

CONFERENCE COMMITTEE REPORTS

Conf. Com. Rep. No. 1 on S.B. No. 1285

The purpose of this bill is to improve consistency in the way that government agencies provide public notice and to reduce cost by allowing competition.

Your Committee finds that current laws do not recognize alternative methods or publications for disseminating public notice other than the daily newspaper. Other methods, which include but are not limited to alternative print media and electronic media, may be more efficient and cost-effective to a government agency.

Your Committee notes that government watchdog groups have asked for more uniformity and consistency in the method and placement of public notices.

Your Committee amended the bill to conform to 1997 legislation. Specifically, the following Hawaii Revised Statutes, and Session Laws were added:

- (1) Section 157-33(a);
- (2) Section 201G-73;
- (3) Section 201G-76;
- (4) Section 323D-44.5;
- (5) Section 431:3-203.5; and
- (6) Act 82, Session Laws of Hawaii 1975, as amended by Act 137, Session Laws of Hawaii 1997.

Your Committee also amended the bill by:

- (1) Renumbering section 201E-223(b) to 201G-103(b);
- (2) Amending the effective date of the bill;
- (3) Deleting sections 340E-6(b), 356-29(b), 360-13, and 360-16 which were either repealed or were no longer applicable;
- (4) Replacing the specific reference to sections 103D-302 and 103D-303 with more general references to chapters 103D and 103F;
- (5) Making conforming language changes; and
- (6) Making technical, nonsubstantive amendments for the purpose of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1285, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1285, S.D. 1, H.D. 2, C.D. 1.

Senators Baker, Fukunaga, Ige, D., Metcalf, Slom.
Managers on the part of the Senate.

Representatives Say, Tom, White, Yamane, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 2 on S.B. No. 2770

The purpose of this bill is to improve the Department of Agriculture's (DOA) regulation of measurement standards by:

- (1) Adding a new definition for the word "retail";
- (2) Reclassifying certain acts prohibited under Chapter 486, Hawaii Revised Statutes, from civil penalties to criminal, petty misdemeanors;
- (3) Authorizing the DOA to license service agencies to conduct routine tests of measuring devices; and
- (4) Making housekeeping amendments to reflect the renaming of the Division of Measurement Standards to the Measurement Standards Branch.

Your Committee upon further consideration has made the following amendments to the bill:

- (1) Deleting the amendments to Section 486-32, Hawaii Revised Statutes, which reclassified certain prohibited acts civil penalties to criminal, petty misdemeanors; and
- (2) Requiring that the price for consumer commodities offered for sale at retail be identical to the price displayed unless a prior agreement between buyer and seller was reached, or the price charged is lower than the price displayed.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2770, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2770, S.D. 2, H.D. 2, C.D. 1.

Senators Taniguchi, Metcalf, Chumbley, Slom.
Managers on the part of the Senate.

Representatives Jones, Menor, Tom, Abinsay, Halford.
Managers on the part of the House.

Conf. Com. Rep. No. 3 on S.B. No. 2135

The purpose of this bill is to repeal the sunset dates in Act 174, Session Laws of Hawaii 1995, pertaining to activity providers and activity desks.

Your Committee on Conference notes that the differences between the Senate and House versions of the bill are technical in nature and do not affect the substance of the bill.

Therefore, your Committee on Conference has amended the bill by reverting to the last Senate draft of the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2135, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2135, S.D. 1, H.D. 1, C.D. 1.

Senators Ige, D., Metcalf, Slom.
Managers on the part of the Senate.

Representatives Menor, Cachola, Lee, Saiki, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 4 on S.B. No. 2575

The purpose of this bill is to establish a means of providing oversight and public input whenever a nonprofit corporation decides to convert to a for-profit corporation.

Your Committee on Conference notes that the differences between the Senate and House versions of the bill are technical in nature and do not affect the substance of the bill.

Your Committee on Conference agreed to the House version with two additional technical, nonsubstantive corrections.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2575, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2575, S.D. 1, H.D. 1, C.D. 1.

Senators Ige, D., Metcalf, Slom.
Managers on the part of the Senate.

Representatives Menor, Cachola, Lee, Yoshinaga, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 5 on S.B. No. 2833

The purpose of this bill is to require retail lessors to disclose to motor vehicle lessees, their right to receive a copy of the lease calculation worksheet or any document reviewed during the lease transaction before or within six months of signing the lease agreement.

