

## SIXTY-FOURTH DAY

Wednesday, May 13, 1998

The Senate of the Nineteenth Legislature of the State of Hawaii, Regular Session of 1998, convened at 4:42 o'clock p.m. with the President in the Chair.

The Divine Blessing was invoked by the Honorable Brian Taniguchi, Hawaii State Senate, after which the Roll was called showing all Senators present.

The President announced that he had read and approved the Journal of the Sixty-Third Day.

## HOUSE COMMUNICATIONS

The following communications from the House (Hse. Com. Nos. 460 and 461) were read by the Clerk and were disposed of as follows:

Hse. Com. No. 460, informing the Senate that the Speaker on May 11, 1998, discharged Representative Santiago as a co-chairman and Representative Kahikina as a manager and appointed Representative Kanoho as a manager on the part of the House at the conference on S.B. No. 2618, S.D. 1, H.D. 1, was placed on file.

Hse. Com. No. 461, transmitting H.C.R. No. 251, which was adopted by the House of Representatives on May 13, 1998, was placed on file.

On motion by Senator Ihara, seconded by Senator Slom and carried, H.C.R. No. 251, entitled: "HOUSE CONCURRENT RESOLUTION CALLING FOR A JOINT SESSION OF THE LEGISLATURE FOR THE PURPOSE OF APPOINTING THE OMBUDSMAN," was adopted.

## ORDER OF THE DAY

## FINAL READING

Conf. Com. Rep. No. 147 (H.B. No. 2500, H.D. 1, S.D. 1, C.D. 1):

Senator Baker moved that Conf. Com. Rep. No. 147 be adopted and H.B. No. 2500, H.D. 1, S.D. 1, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Fukunaga.

Senator Baker rose to support the bill as follows:

"Mr. President, I rise to speak in support of H.B. No. 2500, C.D. 1, our supplemental budget.

"Mr. President, the development of this budget was a difficult task. We were challenged with limited resources, competing interests, and varying priorities. Despite these roadblocks, Mr. President, your budget conferees agreed upon a budget that I believe is fiscally responsible and preserves vital services and programs at the community level. This particular goal of preserving services and programs at the community level was the priority for the Senate and we held firm. We listened to the people, Mr. President, and we were able to preserve those important services in the final bill we have before us.

"As an aside, Mr. President, I never knew until this year just how important the word 'limbo' could be.

"Because this is a supplemental year, any item targeted for deletion from our current base budget by the other body, if not agreed to by your conferees, remained funded in the budget. This was particularly important since the House wanted to delete many services and projects important to the Senate and

important to our constituents. Services like perinatal care, peer education, school librarian positions, IRA teacher positions, and other vital health and education services, all of these were preserved thanks to the judicious use of the word 'limbo.'

"In establishing our budget priorities, your conferees identified core government services and programs and did our best to preserve them. They included health, safety and basic education. We also gave consideration to measures that produced some revenue, supported economic development, assisted the indigent and services mandated to us by the federal government. The net effect of our deliberations resulted in a supplemental budget totalling \$2.9 million in general fund appropriations for fiscal 1998-1999, which represents a 3.7 percent decrease over this year's current fiscal year. We also included dollars for capital improvement projects to construct much needed facilities for our state, primarily educational facilities.

"Your Senate conferees made a concerted effort to reduce the amount of general funds appropriated by converting the funding mechanism of many programs from general fund dollars to fee-based special funds. This was consistent with our intention to move many of these programs towards self-sufficiency. And while the House did not always agree, we moved the dialogue forward and in some instances whole programs moved closer to self-sufficiency. The Department of Commerce and Consumer Affairs is a prime example.

"In the area of education, the Senate had many concerns about the way funds were being used. We felt resources at the local school level should not be reduced. Like the rest of state government, we felt that should reductions come, they needed to be made at the administrative level. The House disagreed. In the final analysis, we agreed to disagree and left the Department of Education budget intact, making no reductions or additions. The education budget was the only budget throughout state government that was left unchanged.

"Another budget area that your committee closely examined was child and adolescent mental health, especially expenditures attributable to the Felix consent decree. The budget that we are about to vote on provides an additional \$15.6 million for outpatient, residential, and respite mental health services for children and adolescents. This affirms our commitment to comply with the court decree and ensure that these children receive appropriate services that they require. However, Mr. President, we remain concerned about the rise in the costs of providing these so-called mandated services. Although none of us want to be out of compliance, it seems that we continue to develop services sometimes duplicative and competing services in two bureaucracies -- the Department of Health and the Department of Education. We identified a distinct lack of coordination between these two departments and the result has been expensive, inefficient, and fragmented services to the people they're supposed to serve. Despite these misgivings, we are encouraged that initiatives, some at the prodding of your members and concerned members in the House, are being taken by the departments to ensure that special education services are coordinated and more efficiently and appropriately provided.

"Another priority for your committee was insuring that our communities continue to have access to quality health care. We have provided in addition to the emergency appropriation provided earlier, an additional \$8 million to offset the Hawaii Health Systems Corporation operating deficit projected for the coming year. As HHSC continues to try to improve their services and their collections, we believe that we need to continue to help them. They are moving towards self-sufficiency but additional subsidy is required at this time. Your committee recognizes that HHSC has some \$45 million in uncollected delinquencies. In another measure to be voted on

shortly, we have provided the corporation with a mechanism to continue to collect on those outstanding accounts.

"In the area of health care we also provided additional funding for the Primary Care Center, albeit not at the level that your Senate conferees wanted. We wanted these clinics whether it's in Hana, on the Waianae Coast, Molokai, Kahuku, or on the Big Island to have the funds necessary to continue their health care services to our rural communities.

"Mr. President, our economic woes did not occur overnight and this budget does not promise to turn that around overnight, either. Neither do any of the bills before us. However, along with the bills that we will be voting on shortly, and this budget, we believe that we will begin the process of moving our state forward toward economic recovery. We have begun the process of downsizing, consolidating, and streamlining. Some of which is reflected in our budget. We've laid the foundation on which to build our economic priorities and look forward to renewed hope for a better Hawaii.

"Mr. President, I think we have a solid work product. In echoing the words of the Senator from Manoa just a few moments ago, this was a team effort. It was not the work of one or two individuals, but the collective effort of all us in this body. I'm proud of the effort of our staff and our colleagues in pulling together to come up with a budget that I believe we can all be proud. I urge my colleagues to support this budget as it meets the immediate needs of our community and positions us well for the future.

"And now, Mr. President, may I yield to my co-chair?"

Senator Fukunaga also rose in support of the measure and said:

"Mr. President, I'd like to also rise to speak in support of this document. I do have some remarks that I'd like to have inserted into the Journal, but I'd also like to build upon the theme that Senator Taniguchi so eloquently started this afternoon session with.

"As we conclude this year's session, we must acknowledge you, our Senate colleagues, for your unwavering commitment in two key areas of our budget deliberations. First, you did not support a general excise tax increase to pay for tax relief or to balance the state budget. Second, you agreed that government must contribute towards economic recovery by living within its means. Because of this team support, we can report back that this year's supplemental budget total of \$2,989,716,000 is \$85.45 million less than our 1997 expenditures and represents a 3.38 percent reduction from our 1998 spending. At the same time, we have met the general public's priority of preserving direct services at the school and community level. This was touched upon by my able co-chair, Senator Baker, so I will not elaborate on them further.

"Much of the work that we did has also built very heavily upon the Senate's collaborative approach to consensus decision-making. We listened to what our Senate partners proposed and we retained the Business Development and Ocean Resources branches of DBEDT to continue the good work they do in international trade and seafood marketing. We listened to the small business community's priorities of (1) regulatory streamlining and (2) rejection of the general excise tax increase. We have heard what the broader community revitalization coalition wanted by preserving the health and human services safety net so that programs for the poor, the frail elderly, the homeless, and troubled teens have all been saved, thus allowing for continued dialogue on Hawaii's economic priorities.

"Finally, just as our budget has emerged as a document forged from our efforts to listen to what people have said was important, it has also been a product forged from the efforts of a broad-based group of Senate and legislative staffers. It represents perhaps the most wide ranging group effort that the

Senate Ways and Means Committee has ever produced. Co-chair Baker and I would like to take this time to acknowledge and thank all who contributed to our budget and fiscal preparations: We'd like to acknowledge and thank our budget staff led by chief clerk, Gerald Dang; deputy clerk, Huong Bassford; budget supervisor, Christie Ferreira; our energetic team of budget analysts (who are also much younger than the two of us!); our fiscal consultants, Bob Takushi and Janell Loo from the President's staff; our taxation and drafting experts, Rick Kahle and Shawn Nakama from the Senate Majority research staff; our tireless, logistical and support help from the Senate Clerks and Senate Sergeant-at-Arms staff; Ken Takayama's tremendous LRB drafting staff; the tireless staff from many of our Senate subject matter committees (you and your staff know who you are); and finally, last but not least, Troy Shimasaki, Les Yoshinaga, Kaipo Kincaid and Nani Medeiros of our bills research section. To each of you, we owe you a huge debt of gratitude for your long hours of dedicated support. You are truly the people who put this budget together.

"Now that it is done, we can tell you that this budget represents a people's budget. It is one that is attuned to state government's need to reduce in order to meet our communities abilities to support government. It is one that has been shaped by input from many, many voices. And it is one that begins the process of transforming what government must be as we enter the 21st Century.

"Thank you very much and mahalo for your support."

Senator Tam rose in support of the measure and said:

"Mr. President, I rise in support of H.B. No. 2500, C.D. 1.

"I want to thank the co-chairs of the Committee on Ways and Means for attempting to deal with the many funding problems in public education. They were not able to fund all of the needs of our students and teachers, but at least the budget maintains the current level of spending at our public schools.

"Because of certain difficulties, the Committee on Ways and Means was unable to fully consider the many questions that people have raised about the use of federal funds for education. The Committee on Education recommended that we utilize the increases in federal dollars in this year's supplemental budget. I personally want to thank the co-chairs of the conference committee, which I heard firsthand, for their support of using these federal impact dollars for education.

"We know that federal fund increases are not reported in the executive budget, even though the federal government has given exact dollar figures for next year's allocation.

"We believe that federal dollars which are appropriated for education should be used for the public schools and not for other purposes. We hope that the Ways and Means Committee will be able to address this issue in the next biennium. I have sent a letter to the Governor of the State of Hawaii requesting that all federal impact aid funds, almost \$25 million next year, be used only for education and not for other uses.

"The Committee on Education also recommended using additional bond money for the many repair and maintenance projects for school facilities. This would help the Department of Accounting and General Services to reduce the backlog of repair and maintenance projects in the schools. As of this year, the backlog has grown to \$240 million and will increase even more next year, due to the reduction in funding in this budget.

"Increasing the level of repair and maintenance projects would also help to stimulate the economy and help small business, especially Hawaii's construction industry. Perhaps in the future, colleagues, the administration will be much more willing to accept the use of bonds to fund repair and maintenance.

"As legislators, it is our job to provide the needed funding to carry out the goals and objectives of the elected Board of Education. Because of our current economic problems, we must work harder next year to find new and innovative ways to spend our educational money. This year it has been very difficult for the Committee on Ways and Means to accomplish this.

"To accomplish our goals for education, we need to listen more carefully to the people at the school level who actually deal with the problems on a day-to-day basis. They have suggested many solutions to these problems which are cost effective and will produce positive results.

"To get better results, the budget process needs to be more inclusive, and to involve all of the members of this body in a direct way. I know that all of my colleagues are familiar with the particular problems at the schools in their district and they are all willing and able to contribute to the work of creating a good education budget.

"One thing that many of my colleagues shared with me was their belief that we need to reduce class size, in particular in the lower grades of kindergarten through second grade. Before last year, the student/teacher ratio was 20:1. But last session, the House of Representatives insisted on raising it to 21:1 and held us hostage. As a result, class sizes got bigger and we received reports that some classes had up to 40 students in 1 classroom.

"The Department of Education arbitrarily uses their own internal department class size ratio of about 26 or 25 students to 1 teacher before allocating classroom positions, thus deviating from legislative intent.

"I have spoken recently to the Board of Education and we're looking at a policy to maintain no deviation in reducing the student/teacher ratio. Things are looking better, especially with the new superintendent coming on board.

"The Education Committee was able to carry out the wishes of my colleagues through the development of a proviso that would have used federal fund increases in impact aid to reduce the ratio back to 20:1. Unfortunately, the proviso is not in this final budget and the problem of class size still exists. But hopefully, once again, the Board of Education will make this policy.

"According to the United States Department of Education, the increase in the basic federal impact aid support payments next year would have been more than enough to reduce class size to a 20:1 ratio.

"Later this week, I will be asking the Board of Education to establish a policy mandating the Department of Education to abide by the 21:1 ratio, rather than creating problems by arbitrarily using a higher ratio for purposes of allocation of teacher positions.

"Colleagues, if I may add a note here, in the past when we gave the dollars for the 21:1 ratio or even the 20:1 ratio, the department was using some of those cost savings because they used the ratio of 26 students for other means. And the question was, where did these dollars go? Even the Board of Education is questioning the current superintendent, asking what he did with the money.

"Some of the other problems which still need to be addressed are:

1. Funding of special education;
2. The need for a central auditory processing deficits program;
3. Hawaiian studies;

4. Monitoring the hiring of educational assistants -- we found out that the Department of Education was not completely funding all education assistant positions and the money was being used for hiring other positions on the political side which were through the superintendent of the Department of Education;

5. Auditing the funds appropriated for educational assistants to find out where the money is going; and

6. Fulfilling the staffing needs of the school, in particular in the clerical area.

"Even after we adjourn this session, the Committee on Education will be working during the summer to build up a case so that we can properly fund the needs for these problems.

"This budget also failed to consider non-cost program items such as the conversion of temporary to permanent positions for:

1. Bilingual assistants;
2. Registrars;
3. Adult education personnel; and
4. Athletic trainers.

"We also failed to deal with a problem reported by many regular education teachers who have special education students mainstreamed into their classes.

"At the present time those special education students are only counted as one-half of a student for purposes of allocation of classroom positions. The Committee on Education drafted a proviso which would have made the Department of Education count these students as one whole student, in order to treat regular education teachers fairly. We must deal with this inequity next year.

"If I may say, and this is my personal comment, it's sad that the House of Representatives did not look at this proviso very seriously because it is of great concern. Either we count them as a whole student in a regular class or we provide in service training for the teachers. These teachers in a regular class need help and we should help them.

"But I cannot wait until next session to address these problems. The students, teachers and administrators in the schools are facing these problems right now, and they expect us to listen to them and to give them an opportunity to work with us to improve the public education system.

"I want to emphasize that I will be working with the Board of Education and holding joint interim hearings with them and with my colleagues in the various school districts statewide. The chairperson of the Board of Education, Karen Knudsen, is in agreement with this. Every member of this body will be invited to participate in these hearings, so that together we can gain a better understanding of what we must do next year to improve public education.

"I will also continue my work with the Board of Education to implement clear action plans with specific timelines to achieve the goals and objectives of the public education system as contained in Hawaii goals 2000.

"Mr. President and fellow colleagues, the Legislature can do a better job to take care of Hawaii's public school classroom needs. We need to work harder next year to accomplish this. But we can only do it if all parties are involved, not only legislators but the community at large -- educators, parents, students, etc.

"By the way, Mr. President, your Committee on Education will be working on the project and I thank you for your support

on this. During the interim the Education Committee will get all the parties together and help define the respective roles of all those parties, be it the parents, the teachers, administrators, legislators, the governor, the Board of Education, etc. We need to get one basic thing to be understood -- what is our respective roles so that we can work together as a family.

"Thank you."

Senator Chun Oakland also rose in support of the bill and said:

"Mr. President, I also stand in support of this measure.

"On behalf of my co-chair and myself for the Committee on Human Resources and our committee members, we really would like to thank the co-chairs of the Ways and Means Committee and its members and staff, as well as the chair of Finance, the committee members of Finance and their staff, along with the executive branch and the community at large for assisting us in this budget process.

"The Department of Labor, the Department of Human Resource Development, the Executive Office of Aging, the Civil Rights Commission, and the Department of Human Services are under the jurisdiction of our committee in terms of the budget, and for the most part monies have been preserved. In particular, the Department of Human Services temporary assistance to needy families and other families, general assistance to single, disabled individuals in our community, those that are getting assistance with the QUEST program, both in Phase 1 and soon to be Phase 2, as well as the purchase of service providers' funding levels have been maintained.

"I also wanted to point out that as part of the proviso language within the budget there are two significant points that I wanted to make. One is in regards to the QUEST Phase 2 ombudsman. Many of the the individual consumers that are mentally ill and those that are aged and blind going into the Phase 2 part of the QUEST program had a lot of concerns that they needed an advocate in place in the transitional period of time. And in the proviso it does provide funding for an ombudsman for the QUEST Phase 2. Also, as we deal with the long-term care financing issues, we need to look forward to long-term care financing within this particular population, and we do have funds in the proviso language that dedicates money that authorizes a long-term care demonstration project. And so these are the points that I wanted to make.

"Again, on behalf of our committee we do want to thank all the members of the Senate for their support. Each of you has really added to the dialogue and I'm not too sure if my co-chair is ready, but I know he wanted to highlight some of the creative funding initiatives that were supported by this Legislature.

"Thank you, Mr. President."

Senator Kanno then rose in support of the measure and stated:

"Mr. President, I rise to speak in support of this measure.

"During these difficult times, there are a number of proposals to undo the progress made with the unfunded liability of the Employees' Retirement System and other inappropriate means to balance the budget on our state's pension system. I thank the co-chairs of WAM for resisting these proposals. Instead, the adjustments being made to the ERS are improvements to the Employees' Retirement System. Rather than utilizing an arbitrary estimated percentage figure, we'll be implementing a system for the salary increase assumption that's based on a three-year average, and the figures that are being used will be actual figures as opposed to the arbitrary system that's in place now.

"I'd like to thank the co-chairs of Ways and Means and their staff for their work in developing a budget that's responsible and preserves important services for the people.

"I urge my colleagues to vote 'aye.'"

Senator Solomon rose to speak on the measure with reservations as follows:

"Mr. President, I will be supporting this bill, with reservations.

"Mr. President, I was going to vote with a 'yes,' a resounding yes, until I heard from our co-chairman that this is the best that the Senate could have possibly done. I disagree with that, Mr. President.

"I think what this budget does is just perpetuate the status quo. As we all know, sitting here on this floor, and for many of us that would be many years, we know that this is the na'au or the foundation of our economy. This budget has nothing to do with helping us get over our economic woes. It doesn't present any kind of restructuring that could have been handled through budgetary appropriations.

