peace while establishing connections for trade, travel, education, and other exchanges.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of H.C.R. No. 93 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1841 Business Development and Pacific Relations on H.C.R. No. 246

The purpose of this concurrent resolution is to urge the Hawaii Community Development Authority to implement off-hour construction of its improvement district projects in the Kakaako Community Development District when it is determined to be economically feasible and not intrusive to nearby residents.

Your Committee finds that many small businesses in the Kakaako district have experienced significant financial hardships due to the construction projects in their area.

Your Committee further finds that if these businesses are to survive, a compromise that would prove to be mutually beneficial to all parties involved must be reached.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of H.C.R. No. 246, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1842 Business Development and Pacific Relations on H.C.R. No. 299

The purpose of this concurrent resolution is to request the Department of Business and Economic Development to study the feasibility of establishing general trading companies in Hawaii.

The study would include but not be limited to the establishment of publicly-financed as well as privately-financed trading companies and a description of a plan of action for an initial general trading company.

Your Committee finds that the establishment of general trading companies in Hawaii would not only benefit the State but might also serve as financial intermediaries for mainland businesses looking toward Asia and smaller Asian businesses seeking to export to America.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of H.C.R. No. 299 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1843 (Majority) Business Development and Pacific Relations on H.C.R. No. 145

The purpose of this concurrent resolution is to request the Governor to create a Governor's Advisory Council on the Film and Video Industry to advise the Department of Business and Economic Development (DBED) in the development of the film and video industry in Hawaii.

The film industry has been a valuable component of the State's economy, providing rewarding jobs and promoting Hawaii throughout the world. Your Committee finds that the film industry has great potential for continued growth and success, and this advisory council will provide valuable guidance to the DBED in the further advancement of this important industry.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of H.C.R. No. 145, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.
Senator Matsuura did not concur.

SCRep. 1844 Ways and Means on Gov. Msg. Nos. 287, 288, 289 and 290

Recommending that the Senate advise and consent to the nominations of the following:

CRAIG K. HIRAI to the Board of Taxation Review, First Taxation District (Oahu), for a term to expire June 30, 1993;

BEVERLY EMIKO NALANI PAUOLE-MOORE to the Board of Taxation Review, Second Taxation District (Maui), for a term to expire June 30, 1993;

FRED T. YAMASHIRO to the Board of Taxation Review, Third Taxation District (Hawaii), for a term to expire June 30, 1993; and

WESLEY SAHARA and EMILIO "SPUD" OLIVAS to the Board of Taxation Review, Fourth Taxation District (Kauai), for terms to expire June 30, 1993.

Signed by all members of the Committee except Senators Fernandes Salling, Solomon, George and Koki.

SCRep. 1845 Business Development and Pacific Relations on H.C.R. No. 14

The purpose of this concurrent resolution is to have the Legislature formally recognize and endorse the pursuit of an expanded international role for Hawaii as the foundation for Hawaii's future. The resolution also states the Legislature's commitment to immediate and determined action toward expanding Hawaii's international role, beginning with efforts to expand Hawaii's image from a vacation paradise to include recognition of the range of activities going on in Hawaii.

This concurrent resolution is based on the findings and recommendations of the Governor's Congress on Hawaii's International Role, and is compliance with the goals set forth by the Governor's Congress.

Your Committee finds that an expanded international role for Hawaii will be a positive step toward a better future.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of H.C.R. No. 14, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Holt and Matsuura.

SCRep. 1846 Legislative Management on H.C.R. No. 337

The purpose of this concurrent resolution is to request the Senate Committee on Business Development and Pacific Relations and the House Committee on Intergovernmental Relations and International Affairs to review the effectiveness and appropriateness of private sector contracts entered into by the Department of Business and Economic Development.

Your Committee has amended this concurrent resolution by substituting the House Committee on Economic Development and Hawaiian Affairs for the House Committee on Intergovernmental Relations and International Affairs as one of the two Legislative committees requested by this concurrent resolution to review private sector contracts entered into by the Department of Business and Economic Development.

Your Committee on Legislative Management is in accord with the intent and purpose of H.C.R. No. 337, H.D. 1, S.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 337, H.D. 1, S.D.2.

Signed by all members of the Committee.