Your Committee on Conference notes that the differences between the Senate and House versions of the bill are technical in nature and do not affect the substance of the bill.

However, your Committee on Conference finds that the Senate version reflects the specific language agreed upon by the Department of Commerce and Consumer Affairs (DCCA) and auto leasing industry representatives during the 1997 legislative session. This language was inadvertently omitted from the bill that revised the auto leasing statute.

Your Committee on Conference further finds that once the parties became aware of the omission, General Motors Acceptance Corporation (GMAC), as an accommodation to the DCCA, and with the understanding that the DCCA intended to include the omitted language in a bill in the 1998 legislative session, voluntarily included the proposed language in its Hawaii contracts.

Your Committee on Conference believes that the grammatical differences do not warrant burdening GMAC with the significant costs of reprinting their forms.

Accordingly, your Committee on Conference has agreed to revert to the original Senate version of the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2833, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2833, H.D. 1, C.D. 1.

Senators Ige, D., Metcalf, Slom.
Managers on the part of the Senate.

Representatives Menor, Garcia, Lee, Saiki, Aiona.

Managers on the part of the House.

Conf. Com. Rep. No. 6 on S.B. No. 3114

The purpose of this bill is to require projects funded from the rental housing trust fund (RHTF) to allocate ten per cent of available units and one-third of RHTF funds to be used for persons and families with incomes at or below thirty per cent of the median income.

Your Committee believes that aligning the State's priorities with the demonstrated need to provide housing for needy households is an important objective of the Legislature. Your Committee has amended this bill by making technical, nonsubstantive changes for grammar, clarity, and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3114, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3114, S.D. 2, H.D. 2, C.D. 1.

Senators Ige, M., Bunda, Fukunaga, Baker, Chun Oakland, Kawamoto, Anderson.
Managers on the part of the Senate.

Representatives Arakaki, Kawakami, Abinsay, Santiago, McDermott.
Managers on the part of the House.

Conf. Com. Rep. No. 7 on S.B. No. 3035

The purpose of this bill is to make housekeeping amendments to clarify the law establishing the Housing and Community Development Corporation.

Act 350, Session Laws of Hawaii 1997, consolidated various housing programs, including those under the Hawaii Housing Authority, into the Housing and Community Development Corporation. This bill makes housekeeping amendments which include the repeal of remaining parts of Chapter 359, Hawaii Revised Statutes, which are obsolete, and other technical, nonsubstantive changes to Act 350 provisions. Additionally, the bill clarifies that the Housing and Community Development Corporation is subject to the rates and fees approved by the various boards of water supply.

Your Committee on Conference notes that the differences between the Senate and the House versions of the bill are technical in nature and do not affect the substance of the measure.

Upon further consideration, your Committee has amended this bill by using the Senate Draft 2 and by including certain technical amendments proposed in the House version of the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3035, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3035, S.D. 2, H.D. 2, C.D. 1.

Senators Bunda, Ige, M., Fukunaga, Baker, Chun Oakland, McCartney, Anderson.
Managers on the part of the Senate.

Representatives Arakaki, Kawakami, Goodenow, Kahikina, McDermott.
Managers on the part of the House.

Conf. Com. Rep. No. 8 on S.B. No. 1597

The purpose of this bill is to allow the Board of Land and Natural Resources to impose administrative fines and recover administrative fees and costs resulting from violations of the aquatic resources law.

Your Committee upon further consideration has amended the measure by deleting the provisions relating to the taking, breaking, or damaging of rock or coral.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1597, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1597, S.D. 1, H.D. 2, C.D. 1.

Senators Taniguchi, Solomon, Chumbley, McCartney, Anderson.
Managers on the part of the Senate.

Representatives Tarnas, Tom, Goodenow, Jones, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 9 on S.B. No. 2655

The purpose of this bill is to establish procedures for transferring the registration of a bicycle or moped for a fee of \$5. The bill also requires a \$10 permanent registration fee for a bicycle or moped, and a \$5 charge for a duplicate certificate of registration.

Your Committee finds that this bill clarifies procedures for registering and transferring a registration certificate of a bicycle or moped.

Your Committee has amended this bill by changing the permanent registration fee for a bicycle or moped from \$10 to \$15.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2655, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2655, S.D. 1, H.D. 1, C.D. 1.

Senators Sakamoto, Kawamoto, Slom.
Managers on the part of the Senate.