"I want to remind our colleagues here that we did have some recommendations. We are thankful that we do not have any increase in the general excise tax, but the bottom line is this was coupled with a restructuring bill. It was a companion bill that would help us address our economic problems, so next session, whoever may be sitting in these seats will not be faced with the kinds of dilemma that we have been faced with. We, in fact, extended this session to be able to come up with something more creative and innovative. Unfortunately, we have not.

"Mr. President, in the 16 years that I have served in this body, I have never voted with a 'W/R' on any budget, but I feel very compelled to do so because I feel that if this is the best that the Senate can do, heaven help the State of Hawaii!

"Thank you very much."

Senator Slom also rose to speak with reservations on the measure and said:

"Mr. President, I rise to speak in support of the budget, with reservations. Actually, this is quite a step for me because last year I voted 'no' on the budget.

"I want to thank the co-chairs and our colleagues for all the work that was put in, although as the Senator from the Big Island just said, there were other suggestions and there certainly were other options and other roads we could have gone and we chose not to take those roads.

"The statement that government is living within its means is just not true. While the Legislature may be living within its means, unfortunately, it's not living within the means of our taxpayers -- the people who are called upon to give up their income to pay for our expenditures. Our problem, I repeat, our problems for seven years now, are not economic. They're not the fault of the Asian economies. They're not the fault of the mainland. They're right here. They're right in this building and up on the fifth floor. They are political, rather than economic.

"We had opportunities to address them boldly and we watched through the compromising process as we changed and gave a little bit here and gave a little bit there and worked on our principles. I have a little problem with the budget in that I'm not sure what the priorities really are. I think that at best we're sending mixed and unclear signals. If the priority is to restructure our government and to live within the means of the taxpayers who are called upon to support us, then this budget does not do that.

"On the other hand, it represents a great deal of work and a great deal of input. The input, however, was not as open as it could be or as it should be. Many of us are continually shut out of the budget process. Many of us do not have access to the accountability sheets or the budget sheets. We constantly hear about mistakes -- 'Oh, that wasn't supposed to be in there,' or 'Oh, that's the wrong figure,' or it was an omission or a commission. No individual, no family, no business would budget the way our Legislature budgets. But then, their objectives are different. Their objectives are to continue the family and to live within their own means and to balance their revenues and their expenditures. Neither the individuals nor the families nor the businesses have the ability to tax others, to go deeper into debt, or to make political arrangements. They have to do the best they can with the idea being that they have to occasionally say no, and they absolutely have to prioritize.

"And I think we can do a better job. As we look through this 604 page document and lament more trees that have been killed, we find things in there like a \$19 million bond issue for another office building in Kakaako where the appraisal of that building was less than half that amount. And we ask questions as to why certain things are in that budget and why certain things are not in the budget. And up until the very end we put a lot of people in distress because they worried about their jobs, they worried about their income, they worried about their programs. And we played with them, and we used them in a game with the House -- in a political game, not an economic game, because you would not do this economically.

"And the budget is also inclusive with continuing emergency appropriations. Every year we have emergency appropriations. Good budgeting, good fiscal responsibility, good economics, removes almost all emergencies, and those emergencies that do remain are emergencies that no rational woman nor rational man could anticipate. And yet the things that are in this budget and the things that we've talked about here since January, we've talked about the year before and the year before that and the year before that. We just don't seem to be able to resolve them because we're not listening to the right voices.

"There's no major reduction in personnel here. I count 120 full-time equivalent positions, most of which are vacant. If we look at the reports from the legislative auditor, there were plenty of ideas of how we could save money, how we could better and more responsively spend money, but we don't implement them. We have task force, after task force, after task force, and commissions and blue ribbon panels. And some of them actually come up with some viable ideas but we don't implement them. All we do is say let's have another task force, let's talk about it again.

"And so we have a budget. Yes, I'm very happy that we resisted as a body. We stayed together and resisted a general excise increase. I thank you, Mr. President. I thank my colleagues. I can finally take off all my badges, now, that I've been wearing every day on every shirt and every jacket since January. Thank goodness we did that.

"But, wait a minute, wait a minute, there's nothing in this 604 pages about contracts already signed by this state government with public employees. Where's the money for those contracts that our government officials pledged that they would honor? What I see is no tax increase this year but I see that somebody next year is going to have to come back and deal with that because those employees are going to want that commitment in that contract, and we haven't done that. So again we pushed it off to the next group of rookies that come out on the Senate team next year.

"But I do respect the work that has been done and the efforts, and so, as I say, I will support this with reservations, and hope that we can always strive for the best because, you know, in those conference committees, Mr. President, I kept hearing the term 'limbo' too, and I was confused. I thought we were talking about some Jamaican music. And I remember that in

the 'limbo' game, the idea there is to get as low and close to the ground as you can as you go under the bar. Instead of trying to go low, we should be aiming as high as we can because the taxpayers deserve it, our families and businesses deserve it and our children deserve it, and we should settle for no less.

"Thank you, Mr. President."

Senator Anderson rose to speak on the measure with reservations and said:

"Mr. President, I, too, will be going with reservations, and I also would like to have the words of the Minority Floor Leader put in there.

"What bothers me more than anything else is that we've stood on this floor and talked about all kinds of reductions on taxes. Not one thing did we ever do for jobs. I said over and over, we should build cultural parks. Well, we do have cultural parks. It's one of the most Mickey Mouse deals that I've ever seen and it's in this budget. On page 98 we have \$200,000 going to a historical Chinese center. We have on page 111 a Japanese cultural center for \$500,000. We also have on page 568 the Ka'u Hawaiian cultural center, \$245,000 to be spent by the County of Hawaii. And then we have a Maui economic opportunity facility, whatever that is, for \$2,500,000. And on page 562, we have a Filipino cultural center for \$1,500,000. I have said, if we were to get all of the cultural centers together, utilize state land, get the developers and the builders and the landscapers and everybody else, you would have one helluva damn deal for the tourists to come here, and have something for the ones that have been here before and the ones that are going to come -- not Mickey Mouse 1 million, 2 million, 500,000, and 245,000 for Ka'u. I don't think that's fair and I don't think it's equitable.

"Also, Mr. President, on this budget, I was very happy that the two chairs congratulated all of the hard work of all of the staff. They are hardworking people and I do congratulate them. But we have a very minimal staff so it's hard to get information from that budget as readily as everybody else who puts it in. But I would like to say that some of the things that I wasn't sure about, and I'm not sure if some of our constituency would be looking at and I might mention those other ones again, but a visitor Aloha society for \$56,900; DLNR project for state parks, \$50,000; \$586,000 for a Volcano art center; the orangutan for \$987,000; DOT works of art at the airport (I'm not sure if we're using the airport special funds), \$1,071,000; the state office building remodeling, \$970,000; Kona coffee living history farm, \$300,000.

"Mr. President, there's all kinds of money that we've put out there, and we're having hard economic times. But the Minority Floor Leader mentioned Kakaako. Kakaako happens to be \$19 million and it's going to be funded with bonds. The GO bonds, there's 1, 2, 3, 4, 5, 6, 7, 9 different items that we're going to use GO bonds for, but this one here, I've been looking at. I wrote to every congressional person and I received a letter that the good Representative Patsy Mink sent me. It was a reply from the headquarters of the Army Air Force Exchange Service that said in reality, yes, we owe them 17.5 million. We're going to have to pay it by this July of '98. If not, we will go to court.

"I did have here in 1992, when I wasn't here in the Legislature, or 1993, a letter by former Representative David Hagino where this was appraised at \$3 million or thereabout. I'm not sure, Mr. President, but I asked our attorney to look into this and our legal opinion, I think, is by law, which means by statute and not by agency rule. But we have to okay that. But they signed it and we were committed to it. And the important part of a point, I think, is that the agency has not acquired sufficient authorization for funding by '98 and if the Legislature has not designated sufficient funds, the contract is unenforceable. That means, I guess, that the AG would have to take us to court and we could be sued.

"I'd like to know, Mr. President, if we have a law that says the Kakaako Authority can go ahead and acquire land without any input from this Legislature and we're bound, then we darn well better change that law because the law that we have on the books is that nobody can bind us without coming to this Legislature for funding. So we're kind of in between, a Catch 22, and I'm not sure if any of our good attorneys have looked at it or any of our chairmen or the Ways and Means or anybody else. But I don't think that this is proper that we have this type of legislation. We put everything in the budget and it's questionable and that's why I will be voting with reservations.

"Thank you very much, Mr. President."

Senator Kawamoto rose in support of the measure and said:

"Mr. President, I rise to speak in favor of the bill.

"First of all, Mr. President, I'd like to thank the Ways and Means staff who worked very hard. Sometimes when I leave the Capitol at 1:00 in the morning, they're still there and they were probably working for another four or five hours for the rest of the morning. On behalf of Senator Sakamoto, co-chair of Transportation and Intergovernmental Affairs, I'd like to thank the staff and the Ways and Means chairs for putting out a product that we can be proud of.

"The other thing I'd like to say is that on behalf of the transportation agencies, we have put out projects that have a 20/80 match with the federal government. These projects will go out and provide jobs for our local residents if the procurement officer passes out the projects in the way we would like to have him pass it out. I'd like to also thank them for allowing some of the programs in defense. You know that the defense budget is funded 25/75 with the federal government and they do a very good job for our state.

"Therefore, Mr. President, I'd like to thank the Ways and Means chairs for their effort in this area.

"Thank you."

Senator Bunda also rose in support of the measure and said:

"Mr. President, I rise to speak in support of the measure.

"Mr. President, I, too, would like to commend the co-chairs of the Ways and Means Committee for their courage to resist any kind of a general excise tax increase and for producing a balanced budget.

"Mr. President, this budget and work on other measures like privatization and stress-related workers' compensation will provide some relief to our business community. However, I personally don't believe that these measures will significantly help our ailing economy. I feel we could have developed a better budget plan to stimulate the economy had we not been obliged to address these issues, issues that arose as a result of the judicial branch's inappropriate actions in the Konno and Mitchell cases.

"Mr. President, all of us know that what we're faced with today is a tax base that has deteriorated to a point where education, health and human services are seriously threatened. It was only through the diligence of our Ways and Means co-chairs that we achieved a balanced budget that maintains vital state services.

"Mr. President, I was surprised by this morning's *Advertiser* that predicted our comments on the budget plan, almost putting the very words in our mouths, so sure were they of how we would evaluate ourselves. The editorial even called our final tax plan a victory, yet how many of us feel triumphant? I feel any victory will be short lived. It is what we didn't do this year that will send us scrambling to find the solution next year and

the year after because we spent our time trying to decide whether to burden the public with higher taxes or not. What will be the alternative when we are faced with a \$400 million deficit the next time around?

"Mr. President, I really don't feel that we've changed anything this session to make way for the future. In other words, we didn't do anything to bring in new businesses, not even provide a corporate income tax reduction. We need to pave the way, Mr. President, for new industry to expand our tax base. For example, I believe Hawaii could attract and support a captive insurance and reinsurance industry, an industry that Guam attracted by offering generous, long-term tax abatements and rebates.

"Mr. President and colleagues, we need to rethink, significantly rethink, our vision and change our laws to allow these new opportunities to happen. We have no choice. We need to make it happen for our families and for our state's future. And I'm sure many of you have lots of ideas. Those ideas need to be ushered in before the new millennium begins, and it can only happen if we do it collectively and with our minds open to the possibilities.

"Thank you, Mr. President."

Senator Iwase rose to speak on the measure with reservations and said:

"Mr. President, I'm rising to speak in support of the budget with reservations.

"Like the previous speakers, I would like to commend the co-chairs as well as the members of this body for taking such a firm position in opposition to the increase in the general excise tax, which I believe would have been harmful to this economy during these very difficult economic times. But unfortunately, I cannot vote straight up on this budget and I wanted to express those reasons why because it is recorded and we'll have to explain those votes.

"I think what the budget we have before us today, and I would like to echo the sentiments of the Senators from Waimanalo, Hawaii Kai, Wahiawa and Kohala because I think what the budget is symbolic of and what, perhaps, this Legislature will be known as, is a Legislature which could have, which should have, and which did not. There was high expectations for us to accomplish great feats to deal with this economy. And we did not accomplish those tasks as we adjourn.

"But before I go on, I would like to say that there are some things about this budget, a number of things about this budget before us today which I am pleased with. First, that the Senate reassessed, stepped back from, some very troubling provisions in the Senate version of the budget or matters relating to the budget. If you recall, there was an unconstitutional 10 percent pay cut bill that was passed by the Senate. It is no longer alive, and I'm pleased with that. Second, the Senate version of the budget had some drastic cuts to special education, to adult education, to the QUEST program, and those funds have been restored. We zeroed out the public television budget; that has been restored. There were deep cuts in positions for the University of Hawaii and the Department of Education, and thankfully they were restored. But there was so much more that we could have done.

"As the Senator from Kohala said, the budget is the na'au of the Legislature of the State. It represents what we're going to do. It represents what we believe in. It represents what we think should be done to get this state moving. And I think when people look at the budget they're going to ask, where is the Legislature leading us? Where are we going? And I think the speakers before me have said that perhaps the only answer that can be given is that we're going to next year and leave the

issues, the unresolved issues, for the next Legislature to address. And I don't think the public can wait that long.

"How valid are the terms could have and should have? For those of us who are running, and I happen to be one of them, I don't think that term is going to be very meaningful to me if on election day a voter comes to me and says to me, 'Senator Iwase, I could have voted for you, but I did not,' because then it's meaningless to me. There is no meaning for me. And I don't think this budget and what we are going to be symbolic of is going to be very meaningful to the people. There will be other bills that we're going to be voting on today that I think the term could have and should have and did not, will apply.

"Mr. President, I could have voted for this budget straight up. I should have voted for this budget straight up, but I will not. I will vote for it with reservations.

"Thank you."

Senator McCartney rose in support of the measure and said:

"Mr. President, I rise to speak in favor of the budget.

"First of all, Mr. President, I believe this is the toughest year in Hawaii's history to be the Ways and Means chairs or the Finance chair. I believe it's the toughest year in Hawaii's economic history to be a member of the Senate and voting in this body. But if I look at what happened and I look at the unlimited needs and the competing interests and the limited resources, we did good with the people's money. This is the first time I can remember, Mr. President, where there is a 3.7 percent decrease -- decrease -- in the base budget, not the requests that came in, but in the base budget.

"Mr. President, there were many plans, many dreams, many hopes. We had the ERTF plan. We had the bi-partisan coalition plan in this body. We had the House minority plan. We had the community economic revitalization plan. We had the human services plan. We had the economic sustainability plan. We had plans by unions. But, Mr. President, we all know that a plan is only as good as the people who support it, and if I look at these plans and all these hopes and dreams that everybody submitted, what we're doing today in the Legislature is we're taking pieces of all of them and putting them together to make a product we can be proud of. We can honestly say that everyone here contributed to the final product. Everyone here had a say. We all cared about Hawaii's economic well-being and we did something about it.

"If we ask the question, Is it a step forward? I'd say, yes. Is there more to be done? Yes. Is it out of the box? Yes. And if you take a look at some of the facts, we downsized government; we didn't increase the general excise tax; we passed the largest single tax decrease in the history of the State of Hawaii. For the short term, we're boosting Hawaii's opportunity to bring in more tourism and economic development with the \$60 million. For the long term, we passed an autonomy bill that we can be proud of for the University of Hawaii that will take us into the next millennium for job creation.

"We did things on restructuring and for business. We passed the privatization bill, a CCO bill, a stress bill, a job reference liability bill, a criminal history records bill. We streamlined government. We passed some bills relating to making it easier for permitting. The record is good, Mr. President. I believe if you look back, in my term, this is the healthiest package we've ever passed to make a difference in this economy.

"Mr. President, we had Miss Universe last night. And if we just take that energy, that enthusiasm, that vision that the whole State of Hawaii pulled together last night to pull off that one event where we became part of the world community, we can fix our economy. That's the kind of effort it's going to take -- everybody getting together on that one team, as the Senator from Manoa said, to make a difference. And that's what we did

last night. And to me, Miss Universe, and the State of Hawaii pulling it off, gives us that hope that we can do something to make Hawaii a better place.

"And as I leave, Mr. President, I know the process isn't right, it isn't completely the best it can be. And I continue to have frustrations about the budget process, but I do believe that the seeds have been planted to move forward. And I want to commend the co-chairs for taking their stand, for not giving in to maybe some of the old ways. And I think in the future these seeds have been planted, so here's the nine points that I dream of for you in the future:

1. We move from negotiations to collaboration;
2. We move from advocating to understanding;
3. We move from me and I to we and us;
4. We move from win-lose to win-win;
5. We move from blame to accepting responsibility;
6. We move from compromise to co-creating;
7. We move from House vs. Senate to common sense;
8. We move from exclusion to inclusion; and
9. We move from competition to cooperation.

"And, Mr. President, that's my wish for all of you next session, so we can continue to move forward to make Hawaii's economy what it needs to be for our children.

"Thank you."

Senator Levin rose to speak in favor of the budget and said:

"Mr. President, I rise to speak in favor of the bill.

"If there was any doubt prior to the discussion on this measure, there's no doubt now; this most certainly is an election year. But before we are totally overwhelmed with politics and before we totally focus on November rather than on the task at hand, it seems to me that we ought to ask our colleagues and the public to think about how far we've come and who brought us this far.

"I support this measure, but I rise much more to speak in praise of the job that was done by the chairs of the Ways and Means Committee. It was done with grace. It was done with wit. It was done with compassion. They took the lead against the general excise tax increase that so many people feared, and yet they still managed to balance the budget without decimating programs or the safety net that so many people rely on. I can't imagine who could have done a better job. I am proud of the job that they did. I believe they deserve the accolades of all who care about Hawaii, who understand the process, who recognize the barriers that were faced and how difficult the decisions are, both this year and in the future.

"The job is not going to get any easier. It's going to get tougher, but we need to work together and in the words of the previous speaker, we need to get out of the politics of blame and enter the politics of cooperation and working together to reach a common good. That is the direction that the Ways and Means chairs took us this year and I commend them and thank them for the job they did."

Senator Iwase rose in response to the previous remarks as follows:

"Mr. President, just a brief response to the comments made by the previous speaker.

"I don't know what he is alluding to when he talks about politics in the context of the comments that he made. But it's unfortunate that there would be such a misunderstanding. I assume that the previous speaker would understand that on this floor, in this body, those of us who have opinions have a right to express them freely, without those kinds of gloss being put on them.

"I think everyone who has spoken here understands how difficult this task was in 1998. Everyone in this body has very strong feelings about what must be done. Collaboration necessarily involves discussion. Collaboration necessarily involves debate. Collaboration necessarily involves disagreement. And I am terribly sorry the previous speaker does not understand that.

"Thank you."

Senator Metcalf rose in support and said:

"Mr. President, I rise to speak in support of the bill. I have some written remarks I'd like to include in the Journal.

"Thank you."

The Chair having so ordered, Senator Metcalf's remarks read as follows:

"I would like to thank the co-chairs of Ways and Means for their leadership under difficult circumstances. I would also like to thank the WAM Committee members and staff for their dedication and hard work. Additionally, I would like to thank all of them for supporting special needs in East Hawaii."

Senators Aki, Sakamoto, Anderson, Solomon, Iwase and Slom requested their votes be cast "Aye, with reservations," and the Chair so ordered.

The motion was put by the Chair and carried, Conf. Com. Rep. No. 147 was adopted and H.B. No. 2500, H.D. 1, S.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO THE STATE BUDGET," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

At 5:47 o'clock p.m., on motion by Senator Ihara, seconded by Senator Slom and carried, the Senate stood in recess subject to the call of the Chair to meet in Joint Session with the House of Representatives in accordance with H.C.R. No. 251 to appoint the Ombudsman of the State of Hawaii. Senator Ihara then moved that the Senate reconvene at 7:00 o'clock p.m., seconded by Senator Slom and carried.

### JOINT SESSION

The Joint Session of the Senate and the House of Representatives, Nineteenth Legislature of the State of Hawaii, Regular Session of 1998, was called to order at 5:58 o'clock p.m. by the Honorable Joseph M. Souki, Speaker of the House of Representatives.

Representative Okamura moved that Patricia Mau-Shimizu be appointed Clerk of the Joint Session, seconded by Senator Ihara and carried unanimously.

At this time, Senate President Norman Mizuguchi assumed the rostrum.

President Mizuguchi then announced that the purpose of the Joint Session is to appoint the Ombudsman for the State of Hawaii, pursuant to Section 96-2 of the Hawaii Revised Statutes.

Senator McCartney then nominated Robin K. Matsunaga for the Office of Ombudsman of the State of Hawaii, for a term of six years, commencing July 1, 1998.

Representative Okamura moved that the nominations for the Office of the Ombudsman of the State of Hawaii be closed, seconded by Senator Ihara and carried.

Senator McCartney moved that the Senate of the Nineteenth Legislature of the State of Hawaii confirm the appointment of Robin K. Matsunaga as Ombudsman for the State of Hawaii for a term of six years commencing July 1, 1998, seconded by Senator Ihara.

The motion was put by the Chair and carried on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

At this time, Speaker Souki returned to the rostrum.

Representative Okamura moved that the House of Representatives of the Nineteenth Legislature of the State of Hawaii confirm the appointment of Robin K. Matsunaga as Ombudsman for the State of Hawaii for a term of six years commencing July 1, 1998, seconded by Representative M. Oshiro.

Representative Marumoto then rose to speak in support and said:

"Mr. Speaker, I'd like to speak in favor of this motion.

"It has been my privilege to have worked with Mr. Matsunaga for the past 10 or 12 years. As chief clerk of the House Finance Committee, I learned that he is very knowledgeable about state government. He knows who the players are and how the departments work. He knows what closets the skeletons reside and where the bones are buried.

"To lose that much expertise from the Legislature is unfortunate -- we need it here. Therefore, we will miss Robin from these halls, but perhaps he will give us his recommendations for legislative changes from his new vantage point. He will do well there.

"We legislators and the public will benefit from his work and his future endeavors in the Ombudsman's Office.

"From the House GOP caucus -- good luck, Robin."

Representative Okamura also rose in support and stated:

"Mr. Speaker, I rise in favor of the resolution.

"Mr. Speaker, we have all known Robin for many, many years. He is a dedicated and committed public servant who has routinely gone out of his way, beyond the call of duty, to fulfill his responsibilities to this institution and to all of its members. Robin is honest, knowledgeable, caring, and above all, he always operates with integrity -- precisely the qualities needed to fulfill the responsibilities of the State Ombudsman.

"Mr. Speaker, with this appointment, the House has a huge void to fill. Robin's wise counsel, his easy smile, and his sharp wit will be missed by all of us. If there is any consolation, it is that our loss will be the people's gain.

"Robin -- from all of us -- congratulations and best wishes."

The motion was put by the Chair and carried on the following showing of Ayes and Noes:

Ayes, 48. Noes, none. Excused, 3 (Kawanakoa, Takumi, Whalen).



The ballots having been so cast by the members of the Nineteenth Legislature of the State of Hawaii, Robin K. Matsunaga was declared unanimously elected as Ombudsman for the State of Hawaii.

The Speaker, on behalf of the Joint Session, introduced newly elected officer Robin K. Matsunaga, State Ombudsman, who was extended congratulations and a round of applause.

At this time, Representative Okamura introduced Tammy Matsunaga, wife of the newly appointed State Ombudsman.

At 6:07 o'clock p.m., the Speaker declared the Joint Session of the Senate and the House of Representatives adjourned.

### EVENING SESSION

The Senate reconvened at 7:46 o'clock p.m.

### FINAL READING

#### MATTERS DEFERRED FROM MONDAY, MAY 11, 1998

Conf. Com. Rep. No. 117 (H.B. No. 2823, H.D. 1, S.D. 1, C.D. 1):

Senator D. Ige moved that Conf. Com. Rep. No. 117 be adopted and H.B. No. 2823, H.D. 1, S.D. 1, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Metcalf.

Senator Sakamoto rose to speak with reservations on the measure and said:

"Mr. President, I'd like to speak with reservations on this measure.

"Mr. President, I'm concerned that any reduction in premiums that some of our citizens may have received during the past year will be reduced by possible cost drivers in this measure. I'm concerned that the acupuncture and massage therapy outlined in the bill may increase the PIP, even with the limit set. Industry experts have also expressed concern with the voluntary binding arbitration, which is intended to decrease litigation, however, and therefore decrease cost, but may in fact do just the opposite by establishing a negotiating floor for which injured persons may opt for litigation. Additionally, I'm concerned that Hawaii's citizens who are hit by a rental car will now have to pursue claims on their own, and be forced, possibly, to hire an attorney to seek compensation in the home state or country of the rental car driver.

"There are other things in the bill, Mr. President -- immunity for agents for simple negligence. I'm not sure why some of these things are included. For these reasons, Mr. President, I'll be voting with reservations."

Senators Slom, Iwase, Tanaka, Anderson, Aki and Solomon requested their votes be cast "Aye, with reservations," and the Chair so ordered.

The motion was put by the Chair and carried, Conf. Com. Rep. No. 117 was adopted and H.B. No. 2823, H.D. 1, S.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

Conf. Com. Rep. No. 124 (S.B. No. 2852, S.D. 1, H.D. 2, C.D. 1):

On motion by Senator Levin, seconded by Senator Fernandes Salling and carried, Conf. Com. Rep. No. 124 was adopted and

S.B. No. 2852, S.D. 1, H.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO THE VOLUNTARY RESPONSE PROGRAM," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

Conf. Com. Rep. No. 136 (S.B. No. 2633, S.D. 1, H.D. 1, C.D. 1):

Senator D. Ige moved that Conf. Com. Rep. No. 136 be adopted and S.B. No. 2633, S.D. 1, H.D. 1, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Metcalf.

Senator Anderson requested his vote be cast "Aye, with reservations," and the Chair so ordered.

The motion was put by the Chair and carried, Conf. Com. Rep. No. 136 was adopted and S.B. No. 2633, S.D. 1, H.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO REAL PROPERTY APPRAISALS," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

Conf. Com. Rep. No. 137 (H.B. No. 2680, H.D. 2, S.D. 1, C.D. 2):

Senator Tam moved that Conf. Com. Rep. No. 137 be adopted and H.B. No. 2680, H.D. 2, S.D. 1, C.D. 2, having been read throughout, pass Final Reading, seconded by Senator Aki.

Senator D. Ige rose to speak in support of the measure and stated:

"Mr. President, I rise to speak in support of this measure.

"Mr. President, five years ago my colleague from the windward side travelled statewide to meet and talk with teachers, principals, parents, students, across this state about what we needed to do to help the public school system. I would like to note that I was also joined by my colleague from Kihei, Maui, on many of those trips as well as our colleague from Liliha who was not married and the youngest member of the House at that time. We travelled across the state to listen to those most directly impacted about what would improve the public school system. The one thing that came clear through all of those hours and hours of public hearings that we had across the state, schools said repeatedly, set me free. They were bogged down by the bureaucracy. They were smothered by rules and regulations that the board and the department had adopted that swamped any innovation. Anything new that they wanted to try was repeatedly shut down.

"This measure that's before us today, five years later, intends to complete the job that we had embarked on four years ago to set the schools free. What this bill does is provides an opportunity for absolute school empowerment. We're saying that we entrust that those closest to the children are in the best position to make decisions on their behalf. We're providing that 25 schools be set free from the public school system to develop a program that is student-centered and performance based to establish a local school board limited to dealing only with school policies and setting goals and evaluations. We provide the schools the ultimate waiver, the waiver of all laws except those dealing with procurement, discrimination and collective bargaining. We're asking that these schools be set free so that they can innovate and change the way that the public school system does business.

"Mr. President, I know that we've been working very hard on school-based budgeting, and clearly, student-centered schools reduces school-based budgeting to its simplest form. Grant

each and every school the pro-rata share that this Legislature appropriates to run the public school system and see what those people at the school can do with the funds that we provide. By the department's own accounting, this body appropriates \$4,028 per pupil, on average, to run and operate the public school system. Now the department takes this money and by the time that it gets shredded and allocated and reallocated and restricted, what actually makes it to the average public school system in this state is probably about \$2,900 per pupil. Where does the other \$1,100 per pupil go? It's always a mystery to me, Mr. President, and we've never been able to get a straight answer.

"But let me provide a real example. If you take an average school with a thousand students, and we in this body are appropriating to the Department of Education \$4,028 per pupil, the difference between what the average school gets today for all of the teachers and cafeteria workers and janitorial staff and everything to operate that school is about \$2,900 per pupil. That other \$1,200 per pupil or, for a school of 1,000 students, \$1.2 million in other support services gets eaten up by the system. You know, I asked my principal what would he be able to do with \$1.2 million in terms of transforming the school, and he almost had a fit.

"You know, Mr. President, if the school decided to put that additional money into more teachers in the classroom, if we could reduce student/teacher ratio in a school with 1,000 students from 26:1 to 14:1, if every single additional dollar went into reducing class size, I am convinced in these days of fiscal constraint that our best opportunity for public school success and public school reform is student-centered schools and allowing principals and professionals at the schools to make those budgetary decisions on behalf of our students.

"I urge all of my colleagues to vote in support."

The motion was put by the Chair and carried, Conf. Com. Rep. No. 137 was adopted and H.B. No. 2680, H.D. 2, S.D. 1, C.D. 2, entitled: "A BILL FOR AN ACT RELATING TO STUDENT-CENTERED SCHOOLS," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

Conf. Com. Rep. No. 141 (S.B. No. 379, S.D. 2, H.D. 2, C.D. 1):

Senator Levin moved that Conf. Com. Rep. No. 141 be adopted and S.B. No. 379, S.D. 2, H.D. 2, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Chumbley.

Senator Iwase rose to speak in opposition of the measure and stated:

"Mr. President, I'm rising to speak in opposition to this bill.

"Mr. President, this bill would require the collection of a \$7 deposit for every tire purchased by a customer not accompanied by a tire trade-in. Before the bill got to conference, the amount was \$1.75. The amount is bumped up to \$7 without any explanation in this conference committee report. This is a real big hit and will hit hardest on the working people with limited income and I will not be able to support it.

"Thank you."

Senator Slom also rose in opposition to the measure and said:

"Mr. President, I, too, rise to speak against the bill.

"I echo the sentiments of the good Senator from Mililani but in addition to that what we're doing is adding more paper work, more requirements and more record keeping for both scrap tire

haulers and also retail tire dealers. I think we all support recycling but we can have recycling programs without all of this additional paperwork. So, I will vote 'no.'

"Thank you."

The motion was put by the Chair and carried, Conf. Com. Rep. No. 141 was adopted and S.B. No. 379, S.D. 2, H.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO RECYCLING," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 18. Noes, 7 (Anderson, Fernandes Salling, Iwase, Sakamoto, Slom, Solomon, Tanaka).

Conf. Com. Rep. No. 142 (S.B. No. 760, H.D. 2, C.D. 1):

On motion by Senator Tam, seconded by Senator Aki and carried, Conf. Com. Rep. No. 142 was adopted and S.B. No. 760, H.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO SCHOOLS-WITHIN-SCHOOLS," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

Conf. Com. Rep. No. 143 (S.B. No. 2204, S.D. 2, H.D. 2, C.D. 1):

Senator D. Ige moved that Conf. Com. Rep. No. 143 be adopted and S.B. No. 2204, S.D. 2, H.D. 2, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Metcalf.

Senator Sakamoto rose in support of the measure and said:

"Mr. President, I rise in support of this measure.

"This bill requires agencies to establish and adhere to maximum time periods for review and approval of business and business-related permits. I believe this bill is necessary to create efficient, effective and responsive government.

"The existing processes have been the basis of business horror stories that have been retold in national business publications and help create a perception of Hawaii as an unfriendly business environment. Passing this bill will not change this perception, but add to it bills such as workers' comp, regulatory flexibility, privatization, the Hawaii Maritime Authority, job reference liability, conviction records, coordinated care, duplication of government services and managed competition, then maybe we start to create a new picture. We will have started to remove or have moved some of the rocks that are in the road -- the road to economic recovery, the road to more jobs.

"Many, many more rocks and boulders remain. But if we are to make this picture a reality and we want to create a business-friendly environment in Hawaii where people and the land prosper, then we must go much farther. The bi-partisan coalition has worked hard to make this picture a reality. We know we need to make our Land Use Commission more effective and responsive. We know we must remove the undue burden of pyramiding taxes. We know we must allow and encourage entrepreneurs and self-employment. We know we must remove the fear of frivolous or unreasonable litigation. And we must work hard to provide for our children a foundation that will allow them to choose their place to live, whether it be in Hawaii or anywhere in the world.

"Mr. President, we're committed to making real change, to creating a new business environment in Hawaii, to laying the foundation for a better Hawaii for our children. So far, we have fallen far short. But again, it's a beginning.

"So, Mr. President, we may be able to get rocks and boulders off the road, not just moved an inch, not just turned over. The people need our help. So in spite of the rocks in the road, may God continue to bless our state and our people."

Senator Kawamoto rose to speak in favor of the bill and said:

"Mr. President, I rise to speak in favor of this bill.

"Mr. President, I have a project in my community that has been on the books going on 14 years and still on the books. This bill will provide the opportunity that we can cut the process shorter, we can save money in consultant fees and the homes that we buy so dearly for our young people would be affordable for them.

"Thank you."

Senator Metcalf rose and stated:

"Mr. President, I have some written remarks in support of the measure that I would ask to be included in the Journal.

"Thank you."

The Chair having so ordered, Senator Metcalf's remarks read as follows:

"This bill places the burden for business permit license approvals where it should be -- on government agencies. The bill requires government to be both responsible and responsive. We owe it to business to tell them in a timely manner whether their request is approved or denied. This measure may mean more denials but it will create a time certain for action. This bill is not intended to affect existing voting requirements for one approval of matters voted on by boards and commissions as long as the vote is taken within the time limit."

Senators Matsunaga, Ihara, Taniguchi, Anderson, McCartney and Solomon requested their votes be cast "Aye, with reservations," and the Chair so ordered.

The motion was put by the Chair and carried, Conf. Com. Rep. No. 143 was adopted and S.B. No. 2204, S.D. 2, H.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO REGULATORY PROCESSES," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 23. Noes, 2 (Fernandes Salling, Levin).

Conf. Com. Rep. No. 144 (S.B. No. 2350, S.D. 1, H.D. 2, C.D. 1):

On motion by Senator Levin, seconded by Senator Fernandes Salling and carried, Conf. Com. Rep. No. 144 was adopted and S.B. No. 2350, S.D. 1, H.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO RECYCLING," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

Conf. Com. Rep. No. 145 (H.B. No. 3403, H.D. 2, S.D. 1, C.D. 2):

Senator Taniguchi moved that Conf. Com. Rep. No. 145 be adopted and H.B. No. 3403, H.D. 2, S.D. 1, C.D. 2, having been read throughout, pass Final Reading, seconded by Senator Chumbley.

Senator Slom rose to speak on the measure with reservations and said:

"Mr. President, I rise in support of the bill with reservations.

"I think the bill is a good bill in terms of its objectives to deter theft and trespass on agricultural and aquacultural lands. However, it's an extremely broad bill and the way it could be interpreted is to criminalize petty innocent activities between neighbors and so forth. And I think also we have a basic constitutional due process concept which requires that citizens be given adequate notice, and that's not part of the bill.

"So, reservations, please."

Senator Anderson rose and said:

"Reservations, please."

The Chair so ordered.

The motion was put by the Chair and carried, Conf. Com. Rep. No. 145 was adopted and H.B. No. 3403, H.D. 2, S.D. 1, C.D. 2, entitled: "A BILL FOR AN ACT RELATING TO OFFENSES AGAINST PROPERTY," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 24. Noes, none. Excused, 1 (Fukunaga).

**THIRD READING**

**MATTER DEFERRED FROM MONDAY, MAY 11, 1998**

Stand. Com. Rep. No. 3171 (H.B. No. 2547, H.D. 2):

Senator Baker moved that Stand. Com. Rep. No. 3171 be adopted and H.B. No. 2547, H.D. 2, having been read throughout, pass Third Reading, seconded by Senator Chun Oakland.

Senator Slom spoke against the measure as follows:

"Mr. President, I rise to speak against the bill.

"Lord knows I'm not a vegetarian and I like meat, but I have a problem with this bill. I've had a problem all along. It requires the issuance of state-backed special purpose revenue bonds for one company and for one purpose, the meat processing plant on Oahu Campbell Industrial Park property. The argument has been made that the lease expires in six years in the year 2004. I think that's true. That gives us six years to find an alternative solution. Secondly, we have just dedicated a slaughter house facility on the Island of Molokai. Thirdly, I think it's bad policy as the state continues to get involved in private business activities and to provide funding or guarantees of funding for one specific business or industry. And I don't think that it meets the purpose clause of this special purpose revenue bond. So I will be voting 'no.'

"Thank you."

The motion was put by the Chair and carried, Stand. Com. Rep. No. 3171 was adopted and H.B. No. 2547, H.D. 2, entitled: "A BILL FOR AN ACT RELATING TO AGRICULTURE," having been read throughout, passed Third Reading on the following showing of Ayes and Noes:

Ayes, 23. Noes, 1 (Slom). Excused, 1 (Fukunaga).

**FINAL READING**

**MATTERS DEFERRED FROM MONDAY, MAY 11, 1998**

S.B. No. 3024, S.D. 1, H.D. 1:

Senator Taniguchi moved that S.B. No. 3024, S.D. 1, H.D. 1, having been read throughout, pass Final Reading, seconded by Senator Tanaka.

Senator Slom rose to speak in opposition to the measure as follows:

"Mr. President, I rise to speak against the bill.

"As I have done all session, I'm consistently opposed to the addition of any special funds and we're about ready to vote on a bill that's going to transfer special fund monies into the general fund. It doesn't make any sense if we set up special funds and we don't use them for those purposes or later on raid those funds for general purposes. So I stand opposed to the bill.

"Thank you."

The motion was put by the Chair and carried, the Senate agreed to the amendments proposed by the House to S.B. No. 3024, S.D. 1, and S.B. No. 3024, S.D. 1, H.D. 1, entitled: "A BILL FOR AN ACT RELATING TO QUARANTINE," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 17. Noes, 7 (Fernandes Salling, Ige, M., Iwase, Sakamoto, Slom, Solomon, Tanaka). Excused, 1 (Fukunaga).

S.B. No. 3025, S.D. 1, H.D. 1:

Senator Taniguchi moved that S.B. No. 3025, S.D. 1, H.D. 1, having been read throughout, pass Final Reading, seconded by Senator Tanaka.

Senator Slom, rising in opposition to the measure, then said:

"Mr. President, again I rise to speak against this bill.

"Again, for the foregoing reasons, it creates a special fund, and more importantly, I don't think it helps the local fresh milk industry. We have seen what government involvement has done over the years. The idea of price setting and controls and special funds have actually destroyed our industry, rather than make it more competitive. So I'll be voting 'no.'"

The motion was put by the Chair and carried, the Senate agreed to the amendments proposed by the House to S.B. No. 3025, S.D. 1, and S.B. No. 3025, S.D. 1, H.D. 1, entitled: "A BILL FOR AN ACT RELATING TO MILK CONTROL," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 17. Noes, 7 (Anderson, Fernandes Salling, Iwase, Sakamoto, Slom, Solomon, Tanaka). Excused, 1 (Fukunaga).

Conf. Com. Rep. No. 33 (S.B. No. 3248, S.D. 2, H.D. 2, C.D. 1):

On motion by Senator Levin, seconded by Senator Fernandes Salling and carried, Conf. Com. Rep. No. 33 was adopted and S.B. No. 3248, S.D. 2, H.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO SPECIAL PURPOSE REVENUE BONDS," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 24. Noes, none. Excused, 1 (Fukunaga).

Conf. Com. Rep. No. 119 (H.B. No. 3446, S.D. 2, C.D. 1):

On motion by Senator M. Ige, seconded by Senator Bunda and carried, Conf. Com. Rep. No. 119 was adopted and H.B. No. 3446, S.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT AUTHORIZING THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR NOT-FOR-PROFIT CORPORATIONS THAT PROVIDE HEALTH CARE FACILITIES," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 24. Noes, none. Excused, 1 (Fukunaga).

Conf. Com. Rep. No. 138 (H.B. No. 2990, H.D. 2, S.D. 2, C.D. 1):

Senator Taniguchi moved that Conf. Com. Rep. No. 138 be adopted and H.B. No. 2990, H.D. 2, S.D. 2, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Iwase.

Senator Kawamoto rose to support the measure and said:

"Mr. President, I rise to speak in favor of this bill.

"Mr. President, this bill provides the opportunity to have the state acquire the Waiahole Ditch, provides water-sharing both in the leeward and windward sides. With this bill we dedicate or we promise to the diversified ag people that they can now obtain long-term leases and they can obtain loans for their projects.

"I urge all my colleagues to vote 'aye' on this bill. Thank you."

Senator Slom then rose in opposition to the bill and stated:

"Mr. President, I rise to speak against the bill.

"As I have mentioned previously, we had asked for a reporting and an accounting as to what we're getting with this ditch. And I think what we're getting is a ditch that's going to require the expenditure of more millions of dollars for upkeep and maintenance and operation. The state now owns and maintains, or at least owns, four ditches. The state is not doing a good job as evidenced particularly in the Hamakua region.

"The issue is not water. The issue is not the allocation between the leeward and windward sides of Oahu. The issue is the financing and where the money comes from and what we're actually getting. As my colleague, the Minority Leader, has said many times, the company that owns this ditch which is going through financial problems of its own has made a great deal of money from it and should really dedicate or donate the ditch to the state. We've had at least one firm offer for the private purchase of the ditch. We should remember that this ditch started out and has always been a private purchase. And again when we talk about privatization and we talk about options for financing, we should be looking to other means. The issue is financing, not the delivery of water.

"I'll be voting 'no.'"

Senator Anderson also rose in opposition to the measure and stated:

"Mr. President, I'll be going 'no.'"

"Unfortunately, a lot of us are accused of voting because of different people coming down to ask us not to vote for things and whatever. On this particular issue, I have some friends that are for the bill. However, the bill is \$10.5 million. It says that we're going to have general obligation bonds, like we're never going to have to pay for them. The bill also says that we're going to help the Pearl Harbor aquifer by having this. That means we can go ahead and develop more on that side for Campbell Estate and others. It also says assessments and tolls and I'm not sure what that is. And I know we're going to have to raise the price for the farmers.

"I want you to understand I've always been for agriculture. But this bill turns around and says that 'No expenditure, use, or transfer of funds from the Waiahole water system revolving fund by the corporation will be subject to chapter 42D, 42F, 103 or 103D.' That means that 42D, Grants, Subsidies, Purchases of Service, they don't have to worry about that; 42F, Grants and Subsidies, they're not subject to that; 103, Expenditure of Public Monies and Contracts; 103D, Hawaii

Public Procurement Code. Then if you go to the next page on the bill, they're also excluded from sections 91, 76, 77 and 171, Mr. President. That means administrative procedure rules and regs, civil service laws, compensation laws, public lands and management disposition. They also don't have to worry about 269 which is Public Utilities Commission, and establishes assessment areas. And I don't even know what all of these other things are. But they are excluded from so many things that I don't think they're included in anything.

"Now, we went ahead and looked at this, Mr. President. I have said many times that I thought the place should be appraised. We lease it first, know what the heck we're buying. I asked our attorney and again I say we're limited with staff so it takes us a little while to get all of the information we need. But according to the attorney, the laws we said earlier for the Kakaako building, stands with this. But it also says, 'water resources, the state has an obligation to protect, control and regulate the use of water for the people's benefit.' We've never denied that, but they must obtain an appraisal before purchasing land. That's what it says.

"I have asked over and over, have we ever had an appraisal? We've had nothing to the best of my knowledge. Any property that the state purchases must be appraised. Without an appraisal there is no official way to prove that the state is paying a fair market value. Paying over fair market value would violate the appropriations and public purpose provisions outlined above. First, an appropriation cannot be properly made without adequately and properly determined a correct amount to appropriate. This requires an appraisal. Second, Mr. President, spending too much of the taxpayers' money for a property purchased undermines any required public purpose served by the acquisition.

"Mr. President, I've said over and over I think we owe an obligation to ag. I've always been for diversified ag, but we're here to implement the laws that we have, not circumvent them. And if we want to help a particular group and then we're going to circumvent any law that we have on the books, we're going to help a company and give them money without even knowing why, then telling people we're helping the economy, is 'shibai.' And I think that this is a shame. I think we should lease it, get all of the appraisals that are needed according to law, and if in fact it's worth \$12 million, then we should buy it. But if it's worth \$6 million, then we should pay that amount. You don't give an amount over and above what is required by law and the appraisal value.

"Thank you very much, Mr. President. That's why I'm going 'no.'"

Senator McCartney spoke with reservations on the measure as follows:

"Mr. President, I rise to speak in favor of the bill with reservations.

"This is a bill that I have many concerns about, but in my end analysis I can live with the decision that has come about. There's been many good comments made on the floor today about some of the concerns, but as a Senator who represents Waiahole, I wanted to insert some remarks into the Journal with this floor speech to just share with you the context of some of the troubles and the concerns that the community faces.

"First of all, Mr. President, this goes way back, many generations, in a time when there wasn't a State of Hawaii, in a time when the people who had a lot of power in the state could do things without any government oversight or regulation. So they went and dug a ditch. They went and dug a tunnel. And that diverted water from the valleys of Waiahole and Waikane and sent it over to the leeward side to grow sugar cane for economic development. On the windward side, you can talk to people like Calvin or Charlene Ho. Mr. Ho has grown up there for generations. Their family has lived there and is probably

one of the indigenous people to the valley, and that impact of taking away the water changed their lifestyle for generations to come because it denied them of some of the opportunities to farm and live a lifestyle that they chose to live by growing taro.

"That battle and issue continue to go back and forth, but in the end, Mr. President, what I believe most is that today we are an island community and when we are an island community we have to learn how to live together. And maybe we can't change the past, but we can learn how to share in the future. And so, Mr. President, I do join my colleagues from Mililani and Waipahu who need the water very badly, who believe in diversified agriculture, who believe in a future in the leeward plains, not for development but for agriculture, that this water will provide that opportunity, provide that life. And if we look at water as a resource, water belongs to all the people of the State of Hawaii, and our Constitution gives us the mandate to preserve and protect ag and also to regulate and control water.

"There's an important provision that's been put in this bill and I want to thank the managers of the bill who've worked on it. It says that the passing of this bill does not affect or change any allocation by the Commission on Water Resource Management.

"There's another provision in the bill that says the Agriculture Development Corporation, which is a private/public corporation, not necessarily an entity of the state government, must work with the land owners to seek long-term leases for the farmers on the land.

"I, too, have concerns about Amfac and I do believe that they took advantage of the water, the people and the people of Hawaii, and they do owe the state a lot. And maybe, in a way, I'm very concerned that they're getting away with something that they shouldn't. But the bottom line, if I looked at this, is that line, that system right now, there's three to four million gallons a day that's leaking out of that system on the leeward side. When the state comes in and purchases it, we'll fix the sifs and that's three to four million gallons of water that the leeward side can have, and it's three to four million gallons of water that we don't need to ask the windward side to take. On the windward side, we're concerned about lifestyle, economic development, stream restoration, Kaneohe Bay, and we also, I believe, need to be concerned about our neighbors on the leeward side.

"And so in the end, Mr. President, there were a lot of hard decisions that had to be made, but I chose to not get in the way, but to say I have reservations, but I will support this bill and know that many issues still need to be resolved as we look at managing our most precious resource, our water.

"Thank you."

Senator Anderson rose to respond as follows:

"A short rebuttal, please.

"Because I realize that there's so much contained in this bill, I'm very glad that the Senator from Kahaluu brought it up. He says that he represents it. I think that every one of us represents the ditch, regardless of leeward or windward side.

"But what bothers me, also, in the very first page of the conference committee in (1) it says, authorizes the issuance of the bonds, and then it goes on to say on page 2, (3) 'Delete the requirement that all water allocations in the Commission on Water Resource Management's final decision and order on the Waiahole Water System existing as of the effective date of this bill, remain in force until the general obligation bond debt . . . expires or for 20 years commencing from the effective date . . . ' Now, how do we know that there's even going to be water in that ditch in 20 years. And they're holding it, it's going to be in concrete.

"Never mind what the commission said, it's going to be the allocation that's there now and it's 20 years. That's as bad as what we did with Kakaako saying that we're allowing an authority to make a commitment for this Legislature on a building that's higher, or appraised low and we're paying higher. This is saying that we're going to be stuck for 20 years if there's a drought or whatever. There's no way you can get more water or the other side can get more water, or that we can look at the allocation. Then we're going to have to come back and change the law because we're putting it into concrete, according to the conference committee report, page 2, (3).

"Thank you very much, Mr President."

Senator McCartney rose and said:

"Mr. President, I just wanted to thank my colleague from the windward side. That provision on page 2, item (3) says that we deleted that provision. It's no longer in the bill anymore, and we replaced it with language that would insure that wouldn't happen. And so, that was one of the reasons why I can support the bill now because in the bill we did insert a provision to make sure that we didn't get locked in for 20 years, and the Water Resource Allocation Commission will have jurisdiction over that because if we did lock the water in, he is correct that it would be 20 years and no one could appeal, no reallocation could be made.

"So therefore, Mr. President, I think those points are well taken and that was the very reason why the bill was amended to not have that type of language in the bill, and the committee report actually reflects the deletion of that provision.

"Thank you."

Senator Anderson then said:

"I stand corrected on that part. Thank you very much, Mr. President."

The motion was put by the Chair and carried, Conf. Com. Rep. No. 138 was adopted and H.B. No. 2990, H.D. 2, S.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO AGRICULTURE," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 21. Noes, 4 (Anderson, Fernandes Salling, Ige, M., Slom).

Conf. Com. Rep. No. 139 (H.B. No. 3443, H.D. 1, S.D. 2, C.D. 1):

On motion by Senator Taniguchi, seconded by Senator Baker and carried, Conf. Com. Rep. No. 139 was adopted and H.B. No. 3443, H.D. 1, S.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO LOANS," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

Conf. Com. Rep. No. 140 (H.B. No. 2560, H.D. 2, S.D. 2, C.D. 1):

Senator Aki moved that Conf. Com. Rep. No. 140 be adopted and H.B. No. 2560, H.D. 2, S.D. 2, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Tam.

Senator McCartney rose to support the measure and said:

"Mr. President, I just wanted to thank the co-chairs of Education along with the co-chairs of the Ways and Means Committee. This is a bill you can truly be proud of. I think in years to come, people will be saying this is what helped make a difference to make our university truly world class. So I'd like to commend both of you who worked on the bill.

"Thank you."

The motion was put by the Chair and carried, Conf. Com. Rep. No. 140 was adopted and H.B. No. 2560, H.D. 2, S.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 24. Noes, none. Excused, 1 (Taniguchi).

Conf. Com. Rep. No. 146 (H.B. No. 1824, H.D. 2, S.D. 2, C.D. 1):

Senator Levin moved that Conf. Com. Rep. No. 146 be adopted and H.B. No. 1824, H.D. 2, S.D. 2, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Fernandes Salling.

Senator Slom rose to support the measure with reservations and said:

"Mr. President, I rise to speak in support of the bill with reservations.

"The bill's original contents have been gutted and the purpose of the new bill was really supposed to be modernization on the computer system. Basically, there's an exchange between the Health Services Corporation and the Attorney General. The \$650,000 which the corporation must expend, basically, is going for salaries, fringe benefits, furnishings, software, planning, design, and computers. I think we should have taken a closer look at how the monies were being expended.

"So I will vote with reservations."

Senators Solomon and Anderson also requested their votes be cast "Aye, with reservations," and the Chair so ordered.

The motion was put by the Chair and carried, Conf. Com. Rep. No. 146 was adopted and H.B. No. 1824, H.D. 2, S.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

#### FINAL READING

Conf. Com. Rep. No. 148 (H.B. No. 2710, H.D. 1, S.D. 1, C.D. 1):

Senator Baker moved that Conf. Com. Rep. No. 148 be adopted and H.B. No. 2710, H.D. 1, S.D. 1, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Fukunaga.

Senator Slom rose to speak on the measure with reservations:

"Mr. President, I rise to speak in support with reservations.

"What disturbs me about this bill, Mr. President, is we talk in here about a \$2.9 million windfall for the state's general fund in this the supplemental budget for the judiciary, and it's a windfall only because in another bill we have upped the fees for the judiciary, in many cases without any kind of rationale or logic as to why the fees were being raised. And I think it becomes plain now that what this was, was an attempt to provide additional revenue for the judiciary budget. As I had said the other day in speaking against the fee bill, in many cases we're going to price people out of our already beleaguered judiciary system.

"So I vote with reservations on this bill."

Senator Anderson then requested his vote be cast "Aye, with reservations," and the Chair so ordered.

The motion was put by the Chair and carried, Conf. Com. Rep. No. 148 was adopted and H.B. No. 2710, H.D. 1, S.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO THE JUDICIARY," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

Conf. Com. Rep. No. 149 (H.B. No. 1800, S.D. 1, C.D. 1):

On motion by Senator Baker, seconded by Senator Kawamoto and carried, Conf. Com. Rep. No. 149 was adopted and H.B. No. 1800, S.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO CASH MANAGEMENT OF STATE FUNDS," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

Conf. Com. Rep. No. 150 (H.B. No. 2800, S.D. 1, C.D. 1):

On motion by Senator Baker, seconded by Senator Fukunaga and carried, Conf. Com. Rep. No. 150 was adopted and H.B. No. 2800, S.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO MANAGEMENT OF STATE FUNDS," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

Conf. Com. Rep. No. 151 (H.B. No. 2803, S.D. 2, C.D. 1):

On motion by Senator Kanno, seconded by Senator Chun Oakland and carried, Conf. Com. Rep. No. 151 was adopted and H.B. No. 2803, S.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

Conf. Com. Rep. No. 152 (S.B. No. 2386, S.D. 2, H.D. 2, C.D. 1):

Senator Kanno moved that Conf. Com. Rep. No. 152 be adopted and S.B. No. 2386, S.D. 2, H.D. 2, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Chun Oakland.

Senator Kanno rose to support the measure and said:

"Mr. President, I rise to speak in support of this measure.

"Mr. President, this bill represents a positive step forward for our workers' compensation system. It enables coordinated care organizations to provide medical care to injured workers through a system that's coordinated and comprehensive. The first place to address workers' compensation costs is through preventive safety measures in the workplace, and this measure provides for that -- a coordinated system with cooperation and communication among the employer, the insurance company, the health care provider and the employee; prompt access to high quality care, appropriate treatment and getting workers back to the job.

"I'd like to acknowledge our Majority Leader from Kahaluu for the key role that he played in bringing the many parties together on this measure. A number of Senators worked throughout the interim with a large group of interested parties, together with Elizabeth Kent, the director of the Judiciary's Center for Alternative Dispute Resolution. We had the

assistance with facilitating the large group through Elizabeth Kent, DeeDee Letz, Neal Milner and Kem Lowry. Finally, I'd like to acknowledge Chris Pablo from Kaiser Permanente for his unique and special role with this legislation. When CCOs are up and running, injured workers and their employers are the true beneficiaries of this legislation; a large part of the credit for that should go to Chris Pablo.

"Thank you."

The motion was put by the Chair and carried, Conf. Com. Rep. No. 152 was adopted and S.B. No. 2386, S.D. 2, H.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO COORDINATED CARE ORGANIZATIONS," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 24. Noes, none. Excused, 1 (Fukunaga).

Conf. Com. Rep. No. 153 (S.B. No. 2689, S.D. 2, H.D. 2, C.D. 1):

On motion by Senator Kanno, seconded by Senator Chun Oakland and carried, Conf. Com. Rep. No. 153 was adopted and S.B. No. 2689, S.D. 2, H.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO EMPLOYEES RETIREMENT SYSTEM," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 24. Noes, none. Excused, 1 (Fukunaga).

Conf. Com. Rep. No. 154 (H.B. No. 3625, H.D. 3, S.D. 2, C.D. 1):

Senator Taniguchi moved that Conf. Com. Rep. No. 154 be adopted and H.B. No. 3625, H.D. 3, S.D. 2, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Baker.

Senator Slom rose to speak against the measure and said:

"Mr. President, I rise to speak against the bill.

"I'm all for the streamlining and elimination of duplication in government offices, but it seems like in this bill here we've been trading offices back and forth, and we really haven't achieved that purpose. In addition to that, the bill eliminates the appropriations for the aquaculture program which has the potential of being one of our more successful programs.

"Thank you, Mr. President."

Senator Baker rose to support the measure and said:

"Mr. President, I rise to speak in support of this measure.

"Contrary to the previous speaker, this measure actually moves the aquaculture development program from the Department of Land and Natural Resources to the Department of Agriculture where it more appropriately belongs, we believe, because it's merely agriculture in the ocean or in the water as opposed to soil. Actually, the funding for these positions, the six of the ten that were retained, is found in the executive supplemental budget. So this program has not been eliminated.

"I agree with the Senator. This is a very important program.

"Thank you, Mr. President."

Senator Anderson then rose and said:

"I'll be voting 'no' but I would like to ask the co-chair of Ways and Means if she would kindly answer a question."

Senator Baker having answered in the affirmative, Senator Anderson continued:

"On page 3, No. 2, it says, 'Eliminating the appropriations for the Aquaculture Program and the ADC' and I think that's what we're reading and if you put it somewhere else and there is funding, we looked and we couldn't find it. So all we can go by is your committee report which says that it's been eliminated."

At 8:29 o'clock p.m., the Senate stood in recess subject to the call of the Chair.

The Senate reconvened at 8:47 o'clock p.m.

Senator Slom then rose and said:

"Mr. President, I'm still trying to figure out if we're all singing off the same sheet here because we were told that the aquaculture function was transferred to the Department of Agriculture. Then we're told that in the budget it's under DLNR as an item, so what I'm looking for is the connection between the enabling legislation. Do we have that in this existing bill that we're voting on right now?"

Senator Baker responded:

"Mr. President, the bill that we're voting on moves the aquaculture program from DLNR to the Department of Agriculture. The funding for the program remains in Land and Natural Resources and once the bill passes, the positions and program funds will go over to Agriculture."

The motion was put by the Chair and carried, Conf. Com. Rep. No. 154 was adopted and H.B. No. 3625, H.D. 3, S.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO GOVERNMENT REORGANIZATION," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 23. Noes, 2 (Anderson, Slom).

Conf. Com. Rep. No. 155 (S.B. No. 2254, S.D. 2, H.D. 2, C.D. 1):

Senator Matsunaga moved that Conf. Com. Rep. No. 155 be adopted and S.B. No. 2254, S.D. 2, H.D. 2, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Chumbley.

Senator Slom rose in opposition to the measure and said:

"Mr. President, I rise to speak against this bill.

"I don't know why I have been involved in so many of these prostitution bills this session. I guess it's because they're so poorly drawn. I learned from the section 1 here that the reasons that we're concerned about prostitution is because it affects our visitor industry. And then I learn on page 1, line 12, that we're worried about people freeing themselves from the sex industry. I guess that's like the visitor industry and the sex industry and maybe the aquaculture industry.

"What I'm most concerned about is this is supposed to be an intervention. And on the last page of the bill, page 3, lines 11 and 12, it says as a condition of probation the defendant complete 'a course of prostitution intervention classes.' Nowhere in the bill, nowhere does it say what these classes are about, who's going to teach these classes, who's going to fund the classes, where they're going to be paid for, and so forth. So, if anybody can answer that for me, possibly one of the Judiciary co-chairs, I'd be very happy to learn about the prostitution intervention.

"Thank you."

Senator Matsunaga rose to support the measure and said:

"Mr. President, I rise in support of this measure.

"Actually, I just wanted to ask the good Senator if he was volunteering to give courses in that nature. (Laughter.)

"Actually, there is no mandate for the prostitution intervention classes. It is discretionary, at the judge's discretion. There is no funding provided. The applicable agencies that I am aware of that provide these types of services are seeking private funding to help provide these necessary services.

"Mr. President, we did pass a variety of measures aimed at curbing prostitution, especially in Waikiki, with the street walking problem. As I mentioned previously, this is one of the attempts to try and give those prostitutes a ray of hope, and a way out of this industry. And hopefully, the other measures that we passed will also go a long way in addressing this problem.

"Thank you, Mr. President."

Senator Slom then said:

"Will the good Senator yield to a question?"

Senator Matsunaga replied:

"Certainly."

Senator Slom inquired:

"What are the organizations or the agencies or the content of these classes that will give the prostitutes a ray of hope?"

Senator Matsunaga responded:

"There are two agencies that I am aware of that provide these types of services. One is Sisters Offering Support and the other is the Waikiki Health Center. Actually, the nature of the courses was contained in the Senate draft that we originally passed out. The House objected to specifying the nature of the services because they wanted the judge to have more flexibility in sentencing, so we did take that description out of the final version. But if you go back to the Senate version, there is some description of what those courses might entail.

Senator Slom then said:

"Thank you, Mr. President. Thank you, Mr. Co-Chair."

The motion was put by the Chair and carried, Conf. Com. Rep. No. 155 was adopted and S.B. No. 2254, S.D. 2, H.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO PROSTITUTION," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 23. Noes, 2 (Anderson, Slom).

Conf. Com. Rep. No. 156 (S.B. No. 2966, S.D. 2, H.D. 2, C.D. 1):

Senator Matsunaga moved that Conf. Com. Rep. No. 156 be adopted and S.B. No. 2966, S.D. 2, H.D. 2, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Chumbley.

Senator Slom rose to speak against the measure and stated:

"Mr. President, I will be voting 'no' on this bill also.

"It is my understanding that right now the court can try to impose fees, but I think part of the problem has been that it's been the imposition and the collection of the fees, and I'm just wondering what the mechanism is going to be in this bill if this bill were to pass into law. How are we going to impose and



guarantee that the fees, in fact, are collected because I think there is a provision in the bill that if the person, the defendant, is unable to pay, then we will waive the imposition of fees. So, if we can do it now in existing law, if we're going to exempt people that say that they can't pay, I want to know really what is the purpose and what kind of revenues would be generated from such a bill."

The motion was put by the Chair and carried, Conf. Com. Rep. No. 156 was adopted and S.B. No. 2966, S.D. 2, H.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO CRIMINAL INJURIES COMPENSATION," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 23. Noes, 2 (Anderson, Slom).

Conf. Com. Rep. No. 157 (S.B. No. 3220, S.D. 1, H.D. 2, C.D. 1):

On motion by Senator Bunda, seconded by Senator M. Ige and carried, Conf. Com. Rep. No. 157 was adopted and S.B. No. 3220, S.D. 1, H.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO THE CONVEYANCE TAX," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

#### RECONSIDERATION OF ACTIONS TAKEN

There being no objections, the President announced that motions for reconsideration of actions would be taken up at this time.

S.B. No. 1559, S.D. 2 (H.D. 3):

Senator Levin moved that the Senate reconsider its action taken on April 16, 1998, in disagreeing to the amendments proposed by the House to S.B. No. 1559, S.D. 2, seconded by Senator Fernandes Salling and carried.

Senator Levin moved that the Senate agree to the amendments proposed by the House to S.B. No. 1559, S.D. 2, seconded by Senator Fernandes Salling.

Senator Levin noted:

"Mr. President, S.B. No. 1559, H.D. 3, will provide for a lead abatement program."

The motion was put by the Chair and carried.

By unanimous consent, action on S.B. No. 1559, S.D. 2, H.D. 3, was deferred until later on the calendar.

S.B. No. 2757, S.D. 1 (H.D. 1):

Senator Levin moved that the Senate reconsider its action taken on April 16, 1998, in disagreeing to the amendments proposed by the House to S.B. No. 2757, S.D. 1, seconded by Senator Fernandes Salling and carried.

Senator Levin moved that the Senate agree to the amendments proposed by the House to S.B. No. 2757, S.D. 1, seconded by Senator Fernandes Salling.

Senator Levin then noted:

"Mr. President, S.B. No. 2757 deals with environmental assessments and allows them to be withdrawn by an applicant and also allows an applicant to extend the comment period for up to 15 days."

The motion was put by the Chair and carried.

By unanimous consent, action on S.B. No. 2757, S.D. 1, H.D. 1, was deferred until later on the calendar.

At 8:55 o'clock p.m., the Senate stood in recess subject to the call of the Chair.

The Senate reconvened at 8:59 o'clock p.m.

S.B. No. 3213, S.D. 2 (H.D. 1):

Senator D. Ige moved that the Senate reconsider its action taken on April 16, 1998, in disagreeing to the amendments proposed by the House to S.B. No. 3213, S.D. 2, seconded by Senator Metcalf and carried.

Senator D. Ige moved that the Senate agree to the amendments proposed by the House to S.B. No. 3213, S.D. 2, seconded by Senator Metcalf.

Senator D. Ige then noted:

"Mr. President, S.B. No. 3213 establishes continuing education requirement as a condition for license renewal for insurance licensees. It also establishes a process to determine continuing education course providers, materials and other requirements and establishes an insurance licensing administration revolving fund. It also increases the fees for licenses.

"The Senate position was that 100 percent of the fees should go into the revolving fund for administration of the program. The House amendment essentially deposited 50 percent into the revolving fund with the remaining 50 percent going into the general fund. Although this is not the position we'd like to proceed on, the insurance agents have requested and do want the continuing education requirements to be established this session. It does help them with dual licensing and concurrent licensing in other states, and it does make it easier for insurance agents to practice in other states."

The motion was put by the Chair and carried.

By unanimous consent, action on S.B. No. 3213, S.D. 2, H.D. 1, was deferred until later on the calendar.

S.B. No. 2782 (H.D. 2):

Senator Chumbley moved that the Senate reconsider its action taken on April 16, 1998, in disagreeing to the amendments proposed by the House to S.B. No. 2782, seconded by Senator Matsunaga and carried.

Senator Chumbley moved that the Senate agree to the amendments proposed by the House to S.B. No. 2782, seconded by Senator Matsunaga.

Senator Chumbley explained:

"Mr. President, we've had time to give those amendments further consideration and agree to them at this point."

The motion was put by the Chair and carried.

By unanimous consent, action on S.B. No. 2782, H.D. 2, was deferred until later on the calendar.

#### FINAL READING

#### MATTERS DEFERRED FROM EARLIER ON THE CALENDAR

S.B. No. 1559, S.D. 2, H.D. 3:

Senator Levin moved that S.B. No. 1559, S.D. 2, H.D. 3, having been read throughout, pass Final Reading, seconded by Senator Fernandes Salling.

Senator Slom rose to speak against the measure and said:

"Mr. President, I rise to speak against the bill.

"The bill, again, creates a special fund, the lead and asbestos abatement special fund. I'll be voting 'no.'"

The motion was put by the Chair and carried, the Senate agreed to the amendments proposed by the House to S.B. No. 1559, S.D. 2, and S.B. No. 1559, S.D. 2, H.D. 3, entitled: "A BILL FOR AN ACT RELATING TO ENVIRONMENTAL HEALTH," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 18. Noes, 7 (Anderson, Fernandes Salling, Iwase, Sakamoto, Slom, Solomon, Tanaka).

S.B. No. 2757, S.D. 1, H.D. 1:

On motion by Senator Levin, seconded by Senator Fernandes Salling and carried, the Senate agreed to the amendments proposed by the House to S.B. No. 2757, S.D. 1, and S.B. No. 2757, S.D. 1, H.D. 1, entitled: "A BILL FOR AN ACT RELATING TO ENVIRONMENTAL ASSESSMENTS," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

S.B. No. 2782, H.D. 2:

On motion by Senator Chumbley, seconded by Senator Matsunaga and carried, the Senate agreed to the amendments proposed by the House to S.B. No. 2782 and S.B. No. 2782, H.D. 2, entitled: "A BILL FOR AN ACT RELATING TO THE RELIEF OF CERTAIN PERSONS' CLAIMS AGAINST THE STATE AND PROVIDING APPROPRIATIONS THEREFOR," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

S.B. No. 3213, S.D. 2, H.D. 1:

Senator D. Ige moved that S.B. No. 3213, S.D. 2, H.D. 1, having been read throughout, pass Final Reading, seconded by Senator Metcalf.

Senator Slom rose to speak in opposition to the measure and stated:

"Mr. President, I rise to speak against the bill.

"There are several problems with this bill. The co-chair of CPI mentioned one of them, that we're raising the fees, first of all, for all insurance people. And secondly, the original purpose of those fees was to go into the revolving fund but now 50 percent of those fees are going to go into the general fund. So again, this is a tax increase.

"Secondarily, as testimony brought out, a greater education, continuing education, does not seem to be such that it's going to improve either the life insurance product or lower the premiums. I'm going to vote 'no.'"

Senators Solomon and Iwase requested their votes be cast "Aye, with reservations," and the Chair so ordered.

The motion was put by the Chair and carried, the Senate agreed to the amendments proposed by the House to S.B. No. 3213, S.D. 2, and S.B. No. 3213, S.D. 2, H.D. 1, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 23. Noes, 2 (Anderson, Slom).

The President then said:

"Because the next bill on the Order of the Day has a 9:48 p.m. clocking, I will call on Senator Chumbley to make a presentation at this time.

Senator Chumbley rose on a point of personal privilege and stated:

"Mr. President, I rise on a point of personal privilege.

"Mr. President, last week on Friday night the good Senator from Mililani recognized a departing friend on behalf of the members of this honorable institution. But tonight, Mr. President, I have the privilege and the honor, on behalf of the family of the Senator from Kahuku/Kaneohe, to present him with a token of their commitment and love to him.

"Mr. President and colleagues, over the past ten years the good Senator has been the subject of numerous cartoons. But tonight he is given his diploma in the form of a cartoon. Tonight he graduates from this public institution that we call the Legislature, and on behalf of Darlene McCartney, Bricen McCartney and Jaren McCartney, they commissioned Corky Trinidad to immortalize their husband and their father through this cartoon. And, Mr. President, it reads: 'Educator, legislator, and da kine people guy.' So Mike, on behalf of your family, congratulations on your contributions to your community and to the citizens of our state, and we're glad to have you back home with us.

"Mr. President, at this time the good Senator from Palolo has some additional comments to make, with your consent."

Senator Matsunaga then rose and said:

"Mr. President, I rise on a point of personal privilege.

"Mr. President, I just wanted to add some personal thoughts on what the Senator from Kahaluu has meant to me. He's been a great inspiration to me and a sound role model. He's always encouraged me and challenged me, and has repeatedly been the source of sage advice. As a matter of fact, during our last conference committee of the Judiciary when one of the House conferees made a particularly ignorant remark, the Senator turned to me and whispered, 'Take 'em to the hoop, Matt.' (Laughter.) We have laughed together, perhaps more than we should have; we've cried together when we've had to take painful positions, and we've stood firm together during scary moments. And we also founded the Bad Boys Club of the Senate.

"And I know the Senator from Mililani has eloquently expressed all the reasons why we're going to miss the Senator from Kahaluu, but I thought I'd share the top eight reasons why we're not going to miss him:

8. No more suggestions of guava stew for caucus lunch;
7. No more anonymous phone calls from Walter Pacheco;
6. No more hair envy from follicly challenged Senators;
5. No more raids on our junk food stash by a foraging Mike;
4. No more herbal drugs thrust on us, whether it's kava, St. John's wort or viagra (he's a walking pharmacy);
3. No more bad Joe Souki impressions;
2. No more being paged, and when you call the number you get Fantasy Escort Services;

and finally, Mr. President, the number one reason why we're not going to miss Mike McCartney is:

1. No more being questioned by the police about Iron Mike's alleged terroristic threatening.

"Thank you, Mr. President." (Laughter.)

Senator Ihara rose and said:

"Mr. President, I'd like to take this opportunity to thank my Co-Majority Leader and partner for two years of great adventure and experimenting and building our collaborative leadership model, as we call it, really a new political culture in the Senate, and we hope beyond the Senate, and Senator McCartney will hopefully be our first model Senate partner outside the Senate.

"Instead of being firemen, which I think is probably the macho culture image, we were called on to be innovators and creativity catalysts in very, very unique and difficult situations where we'd be called in where there were communication needs, I guess, amongst co-chairs, etc., if you know what I mean. And these situations called for a lot of creativity and, Mr. President, I must say that I'm going to miss Senator McCartney because together our minds and our creative ideas have produced, if I might say, a number of successes this session and the last session.

"Also, I want to thank Mike for being the spokesperson for our co-majority leadership partnership and I'd like to wish you the best in your future endeavors. I'd also like to thank Darlene, Bricen and Jaren for allowing us to have Mike for all of those many, many hours that he was with us to make our state a better place to live.

"And finally, Mr. President, just like the idea of peace, I think, arose in the midst of war, it must have been in those rough and tumble days of the 80's with, I think it was, Senator Charlie Toguchi when maybe Mike came up with the idea of collaboration in the Senate when he served as a staff member. And I'd like to ask former Senator Charlie Toguchi to rise, as Mike's mentor, and acknowledge him. (Mr. Toguchi who was seated in the gallery then rose to be recognized.)

"Thank you, Mr. President."

Senator D. Ige then rose to add his remarks as follows:

"Mr. President, I would also like to rise on a point of personal privilege.

"Last Friday, I guess I wasn't really prepared and my staff was shocked when I had nothing to say, but I did have a lot to say and the Senator from Liliha kind of screwed me up because I couldn't get the words out. But I did want to thank the Senator from Kahuku and Kahaluu on behalf of all the children of Hawaii. I think everyone in this building and everyone in the Department of Education recognizes Mike's efforts on behalf of public school students throughout the state.

"You know, we made a good team because we covered the full spectrum. I was the techy nerd with the pocket protector and all the pencils and the Pan Am bag who went to every class and tried to do all the right things, and Mike was the guy who showed up with no pencil and borrowed folder paper from the student next to him and just tried to make it through. I was the student who got all A's and one B and Mike was the student who got all C's and one A. And somehow in our working to improve the public school system, we were certain that we, collectively, were more than we were individually. And I just wanted to thank him on behalf of all the public school students in the state."

Senator Metcalf rose and said:

"Mr. President, actually there was more than one art work that was commissioned. In fact, in my judgment it was actually rather superior to Mr. Trinidad's work. (Laughter.) And I ask the good Senator to display that as well, as a token of our esteem for his outstanding legislative achievements. Thank you." (More laughter.)

The President then said:

"I'd like to invite Mike's wife, Darlene, and his two sons and his mentor, Charles Toguchi, to the floor so that they may join in accepting our portraits and drawings from the Senator from Hilo.

"And at this time I'd like to yield the floor to our departing Senator."

Senator McCartney then rose to say:

"Mr. President and colleagues, first of all I would just like to publicly thank my wife. I don't know if she knew what she was getting into, but I remember the days when we would walk door to door, house to house, every single day; holding signs on Likelike Highway at 5:00 in the morning to 8:00 in the morning, and the rocks flying in her face and dirt getting into her hair and then having to go to work after that. And I just want to acknowledge that it was through her efforts that we were able to get elected. And I want to thank my sons for putting up with me for not always being home, not always being there when I should be.

"I want to thank my friend up there, Charles Toguchi, who has taught me so much. I remember him telling me before I got in when I decided to work for him, he said, you know, a lot of people want to run for office and get into office, but once they get there, that's their goal. But he said if you want to run for office, you've got to know what you want to do after you get there and have other goals than just getting in office. And I really appreciate his support and his counsel, and I'm really honored to have him here tonight.

"And I just want to thank all of you. This has been one of the most memorable experiences of my life, something that I'll never forget. And I guess in life everything changes and time moves on. And for me this is not a retirement but just a transformation to do something different, but I still support all of you and I'll work very hard to make a difference. The time we spent together will always mean a lot to me. And again, as I said, no matter whether we agreed or disagreed, we may have had arguments, I still love and appreciate all of you. And I'm really proud to say that I'm a member of this body and that I served here. And so, from the bottom of my heart I just want to say Mahalo and thank you very much. Aloha."

At 9:16 o'clock p.m., the Senate stood in recess subject to the call of the Chair.

The Senate reconvened at 10:09 o'clock p.m.

#### MESSAGE FROM THE GOVERNOR

Gov. Msg. No. 343, dated May 13, 1998, transmitting the Executive Order providing for a further extension of the Regular Session of 1998 of the Nineteenth State Legislature, as follows:

#### "EXECUTIVE ORDER

WHEREAS, Section 10 of Article III of the Constitution of the State of Hawaii provides that an extension of not more than fifteen days of any session may 'be granted by the presiding officers of both houses at the written request of two-thirds of the members to which each house is entitled or may be granted by the governor'; and

WHEREAS, pursuant to said Section 10 of Article III, the Regular Session of 1998 of the Nineteenth Legislature of the State of Hawaii has been extended; and

WHEREAS, the Governor has been requested to grant a further extension and it appears that such a further extension is necessary;

NOW, THEREFORE, I, BENJAMIN J. CAYETANO, Governor of Hawaii, pursuant to the power vested in me by Section 10 of Article III of the Constitution of the State of Hawaii, do hereby extend the Regular Session of 1998 of the Nineteenth Legislature of the State of Hawaii for a period of 1 hour following 12:00 o'clock midnight, May 13, 1998.

DONE at the State Capitol, Honolulu,  
State of Hawaii, this 13th  
day of May, 1998

/s/Benjamin J. Cayetano  
BENJAMIN J. CAYETANO  
Governor of Hawaii

APPROVED AS TO FORM:

/s/ Margery S. Bronster  
MARGERIE S. BRONSTER  
Attorney General"

was read by the Clerk and was placed on file.

At this time, the President made the following announcement:

"Members of the Senate, from this point on, if there are no objections, we will be calling for discussion only, for the remaining bills listed on the Order of the Day. We will then vote on these measures after all the discussion has been completed."

#### FINAL READING

There being no objections, the Senate commenced with the discussion of the following bills for Final Reading:

Conf. Com. Rep. No. 158 (S.B. No. 2092, S.D. 1, H.D. 1, C.D. 1):

By unanimous consent, action on Conf. Com. Rep. No. 158 and S.B. No. 2092, S.D. 1, H.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO INCOME TAX LAW," was deferred until later on the calendar.

Conf. Com. Rep. No. 159 (H.B. No. 2750, H.D. 1, S.D. 1, C.D. 1):

By unanimous consent, action on Conf. Com. Rep. No. 159 and H.B. No. 2750, H.D. 1, S.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO STATE BONDS," was deferred until later on the calendar.

Conf. Com. Rep. No. 160 (H.B. No. 1533, H.D. 2, S.D. 1, C.D. 1):

Senator Baker moved that Conf. Com. Rep. No. 160 be adopted and H.B. No. 1533, H.D. 2, S.D. 1, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Fukunaga.

Senator Slom rose to speak against the measure and said:

"Mr. President, I'll be speaking against H.B. No. 1533.

"That's the bill, of course, that transfers all of the special funds, but unless I'm incorrect, in one of the earlier versions this was going to extend the moratorium on the unemployment compensation employment payroll training fund. And I think that the current version, the C.D. 1, does not extend that moratorium, which means that if it does not then the employers will have to pay that tax again, beginning January 1. So if I could have a clarification on that I would appreciate it. Otherwise, I will be voting 'no' on that bill."

Senator Fukunaga responded as follows:

"Mr. President, the bill no longer contains any references to the employment training fund. That's correct."

Senator Slom then said:

"Thank you."

By unanimous consent, action on Conf. Com. Rep. No. 160 and H.B. No. 1533, H.D. 2, S.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO STATE FUNDS," was deferred until later on the calendar.

Conf. Com. Rep. No. 161 (S.B. No. 2213, S.D. 2, H.D. 2, C.D. 1):

Senator Kanno moved that Conf. Com. Rep. No. 161 be adopted and S.B. No. 2213, S.D. 2, H.D. 2, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Chun Oakland.

Senator Kanno rose in support of the measure and said:

"Mr. President, I rise to speak in support of this measure.

"This measure addresses the Konno ruling by allowing the state and counties to privatize without threat of lawsuit. The measure also transforms the state's accounting, procurement, and budgeting systems with the implementation of a new performance based budgeting system. The measure also provides for a managed competition process to implement public/private competition for government services. Once implemented, this measure provides for a system of government that's accountable, competitive and cost effective.

"I do not believe that any of the parties is totally happy with the outcome on this bill. It's a compromise measure that allows the counties and state to privatize while protecting the interests of the affected employees.

"Thank you."

Senator Slom rose to speak on the measure with reservations and said:

"Mr. President, I rise to speak in support of the bill with reservations.

"Contrary to the last speaker, I think there is at least one party that's very happy with the bill. That's the head of the United Public Workers Union because the bill does not directly address the Konno decision. It does not directly address what the four county mayors have asked for; does not solve the problem of long-term contracts; does not provide tools of privatization. So it's better than what we had last year which was absolutely nothing, nada, zippo, but it is not a good bill and it's not the best that we could have done."

Senator Kanno responded as follows:

"I'd like to respond to the previous speaker.

"I read with much interest that the Mayor of the Big Island indicated that the bill addressed at least 90 percent of the concerns raised in his county.

"Thank you."

Senator Anderson rose to speak on the measure with reservations and said:

"I'll also be with reservations, and I'm sure that what the chairman of labor said is quite true. However, it'll take care of 90 percent of the problems that we're having now. If you're in private enterprise and you have a long-term contract that's coming up, we don't have future work. They will do only short term. So that's the problem with this bill. It's a very shortsighted bill. It doesn't allow for future expansion, so people will not go into a long-term type of business that we would like to go into.

"So I'm going to vote for the bill, but I certainly do have reservations when we're going to really not be as open to the idea of privatization as we should be.

"Thank you very much, Mr. President."

Senator Kanno rose to respond to the previous speaker and said:

"If I could address the concerns raised that contracts shall be terminated at the end of the three-year period on June 30, 2001. Through the conference committee discussions it was made clear with clarifying language that the bill doesn't do that at all. It doesn't terminate any contract. Rather, any contract that extends past 2001 shall go under a single review under the new managed competition process. It's not our intent to terminate or limit any long-term contracts. We are looking for long-term solutions for our state's accounting, procurement and budgeting systems as well as creating a system for the long term for public and private competition to provide government services that are accountable, competitive and cost effective.

"The bill provides for a transition period where over the next three years there is a moratorium on any law suits through which period the counties can privatize, on June 30, 2001, when the managed competition process is up and running, contracts that extend into that period will be reviewed one time to compare whether the public sector or private sector could provide those services more efficiently and more effectively.

"Thank you."

Senator Anderson then said:

"A very fast rebuttal, Mr. President.

"Just for information for the chairman, I used to bid with the state and the counties. I no longer bid. It's not profitable for most businesses. The way the law is written up, it's junk. And if you're looking at payment, we're late. The economy is down. And that's why businesses are not wanting to come aboard. So we're not helping when we're not trying to help look and help businesses for the future.

"So, just for your information as a former person that used to do business with the state and counties, I don't want to anymore, and I don't bid.

"Thank you very much."

By unanimous consent, action on Conf. Com. Rep. No. 161 and S.B. No. 2213, S.D. 2, H.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO STATE GOVERNMENT," was deferred until later on the calendar.

Conf. Com. Rep. No. 162 (H.B. No. 2648, H.D. 2, S.D. 1, C.D. 1):

Senator Kanno moved that Conf. Com. Rep. No. 162 be adopted and H.B. No. 2648, H.D. 2, S.D. 1, C.D. 1, having

been read throughout, pass Final Reading, seconded by Senator Chun Oakland.

Senator Kanno rose in support of the measure and stated:

"Mr. President, I rise to speak in support of the measure.

"This measure addresses the Mitchell ruling by prohibiting workers' compensation stress claims resulting from discipline. Mr. President, this measure is one of five priority employment bills meant to help the economy and assist the employers in our state. The four other bills include privatization, coordinated care organizations, job reference liability, and providing employers access to conviction records.

"Thank you."

Senator Iwase rose to speak against the measure and said:

"Mr. President, I rise to speak in opposition to the bill.

"Mr. President, earlier on this evening I talked about the Legislature being perhaps called the could have, should have, but did not Legislature. This bill represents one of the more egregious examples of the Legislature not achieving what it could have.

"Mr. President, if someone is drowning and you see that person drowning, you don't throw him half the length of the rope. Some may think that it's helping the person who's drowning because now he only has to swim half the distance to save himself. Well, I don't think that's enough. You throw in enough rope to save that person from drowning, and we didn't do that with this bill.

"On first crossover, a similar proposal passed the Senate by a 15 to 10 vote. This measure really does not philosophically change that version which was voted against by 10 Senators. It is still mental stress resulting from disciplinary action. There is a change in just cause to good faith, but it limits itself to the facts of the Mitchell case. We did not go far enough because I don't think we are addressing the scope of the Mitchell case.

"Mr. President, I think some of us received from the attorney general stress cases from personnel action. And I would like to read two cases -- one settled, one pending -- that would not be covered by this bill if it becomes law because it is not disciplinary action. It is, maybe, employment action. It may be personnel action, but it is not disciplinary action.

"First, an employee claimed stress after verbal disagreements with supervisor over employee's job assignment. The employer made a decision that the employee should perform a particular assignment due to the employee's experience and was discussing this assignment with the employee when employee left and never returned to work.

"Second, an employee who was promoted -- promoted -- filed a stress claim because the employee was having difficulty in the new job. The compensation division found the claim compensable. The employer is appealing to the Labor Industrial Relations Board.

"Both fact situations would not fall under this bill and that is why when this bill was originally before us, 10 Senators said that we had to expand the scope to deal with the full implications of the Mitchell decision, and we didn't. Mr. President, we could have. We could have, before us today, an acceptable bill. I assume it's the ERTF proposal -- it says ERTF-5 on the bottom and let me read from it: 'Senate Bill 2206, no compensation shall be allowed for an employee's physical or mental impairment' -- physical or mental impairment -- 'if it results from a justified disciplinary action or other bona fide personnel action.'

"We could have this bill before us today, we should have this bill before us today, and we don't have this bill before us today. Should have, could have, didn't.

"Mr. President, early on when we had this debate I talked about the statute from the State of Maine, which is also quoted in the Mitchell case, the statute from the State of Maine. So let me read you this provision from the Maine statute. The State of Maine has a Democratic governor and a Democratic legislature. I assume Democrats in Maine have some sympathy to labor as do Democrats in Hawaii. 'A mental injury is not considered to arise out of and in the course of employment if it results from any disciplinary action, work evaluation, job transfer, lay off, demotion, termination, or any similar action taken in good faith by the employer.' This is the statute from the State of Maine.

"The Mitchell case also quotes a statute from the State of New Mexico and it talks about disciplinary action being exempt, also corrective or job evaluation action or cessation of the worker's employment.

"Again, Mr. President, if we just want to go with the Maine statute, we could have, we should have, and we didn't. We don't have this bill before us today.

"The effects of the Mitchell case, as we checked it out, millions of dollars of impact on an already beleaguered small business class of people, state government, county governments. The attorney general's examples to us demonstrate that cases are not for stress, are not limited to stress caused by disciplinary action. If you've read this digest from the attorney general, you will see that very few of these cases involve disciplinary action. This cost is a recurring cost, it's a 3 percent hit on workers' compensation cost. It is \$7 million, perhaps, in the first year. Because it's recurring it may end up to be \$35 million, this at a time when we're talking about helping the economy.

"I agree with the Senator from Kapolei that the major issues that we should have dealt with are privatization, coordinated care, job reference liability, the Mitchell case. We should have, we could have, we did not.

"What you hear from many of these cases and bills before us is -- it's better than nothing; it's better than last year. Well, Mr. President, that is not good enough! We should have the ERTF bill before us today, and it's not. And so I'm going to be voting 'no.'

"Thank you."

By unanimous consent, action on Conf. Com. Rep. No. 162 and H.B. No. 2648, H.D. 2, S.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO WORKERS' COMPENSATION," was deferred until later on the calendar.

Conf. Com. Rep. No. 163 (H.B. No. 2563, S.D. 2, C.D. 1):

Senator Tam moved that Conf. Com. Rep. No. 163 be adopted and H.B. No. 2563, S.D. 2, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Aki.

Senator Tam rose to support the measure and said:

"Mr. President, I stand to speak in favor of H.B. No. 2563, S.D. 2, C.D. 1.

"This bill is relating to school-based budgeting. In the late 1980's the Legislature adopted legislation entitled or called School/Community-Based Management. Today we're adding to School/Community-Based Management in order to make it a reality by embracing the necessary financial application called school-based budgeting. Specifically, school-based budgeting does the following:

1. Decision making at the school level. This is a bottom-up approach to decision making, not a top-down approach.
2. Collaboration of the parties within the school.
3. Acknowledgement of the funding of school's priorities in achieving quality education in accordance with the goals of 2000.
4. Enables the Legislature to move more adequately towards budgeting properly for public education in its classroom needs.

"In this legislation we are embracing a form of government called 'Democracy.'

"Thank you."

By unanimous consent, action on Conf. Com. Rep. No. 163 and H.B. No. 2563, S.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO SCHOOL-BASED BUDGETING," was deferred until later on the calendar.

Conf. Com. Rep. No. 164 (H.B. No. 2564, H.D. 1, S.D. 2, C.D. 1):

Senator Tam moved that Conf. Com. Rep. No. 164 be adopted and H.B. No. 2564, H.D. 1, S.D. 2, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Aki.

Senator Kawamoto then rose and said:

"Mr. President, I want to rise not with reservation but with a comment. The comment is that with this bill and the previous bill, school-based budgeting and the student-centered schools, my concern is we are pushing the fiscal responsibility down to the schools, and yet they do not have the personnel to handle this type of responsibility. That's the reason why I hope that the co-chairs of Education could relay to the Board of Education and the Department of Education for the need of a business manager at the high schools. The business manager would handle the fiscal responsibility of all the monies that we are providing the schools under these three bills.

"The importance of the business manager can be related by my school, Waipahu High School, where we've had a business manager for four years now. And we bought the position from our allotment. This gentleman has proven himself. He has saved three times his salary in the school and for the Department of Education.

"People know the type of fiscal responsibility that goes along with the monies that are sent down to schools. And we need to have somebody to speak out and say we have a responsibility to have someone with this fiscal responsibility. Currently, unless we hire business managers, many of our educational officers do not have the training or the background for this kind of fiscal responsibility. And I think all of the school principals will join me and say they need a business manager. So I hope that the co-chairs of Education can again relay to the Department of Education and the Board of Education the requirement of this essential position.

"Thank you."

Senator Tam then said:

"Mr. President and fellow colleagues, I thank my fellow Senator who just spoke.

"We're very pleased to say that the Education Committee does support the business manager approach. Unfortunately, at this time not enough dollars are available to fund these positions. There is flexibility within the schools whereby they

have cost savings. They can fund those positions on a temporary basis.

"And also, if I may state, earlier I had mentioned that the Education Committee has talked to the Board of Education and we intend to work on a partnership basis in going around the State of Hawaii with public hearings in reference to this budget and future budgets before us.

"Thank you."

By unanimous consent, action on Conf. Com. Rep. No. 164 and H.B. No. 2564, H.D. 1, S.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION," was deferred until later on the calendar.

Conf. Com. Rep. No. 165 (H.B. No. 2749, H.D. 1, S.D. 1, C.D. 1):

Senator Baker moved that Conf. Com. Rep. No. 165 be adopted and H.B. No. 2749, H.D. 1, S.D. 1, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Fukunaga.

Senator Baker rose to support the measure and said:

"Mr. President, I rise to speak in favor of H.B. No. 2749, C.D. 1.

"Mr. President, this measure brings significant tax relief to our families and many small businesses. Throughout this past session we've considered many different proposals. The original ERTF proposal and House proposals offered a bigger break but were unaffordable and untenable because both were premised on raising the general excise tax.

"The Senate remained firm in its opposition to any GE tax increase and successfully held off attempts to implement a tax increase by offering a larger personal income tax cut as a sweetener. Some of our best economic minds indicated that such a move would not be in the best interest of our constituents or small business community. The Senate advanced a plan to provide meaningful relief that we could afford.

"This measure provides meaningful and timely tax relief to Hawaii's families. I should note that the Senate plan offered \$159 million worth of tax relief. The bill before us offers \$159 million worth of tax relief in the first year. Although all tax payers will realize a reduction, the proposal before us, as did the Senate plan, is designed to give middle and lower income families the most profound and immediate tax relief.

"This bill amends the income tax brackets and phases in a reduction over four years. We propose to reduce the top income tax rate from its current 10 percent to 8.25 percent by the year 2002. This will bring our state in line with many other states throughout the country in the range of personal income tax rates.

"In an effort to provide further relief to families and individuals who need it the most, H.B. No. 2749, C.D. 1, replaces the food tax credit with a low-income refundable tax credit, targeted at those with incomes below \$20,000. This makes our tax system more fair, more progressive, and really assists those who have the greatest difficulty in handling the tax burden.

"Mr. President, your Committee on Ways and Means believes that this tax proposal implements significant tax relief for the people of Hawaii, while at the same time preserving our economic integrity. This is a very important measure for our times and I urge all my colleagues to support this measure."

By unanimous consent, action on Conf. Com. Rep. No. 165 and H.B. No. 2749, H.D. 1, S.D. 1, C.D. 1, entitled: "A BILL

FOR AN ACT RELATING TO TAXATION," was deferred until later on the calendar.

Conf. Com. Rep. No. 166 (H.B. No. 2909, H.D. 2, S.D. 1, C.D. 1):

By unanimous consent, action on Conf. Com. Rep. No. 166 and H.B. No. 2909, H.D. 2, S.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR AGRICULTURAL RESEARCH AND DEVELOPMENT," was deferred until later on the calendar.

Conf. Com. Rep. No. 167 (S.B. No. 2259, S.D. 1, H.D. 1, C.D. 1):

Senator Baker moved that Conf. Com. Rep. No. 167 be adopted and S.B. No. 2259, S.D. 1, H.D. 1, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Fukunaga.

Senator Slom rose in opposition to the measure and said:

"Mr. President, I will be voting against this bill.

"I've spoken against this bill on several occasions before, or on the provisions of the bill. First of all, the transient accommodations tax, I think, is ill conceived. Even though some of the people in the hotel industry had gone along with the idea of a 1 percent increase, they're going to get a 1.5 percent increase or more at a time when we're being told that around the world we're becoming less competitive as a visitor destination area because of our increase in costs.

"The counties, because they are going to be losing money in the revenue measures that we're passing this evening, have already indicated that they may take a look at hotel properties and raise the hotel property tax rate. So I think that's going to be a lose-lose situation for the industry.

"As far as the transient occupancy tax, the tax on time-share rentals, I've said on at least four separate occasions, I believe this to be unconstitutional. I think that the attorneys will welcome the passage of this bill because it will give them a great deal of new business. We're talking about taxing private property that has already been paying taxes. It is not in the same position as transient hotel rentals.

"So I think that this bill is ill-conceived. I don't think it's going to revitalize anything. I think that it's going to hurt the one primary industry that we still have left.

"Thank you, Mr. President."

Senator Iwase also rose to speak against the measure and stated:

"Mr. President, I'm rising to speak in opposition to the bill.

"Mr. President, it's with great reluctance that I rise to speak in opposition to the bill. Everyone in this state knows that tourism is our number one industry and this government ought to support it to the fullest extent possible. I'm pleased that we funded the Miss Universe Pageant and got all that free publicity at a time when we need to have people come to this state and help to revitalize our tourist industry.

"Unlike my colleague from Hawaii Kai, however, I did support the 11 percent tax that was proposed by the visitor industry coalition. I supported it because it provided full funding for the \$60 million for tourist promotion. At least the House version would have made the convention center whole in its debt service or close to it. And most importantly, it would make the counties whole. The counties will not lose money.

"As I understand what we have today, Mr. President, we presently give about \$25 million to \$30 million in general funds

to the tourist industry for promotions. With this new package, we won't have to give that money. Thus we get back \$25 million to \$30 million in the general fund. What is interesting to note, Mr. President, is this is a new proposal. In this proposal the state is not going to be funding tourist promotion because it's really going to be on the backs of the counties. At the budget conference, the chair of the Finance Committee said that the hit on the counties will be somewhere between \$27 million to \$29 million, and that at least next year they could make it up, \$20.4 million, possibly, to the adjustment to the ERS salary assumption and the refund from the Employees Health Fund, but that amount drops the following year. And therefore, the counties' share is reduced. The counties have to make up more money.

"It is important to understand that the counties have a very limited tax base to raise funds to cover this loss. They can raise real property tax. That's one taxing authority we've given them. They can raise the motor vehicle weight tax, which is another taxing authority we've given them. They can raise the gasoline tax, which is another taxing authority we, the state, has given them. Other than that there is no big money generator for the counties.

"In this morning's paper the budget chair of the City Council talked about raising the RPT on the hotels. I hope they don't do that because it's really going to hurt the tourist industry even further. But the counties are being asked to fund this new program -- not the state -- the counties are. The statement that everybody must share the pain presumes that at this very moment the government of the City and County of Honolulu and the governments of the County of Hawaii and Kauai and Maui have no pain. They do. The Mayor of Kauai is already talking about raising the real property tax because of the loss of revenue. This adds to the county's burden. How come we are asking them, then, to fund this program? Perhaps the suggestions made by the neighbor islanders that we should just abolish the state authority and let each county have its own tourist promotion agency makes sense if we're going to ask the counties to fund the promotion of tourism for the entire State of Hawaii.

"Finally, Mr. President, I'm very concerned that this bill will not make the convention center whole when its debt service hits \$40 million. The convention center is up. It is there. You can drive by it. You can touch it. You can see it. Walk up close enough, you can even smell it. It's there. We have to make it work -- we have to make it work. If that fails, good God, what is left?

"Thank you, Mr. President."

Senator Kawamoto rose to speak on the measure with reservations and said:

"Mr. President, I rise to speak in favor of the bill with reservations.

"Mr. President, as co-chair of the TIA Committee, we handle the counties' concerns and this is where we have some concerns. The counties came in as we started the process of the TAT. They came in. We had meetings before the session started and then we had meetings during the session. They were concerned about the possibility of cuts for the counties in the proposed TAT.

"The first year with the health fund and the ERS, it appears that the county portions would be cut by about 8 to 10 percent, and Honolulu County would receive more monies than they had in the past. But as we go on to the second and third years, we see that the County of Kauai would have a negative of about 31 percent; Hawaii County about 29 percent; Honolulu County about 25; and Maui County about 26 percent. I can see where Honolulu County and Maui County may be able to withstand the negative figures under the TAT. My concern is the small counties of Kauai and the Big Island. To try to recover 30

percent of the TAT from their means, it would be difficult at best.

"Therefore, as co-chair of TIA I'm voting with reservations on this bill."

Senator Fukunaga rose in support of the measure and stated:

"Mr. President, I rise to speak in support of this measure.

"This bill represents the forging of a set of partnerships between the visitor industry, the broader community at large, the Legislature and the state administration. All of you will remember when we first began, the visitor industry coalition's consensus was for an 11 percent increase in the TAT in conjunction with the reduction of the GET on hotel room rates. Unfortunately, as time progressed and as our budget picture began to worsen, the House of Representatives changed its position. Accordingly, as we began moving toward our budget conference, we faced the specter of the House's position limiting an increase to 7 percent only. Consequently, in moving forward on this particular compromise, the Senate was able to get the House to agree to increase county funding from \$50 million and by capping the counties' portion going forward into the next years of the biennium.

"The compromise bill that you see before you shifts the rate so that we have a dedicated source of funding for tourism promotion. For fiscal '99, this amounts TAT to upwards of \$28 million, increasing to \$59 million and \$60.1 million in fiscal years 2000 to 2001. Additionally, the measure increases the amount of the convention center's debt service covered by the TAT revenues from \$20.6 million in fiscal '99 to \$27.5 million in fiscal year 2001.

"While the co-chairs of Ways and Means share many of the concerns that have been raised by the prior speakers, since the House of Representatives was willing to support only a 7 percent increase in the TAT, it was very difficult to fund all of our respective priorities without making reductions. The current compromise position reduces the rate of TAT funding support to the counties by about \$31 million in the year 2000. Nevertheless, during fiscal '99 and 2000 that reduction is partially off set by reimbursements from the Employees' Retirement System and the Public Employees Health Fund which will give the counties time to plan for alternative means of meeting their fiscal obligations.

"These are tough times, indeed, and while this is not a pleasant spectre to have to reduce some of our subsidies to the neighbor Island counties, we felt that this was a reasonable package to present to the members. We believe that if members look carefully at the many objectives the bill does accomplish, they will find that this is a reasonable solution for our times.

"We, therefore, urge all members to vote in support. Thank you."

Senator Sakamoto rose to speak on the measure with reservations and said:

"I also rise with reservations, Mr. President.

"Just as our co-chair of TIA, the Senator from Waipahu, God's country, yes, we have concern over the counties and through the session the counties have expressed concern over this issue, privatization, and other issues. And it's a problem. And I agree it's a difficult situation with the dollars, but as I mentioned on this floor before, we only can jiggle with ERS and health fund and other things for a little while and these are temporary measures.

"We need to look at the five priority bills mentioned by the Senator from Ewa. The real solution is not how to jiggle taxes, who to take money from. The real solution is to get jobs and get our economy going. And some of these bills are not even



half a rope length. They're not even one thread of a rope length. Maybe we threw the rope in the water and said we did something. There was a splash. So really, the answer is, if there are priority bills for business, let's do them 100 percent. And certainly, the answer here is about doing it, not about talking about it!"

Senator Anderson rose to speak against the measure and said:

"Mr. President, I'll be going 'no' on this measure.

"If I remember correctly, when the hotel industry was talking about this it was 11.5, like stated. It's now 7.25. And as usual, once the industry says why don't you folks go ahead and let us get involved and we need some help, we get . . . they get screwed. I used to say we because we were involved years back in the industry. And I don't think that the industry is getting a fair share.

"Also, the good Senator from Mililani, at one point a while back, called this a white elephant. As far as the convention center, it's a white donkey. It's not a white elephant. I didn't go along with that terminology. We built something that originally was going to be able to have some income. That was the original intent of the convention center. It was going to be built so that it would generate tax dollars. Now, you're trying to find out how to pay its debt. So you come up with a bill that is going to put 17 percent to pay the debt. Had it been built in a proper way, it would have generated tax dollars. It doesn't do that.

"Also, now that the industry has decided they needed a partner to help pay off some of the dollars that's going to be needed, they put the time share in there. And my understanding is that the Hawaii Revised Statute, Section 514E-2, says that real property is considered real property and the Hawaii State Constitution, Article 8, Section 3, with regards to the taxing power granting the taxation of real property. So this is a real property. You can't go ahead and say that it is like a hotel. It is different. Three or four people own it. It is not considered a hotel type operation. That's according to law.

"So I have problems when we're willing to circumvent so that we can pay off debts that we have encountered. We are going to be willing to allow the tourist people to get involved. And when I asked, if you're going to be having a new authority that's going to get \$60 million in the beginning, where does some of this money go? Because originally we had the HVB with the Hawaiian warrior and it took us years to promote that so that people knew what Hawaii was all about. Then we changed it -- Hawaii with a rainbow. Now we're going to have a new authority. How many millions of dollars are going to be spent to make sure that authority gets to be noted as the Hawaii organization? They said that's a good point, we really don't know.

"I would rather that we look at something and know what the heck we're doing when we vote. Make sure that the laws are followed and then go ahead and proceed. But we jumble it up with a whole bunch of packaging of different ideas and calling it a compromise when, in fact, all it is, is trying to see how we're going to get enough dollars to pay off something that we goofed on. For that reason, I'll be going 'no,' Mr. President.

"Thank you very much."

Senator Fernandes Salling then rose and said:

"Would somebody please answer some questions on this bill? I might preface it by first stating that I'm a little bit bothered by this discussion now because as we were led to believe, in that final conference hearing, the counties were going to be made whole through other measures that were being considered by both the House and the Senate. That's what I thought I heard at the time at the table."

The Chair interjected:

"Are you going to be voting for or against this measure?"

Senator Fernandes Salling replied:

"I will be voting against it, yes. And those statements, I think, will be reflected at the proper time.

"Now I have before me the breakdown, and if I am reading it correctly, it indicates that come next year 1999 -- next year, which isn't too long from now -- certain counties, smaller counties, poorer counties are going to take a hit of approximately \$1,800,000. Is that correct?"

Senator Fukunaga responded as follows:

"Yes, I will yield to a question. Some of the preliminary projections that we are currently attempting to gather from the Employees' Retirement System are only projections. At this time we do not yet have actual information from the Retirement System as to the amounts to be refunded to the counties. I believe the staff has tried to come up with some rough extrapolations based upon the counties' shares and their portion of the Retirement System refund payments."

Senator Fernandes Salling further inquired:

"Are you implying or leading us to believe then, Senator, that the figures that we see here could perhaps be lower than what the projections could in effect be, and that therefore there won't be that kind of loss?"

Senator Fukunaga replied:

"That is certainly possible. At this time we have requested the information from the Retirement System, as well as from the Health Fund, and we have not yet received confirmed information."

Senator Fernandes Salling then said:

"Senator, thank you very much, but this is what is very disturbing. You don't come to the table and reassure Senators and the public and county people and those sitting out there that have to dip into their pockets to pay for this white elephant sitting down at Kalakaua by saying, we have measures that are going to make this whole, so you won't be seeing it taking a hit on your pocketbook until you get on your feet. Well, now the projections aren't even accurate. It could be higher. It could be less. It could go either way. We could see a loss in the smaller counties of over a million dollars, come June 1999 -- June next year. And the following year, from what I read, there's a loss here -- at least to Kauai County and I believe the Big Island is approximately the same -- of about \$5 million. Are there any other measures . . ."

Senator Fukunaga interjected:

"That would certainly be the case based upon the current projections. What we remind you is that during the final conference discussions we did advocate the Senate position, which was not to harm the counties. However, in the final discussions, the only way that we were able to minimize the effects on the counties was to pass two bills which will provide for reimbursements to the counties from the Health Fund as well as from the Retirement System. The House's position was essentially to reduce the counties' share downwards immediately, without any form of offset. The comments that were made at the conference table reflected was the Senate position to keep the counties as whole as possible. I don't believe there was any statement that the counties would be made fully whole, but it was the Senate position to keep the counties as whole as possible."

Senator Fernandes Salling then stated:

"Well, it's really a shame because, just speaking for those from Kauai, immediately after the hurricane, I would say that people across the island had to dip into their pockets. I'd say this was about a year after, when all of the insurance money was gone and people had bought their new little trucks and new cars and they were all kind of happy and then they realized, oh my, we don't have any hotels open; oh gosh, I'm still going to have to go on unemployment. And then the tax bill came, and our real property tax figures were increased and they had to pay approximately \$400 across the board for the higher property tax rate, or I should say they did it in assessments. Even though the rates, as I would see it as just a common person would say, my property isn't worth as much now as it was before the hurricane. And it wasn't. You can't sell property on Kauai now for the kind of money that you could prior to the hurricane.

"Four hundred dollars -- two hundred each six months. You heard complaints, it was quiet, but people bought it. This is going to go into effect. It may not seem like a lot to you, but it's a lot to us. Five million dollars to hit that island that is in an economic slump and hasn't been able to pick up itself is a lot of money. She's going to turn around, we've heard comments made that the real property taxes will have to be increased to deal with this. I can assure you that money is going to come out of our pockets at a time when people just cannot afford it. And for comments to be made that everyone should suffer and take the hit -- we're all taking the hit. Even though I may live on Kauai County, I'm still taking the hit for other decisions that have been made here in this Legislature, and that applies to all of us.

"I'm really, really, very disappointed because of how this was handled and where we came from a position that we were going to try to keep the counties whole -- keep the counties whole. I left with the impression that we were going to, initially, when the bill first got out of the first committee and went over to the House that we were going to keep the counties whole. And then it came back to the table and it was mentioned last night that we had other measures on the table to help keep the counties whole, so I really did walk away with that impression in my head that we had other measures that if you were to look at the ERS savings and the Health Fund savings that would really keep the counties whole. That's not what I see here today.

"We're going to be paying for it and we're going to be paying for it soon -- and it's going to hurt."

Senator Iwase then said:

"Mr. President, very briefly in response to the questions and answers that just occurred.

"I, too, was under the impression when I left -- because I had asked the question of the Finance Committee chair, what's the hit on the counties? -- that this \$20.4 million figure was a solid figure, at least for the first year. And now I'm finding out that we don't have the actual information from the ERS as to the actual amounts projected, and that the hit on the counties could be even greater.

"Mr. President, if you make \$50,000 a year, \$100 is not much money, a \$100 loss. If you make \$5,000 a year, then \$100 is a lot of money to lose. Having been at the city government, having been a member of the county budget committee, I can tell you that when we talk here about \$10 million and \$15 million and \$100 million, as we did six or seven years ago like a drop in the bucket, that's a big, big amount for the county government. That's a huge amount for the county government.

"The Senator from Waipahu talked about, I believe his term was, the richer counties of Oahu and Maui. I don't know what that means because I don't think Oahu is a rich county. I don't think Maui is a rich county. They are counties struggling to

make their budgets balance at a time when we are in the economic doldrums. This hit on the counties is going to be a big one -- a million, 2 million for Kauai, let's say it's Kauai, 2 million. It's a big, big hit. Their budget is smaller than Honolulu's. And they're going to be asked to eat that.

"Now, when we talk about counties, this impersonal thing called counties, we forget that the big money maker for counties is the RPT, real property tax, and that for most counties the cost of running the government is borne by those who own homes and who own property. We are going to ask this portion of the population to carry the cost of this new program.

"I believe we should give the tourist industry \$60 million, Mr. President. We should have. We could have. We are. But with respect to the counties, we did not make them whole as we promised we would. They are going to be asked to bear the cost. Every homeowner, every property owner on the island of Oahu, Kauai, Maui, the Big Island, they are going to be asked to fund the tourist promotion for the State of Hawaii -- not the State of Hawaii, but the property owners, the residential owners.

"Tourism is our number one industry, and to repeat again the statement from the budget chair of the Honolulu City Council that they're going to look at increasing the hotel property tax. That is a terrible way to treat the number one industry in the State of Hawaii, to tell them now we're going to give you this money; yes, the counties are going to get hit; yes, they're going to have to make up that money; yes, they may hit you; but that's not our problem anymore because the City Council imposes the real property tax, not us. And we're going to send them over there to go fight with John Henry Felix, and we're going to send them to the counties of Kauai and Maui and the Big Island to fight with their budget chairs. What a way to treat our number one industry.

"We could have done this. The 11 percent, 11.5 percent, there are two entities involved with this issue -- (1) the tourist industry; (2) the government of the State of Hawaii. The tourist industry came to us and said 11 percent is good enough for us; we can live with that; that's partnering. But we didn't accept that.

"I agree that perhaps the House should learn something of what the Co-Majority Leaders have been talking about. Maybe they ought to collaborate with the tourist industry instead of sitting there saying 7 percent is somehow better, that we can sit on the hill and look down and tell people what Shangrila is.

"But we are leaving the hotel industry with a very, very difficult choice. They are now going to have to fight the county governments to stop the RPT from being increased and we're going to be the cause of it, but we're going to say that we are not involved, don't blame us, when, in fact, the blame falls right here because we made this possible. This is one of the should have, could have, and did, that perhaps should not have.

"Thank you."

Senator Kawamoto then rose and said:

"Just to respond to the Senator from Mililani.

"What I meant by rich counties was the fact that they're greater in population. And there are areas where they can pick up some money, but the smaller counties because of their population it may be difficult at best.

"Also, I'd like to add, Mr. President, that as the hotel industry and the visitor industry came to our committees to discuss this matter, it was indicated to us that if the counties would have raised the property tax the hotel industry would be hit by another tax. The property tax and the TAT, both avenues or both taxes would cost the visitor industry to have a 15

percent increase in their operating costs. And I'm concerned if they can handle a 15 percent increase in the visitor industry which is our number one industry as mentioned before.

"Thank you."

Senator Solomon rose in opposition to the measure and stated:

"I will be voting 'no' on this bill, Mr. President, and I just would like the Journal to reflect the remarks of my colleague from Kauai because I think that they are applicable to the Big Island. We are in the same kind of economic distress. We've had the closures of our industries.

"I was very disappointed in that even if it was upon the insistence of the House, the bottom line is it takes two people to agree. I felt that we should have done more to help the counties.

"As you know, Mr. President, if this is the direction that the Senate is going to be moving, then perhaps we should look at giving the counties more autonomy in terms of how they promote their respective counties in tourism. Maybe that would be helpful to the various counties.

"I was very disappointed in the advertising campaign during the Miss Universe Pageant. I felt that most of the focus was on Oahu and Waikiki. I think that we did have some generic images of the neighbor islands, but there was really nothing that promoted beyond Waikiki. And I feel, again, that we have been treated as the stepchild when it comes to tourism promotion in the State of Hawaii. Mr. President, it doesn't take a nuclear scientist to realize that if you read any of the business week magazines and others, that the tourist are bypassing Waikiki and are now looking more toward the neighbor islands to enjoy the real Hawaiian experience.

"So if this is going to be the intent of the Senate, if we are going to be moving in that direction, then why just go half way? Why don't we come up with a restructuring plan that makes sense for our tourism industries, empowering the counties so that they could become responsible for their own promotions. If the problem is the convention center coming up with a plan of how we are going to in fact fund that convention center, I'm very much in agreement with the remarks that were made by my colleague from Mililani. The convention center is there. We can feel it. I wouldn't go as far as agreeing with him about smelling it, but it's there. We see it every day. For us to ignore that would just be ridiculous to the point of absurdity.

"But, Mr. President, that seems to be the direction that we are going. It's disappointing. In times of economic doldrums, the bottom line is that the tourism industry is the industry that is working for us. It's up to us to keep moving it forward and everyone knows that to have a healthy tourism industry the most important thing is you have to have happy residents because it's the residents of those particular communities and those counties that support the tourism industry. And if the residents and the counties, especially on the neighbor islands, feel that they are going to be shouldering the burden of the tourism industry, such as funding the convention center or whatever else, that is going to create a feeling of negativism toward our tourism industry when instead we should be focussing on creating a positive attitude towards our tourism industry. This does not help us create this attitude.

"For those reasons, Mr. President, I will be voting 'no.'"

By unanimous consent, action on Conf. Com. Rep. No. 167 and S.B. No. 2259, S.D. 1, H.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," was deferred until later on the calendar.

Conf. Com. Rep. No. 168 (S.B. No. 3004, S.D. 1, H.D. 1, C.D. 1):

By unanimous consent, action on Conf. Com. Rep. No. 168 and S.B. No. 3004, S.D. 1, H.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO CONFORMITY OF THE HAWAII INCOME TAX LAW TO THE INTERNAL REVENUE CODE," was deferred until later on the calendar.

Conf. Com. Rep. No. 169 (S.B. No. 2338, S.D. 2, H.D. 2, C.D. 1):

Senator Kanno moved that Conf. Com. Rep. No. 169 be adopted and S.B. No. 2338, S.D. 2, H.D. 2, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Chun Oakland.

Senator Kawamoto rose to support the measure and said:

"Mr. President, I'm speaking in favor of this bill.

"Mr. President, this is a safety issue. This would eliminate the practices of some contractors using non-licensed qualified crane operators to run cranes that need a license and to prevent mishaps that have been major in the past. Therefore, I urge my colleagues to vote 'aye' on this bill."

By unanimous consent, action on Conf. Com. Rep. No. 169 and S.B. No. 2338, S.D. 2, H.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO THE CERTIFICATION OF HOISTING MACHINE OPERATORS," was deferred until later on the calendar.

Conf. Com. Rep. No. 170 (H.B. No. 2222, H.D. 2, S.D. 2, C.D. 1):

By unanimous consent, action on Conf. Com. Rep. No. 170 and H.B. No. 2222, H.D. 2, S.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION TO MATCH FEDERAL FUNDS FOR ESTABLISHMENT OF MANUFACTURING EXTENSION PROGRAMS," was deferred until later on the calendar.

Conf. Com. Rep. No. 171 (S.B. No. 2922, S.D. 1, H.D. 2, C.D. 1):

By unanimous consent, action on Conf. Com. Rep. No. 171 and S.B. No. 2922, S.D. 1, H.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO GOVERNMENT," was deferred until later on the calendar.

Conf. Com. Rep. No. 172 (H.B. No. 2552, H.D. 1, S.D. 3, C.D. 1):

Senator Kanno moved that Conf. Com. Rep. No. 172 be adopted and H.B. No. 2552, H.D. 1, S.D. 3, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Chun Oakland.

Senator Slom rose in opposition to the measure and stated:

"Mr. President, I'll be voting 'no' on this bill, again, because it raises fees substantially, again, raising the fees without any relation to the cost of actually providing the services and looking at it as a tax measure or a new revenue measure."

Senator Ihara rose in opposition of the measure and said:

"Mr. President, I have comments in opposition to H.B. No. 2552 for insertion into the Journal regarding the per page fee for copies of government documents."

The Chair having so ordered, Senator Ihara's remarks read as follows:

"Mr. President, I rise to speak against H.B. No. 2552 because it imposes a higher fee on the general public to access government documents.

"Section 4 of the bill doubles the minimum fee that a government agency must charge ordinary citizens for each sheet of a copied document.

"Passage of this bill will require citizens to pay 50 cents for each page of a government document -- not the previous fee of 25 cents per page.

"For these reasons, I oppose the adoption of H.B. No. 2552."

Senator Anderson also rose in opposition to the measure and said:

"Would you put me as 'no' for the same reason as the Minority Leader suggested. Would you put his words in the Journal as though they were my own."

The Chair so ordered.

By unanimous consent, action on Conf. Com. Rep. No. 172 and H.B. No. 2552, H.D. 1, S.D. 3, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO GOVERNMENT," was deferred until later on the calendar.

Conf. Com. Rep. No. 173 (H.B. No. 1624, H.D. 1, S.D. 2, C.D. 1):

By unanimous consent, action on Conf. Com. Rep. No. 173 and H.B. No. 1624, H.D. 1, S.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO BOILER AND ELEVATOR SAFETY LAW," was deferred until later on the calendar.

Conf. Com. Rep. No. 174 (S.B. No. 2618, S.D. 1, H.D. 1, C.D. 1):

Senator Chun Oakland moved that Conf. Com. Rep. No. 174 be adopted and S.B. No. 2618, S.D. 1, H.D. 1, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Kanno.

Senator Slom rose to speak on the measure with reservations and said:

"Mr. President, I'll be supporting the bill with reservations, and my reservations continue with my problems with the Department of Human Services and their lack of accountability and responsibility for public funds. I think certainly we want to take care of the medically underserved, but increasing the amount to \$500,000 to DHS with their very poor track record is not a prudent financial thing to do.

"Thank you."

Senator Baker rose to support the measure as follows:

"Mr. President, I rise to speak in support of this measure, S.B. No. 2618, C.D. 1.

"Mr. President, this measure provides modest, almost too modest, relief for the primary care centers that serve folks who don't have insurance, or perhaps rely on QUEST insurance for which providers receive very little reimbursement. This money does not go to the Department of Human Services it goes to the provider of services, places like the Community Clinic of Maui, the Bay Clinic on the Big Island, and the Waianae Coast Comprehensive Health Center.

"This is part of our safety net and actually the original version of this bill called for \$7 million which more closely approximates what the need is in our community. Unfortunately, the House would only agree to \$1 million. Nevertheless, it is a million dollars desperately needed to preserve critical community health services.

"Thank you, Mr. President."

By unanimous consent, action on Conf. Com. Rep. No. 174 and S.B. No. 2618, S.D. 1, H.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO THE MEDICALLY UNDERSERVED," was deferred until later on the calendar.

At 11:10 o'clock p.m., the Senate stood in recess subject to the call of the Chair.

The Senate reconvened at 11:43 o'clock p.m.

### MATTERS DEFERRED FROM EARLIER ON THE CALENDAR

#### FINAL READING

Conf. Com. Rep. No. 158 (S.B. No. 2092, S.D. 1, H.D. 1, C.D. 1):

On motion by Senator Taniguchi, seconded by Senator Fukunaga and carried, Conf. Com. Rep. No. 158 was adopted and S.B. No. 2092, S.D. 1, H.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO INCOME TAX LAW," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 22. Noes, none. Excused, 3 (Anderson, Bunda, Metcalf).

Conf. Com. Rep. No. 159 (H.B. No. 2750, H.D. 1, S.D. 1, C.D. 1):

Senator Baker moved that Conf. Com. Rep. No. 159 be adopted and H.B. No. 2750, H.D. 1, S.D. 1, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Fukunaga.

Senator Slom rose and said:

"Reservations please, Mr. President."

The Chair so ordered.

The motion was put by the Chair and carried, Conf. Com. Rep. No. 159 was adopted and H.B. No. 2750, H.D. 1, S.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO STATE BONDS," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 22. Noes, none. Excused, 3 (Anderson, Bunda, Metcalf).

Conf. Com. Rep. No. 160 (H.B. No. 1533, H.D. 2, S.D. 1, C.D. 1):

On motion by Senator Baker, seconded by Senator Fukunaga and carried, Conf. Com. Rep. No. 160 was adopted and H.B. No. 1533, H.D. 2, S.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO STATE FUNDS," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 20. Noes, 2 (Kanno, Slom). Excused, 3 (Anderson, Bunda, Metcalf).

Conf. Com. Rep. No. 161 (S.B. No. 2213, S.D. 2, H.D. 2, C.D. 1):

Senator Kanno moved that Conf. Com. Rep. No. 161 be adopted and S.B. No. 2213, S.D. 2, H.D. 2, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Chun Oakland.

Senators Slom and Fernandes Salling requested their votes be cast "Aye, with reservations" and the Chair so ordered.

The motion was put by the Chair and carried, Conf. Com. Rep. No. 161 was adopted and S.B. No. 2213, S.D. 2, H.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO STATE GOVERNMENT," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 23. Noes, none. Excused, 2 (Anderson, Metcalf).

Conf. Com. Rep. No. 162 (H.B. No. 2648, H.D. 2, S.D. 1, C.D. 1):

Senator Kanno moved that Conf. Com. Rep. No. 162 be adopted and H.B. No. 2648, H.D. 2, S.D. 1, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Chun Oakland.

Senators Slom and Bunda requested their votes be cast "Aye, with reservations" and the Chair so ordered.

The motion was put by the Chair and carried, Conf. Com. Rep. No. 162 was adopted and H.B. No. 2648, H.D. 2, S.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO WORKERS' COMPENSATION," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 18. Noes, 5 (Aki, Fernandes Salling, Iwase, Solomon, Tanaka). Excused, 2 (Anderson, Metcalf).

Conf. Com. Rep. No. 163 (H.B. No. 2563, S.D. 2, C.D. 1):

On motion by Senator Tam, seconded by Senator Aki and carried, Conf. Com. Rep. No. 163 was adopted and H.B. No. 2563, S.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO SCHOOL-BASED BUDGETING," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 23. Noes, none. Excused, 2 (Anderson, Metcalf).

Conf. Com. Rep. No. 164 (H.B. No. 2564, H.D. 1, S.D. 2, C.D. 1):

On motion by Senator Tam, seconded by Senator Aki and carried, Conf. Com. Rep. No. 164 was adopted and H.B. No. 2564, H.D. 1, S.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 24. Noes, none. Excused, 1 (Metcalf).

Conf. Com. Rep. No. 165 (H.B. No. 2749, H.D. 1, S.D. 1, C.D. 1):

On motion by Senator Baker, seconded by Senator Fukunaga and carried, Conf. Com. Rep. No. 165 was adopted and H.B. No. 2749, H.D. 1, S.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

Conf. Com. Rep. No. 166 (H.B. No. 2909, H.D. 2, S.D. 1, C.D. 1):

On motion by Senator Taniguchi, seconded by Senator Baker and carried, Conf. Com. Rep. No. 166 was adopted and H.B. No. 2909, H.D. 2, S.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR AGRICULTURAL RESEARCH AND DEVELOPMENT," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

Conf. Com. Rep. No. 167 (S.B. No. 2259, S.D. 1, H.D. 1, C.D. 1):

Senator Baker moved that Conf. Com. Rep. No. 167 be adopted and S.B. No. 2259, S.D. 1, H.D. 1, C.D. 1, having been read throughout, pass Final Reading, seconded by Senator Fukunaga.

Senators Kawamoto, Sakamoto, Bunda and Tam requested their votes be cast "Aye, with reservations" and the Chair so ordered.

The motion was put by the Chair and carried, Conf. Com. Rep. No. 167 was adopted and S.B. No. 2259, S.D. 1, H.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 17. Noes, 8 (Aki, Anderson, Fernandes Salling, Ige, M., Iwase, Slom, Solomon, Tanaka).

Conf. Com. Rep. No. 168 (S.B. No. 3004, S.D. 1, H.D. 1, C.D. 1):

On motion by Senator Baker, seconded by Senator Fukunaga and carried, Conf. Com. Rep. No. 168 was adopted and S.B. No. 3004, S.D. 1, H.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO CONFORMITY OF THE HAWAII INCOME TAX LAW TO THE INTERNAL REVENUE CODE," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

Conf. Com. Rep. No. 169 (S.B. No. 2338, S.D. 2, H.D. 2, C.D. 1):

On motion by Senator Kanno, seconded by Senator Chun Oakland and carried, Conf. Com. Rep. No. 169 was adopted and S.B. No. 2338, S.D. 2, H.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO THE CERTIFICATION OF HOISTING MACHINE OPERATORS," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

Conf. Com. Rep. No. 170 (H.B. No. 2222, H.D. 2, S.D. 2, C.D. 1):

On motion by Senator Taniguchi, seconded by Senator Baker and carried, Conf. Com. Rep. No. 170 was adopted and H.B. No. 2222, H.D. 2, S.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION TO MATCH FEDERAL FUNDS FOR ESTABLISHMENT OF MANUFACTURING EXTENSION PROGRAMS," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

At 11:48 o'clock p.m., the Senate stood in recess subject to the call of the Chair.

The Senate reconvened at 11:55 o'clock p.m.

Conf. Com. Rep. No. 171 (S.B. No. 2922, S.D. 1, H.D. 2, C.D. 1):

On motion by Senator Baker, seconded by Senator Fukunaga and carried, Conf. Com. Rep. No. 171 was adopted and S.B. No. 2922, S.D. 1, H.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO GOVERNMENT," having been read

throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

Conf. Com. Rep. No. 172 (H.B. No. 2552, H.D. 1, S.D. 3, C.D. 1):

On motion by Senator Kanno, seconded by Senator Chun Oakland and carried, Conf. Com. Rep. No. 172 was adopted and H.B. No. 2552, H.D. 1, S.D. 3, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO GOVERNMENT," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 22. Noes, 3 (Anderson, Ihara, Slom).

Conf. Com. Rep. No. 173 (H.B. No. 1624, H.D. 1, S.D. 2, C.D. 1):

On motion by Senator Kanno, seconded by Senator Chun Oakland and carried, Conf. Com. Rep. No. 173 was adopted and H.B. No. 1624, H.D. 1, S.D. 2, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO BOILER AND ELEVATOR SAFETY LAW," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

At 11:56 o'clock p.m., the Senate stood in recess subject to the call of the Chair.

The Senate reconvened at 11:58 o'clock p.m.

Conf. Com. Rep. No. 174 (S.B. No. 2618, S.D. 1, H.D. 1, C.D. 1):

On motion by Senator Chun Oakland, seconded by Senator Kanno and carried, Conf. Com. Rep. No. 174 was adopted and S.B. No. 2618, S.D. 1, H.D. 1, C.D. 1, entitled: "A BILL FOR AN ACT RELATING TO THE MEDICALLY UNDERSERVED," having been read throughout, passed Final Reading on the following showing of Ayes and Noes:

Ayes, 25. Noes, none.

#### ADJOURNMENT

At 11:59 o'clock p.m., on motion by Senator Ihara, seconded by Senator Slom and carried, the Senate adjourned until 12:01 o'clock a.m., Thursday, May 14, 1998.