Representatives Hiraki, Tom, Takumi, Yoshinaga, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 10 on S.B. No. 3137

The purpose of this bill is to require the Public Utilities Commission (PUC), after granting temporary operating authority to a common carrier or a contract carrier, and upon receiving an application for a certificate of public convenience and necessity or a permit seeking permanent authority, to hold a hearing not later than the last day of the expiration date of the temporary authority.

Your Committee on Conference notes that the legislative intent in both the Senate version and the House version of the bill are similar although the language in the bills differ.

Your Committee on Conference amended the bill by:

- (1) Reverting to the Senate Draft 1, which clarifies that the required PUC hearing must take place not later than one-hundred-twenty days after the issuance date of temporary authority; and
- (2) Making other technical, nonsubstantive changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3137, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3137, S.D. 1, H.D. 2, C.D. 1.

Senators Ige, D., Metcalf, Slom.
Managers on the part of the Senate.

Representatives Hiraki, Menor, Tom, Takumi, Moses.
Managers on the part of the House.

Conf. Com. Rep. No. 11 on S.B. No. 2559

The purpose of this bill is to improve the regulation of explosives and to eliminate the duplication of services by relieving the Department of Labor and Industrial Relations of the responsibility for regulating the manufacture, storage, and transport of explosives. It also enables the Department of Labor and Industrial Relations to continue the certification program for the use of explosives, and exempts state and county police and fire departments from regulation.

Your Committee notes that it is the Committee's intent to have adequate funding placed in the Supplemental Appropriations Act so that the Department of Labor and Industrial Relations will have the necessary funds to administer the permit process for explosives.

Your Committee has amended this bill by clarifying the definition of "dealer" to mean any person, corporation, partnership, association, association of dealers, or other form of business enterprise engaged in the business of buying and selling explosives.

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

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2559, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2559, S.D. 2, H.D. 1, C.D. 1.

Senators Sakamoto, Kawamoto, Chun Oakland, Kanno, Baker, Slom.
Managers on the part of the Senate.

Representatives Yonamine, Nakasone, Suzuki, Moses.
Managers on the part of the House.

Conf. Com. Rep. No. 12 on S.B. No. 2136

The purpose of this bill is to allow the counties the option to establish a Liquor Control Adjudication Board which has the jurisdiction to hear and determine complaints or violations of state liquor laws and county liquor rules to impose penalties. It also requires the Liquor Commission or the Liquor Control Adjudication Board to report to the Prosecutor a license revocation or suspension for a law violation. In addition, it allows service of an order or notice to be served upon any partner, officer, director, trustee, authorized agent, or representative of a partnership, corporation, or unincorporated association.

Your Committee finds that the counties of Hawaii and Maui have established by county charter Liquor Control Adjudication Boards to handle complaints and impose penalties when violations of state liquor laws or county liquor rules are determined. Kauai County and the City and County of Honolulu operate with just their respective Liquor Commissions. The addition of a Liquor Control Adjudication Board provides an opportunity for a county to have a separate appeals body.

Your Committee has amended this bill by:

- (1) Requiring the Liquor Commission or the Administrator to report the facts of violations relating to the revocation or suspension of any license to the prosecuting officer for prosecution;
- (2) Deleting references to "director, trustee, authorized agent, or representative", as officials who can be served any order or notice of violation; and

- (3) Adding a reference to the Liquor Control Adjudication Board as an alternative to the Liquor Commission where appropriate.

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

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2136, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2136, S.D. 1, H.D. 1, C.D. 1.

Senators Sakamoto, Kawamoto, Chumbley, Matsunaga, Ihara, Kanno, Slom.
Managers on the part of the Senate.

Representatives Menor, Tom, Cachola, Yamane.
Managers on the part of the House.

Representative Pendleton did not sign the report.

Conf. Com. Rep. No. 13 on S.B. No. 1065

The purpose of this bill is to streamline existing law that establishes election offenses and penalties by repealing unnecessary and redundant provisions and moving the civil penalty provision regarding employees entitled to leave on election day to section 11-95, Hawaii Revised Statutes (HRS).

Your Committee finds that this measure will consolidate various penalties presently applicable to violations of the law regarding employee entitlement to leave on election day for voting purposes. Your Committee further agrees that any criminal sanctions should be repealed, and that any penalties for violations should be limited to the assessment of civil fines.

Upon further consideration and agreement, your Committee has amended this measure by:

- (1) Deleting the provision imposing a fine upon the employee who leaves the employee's workplace without the intention to vote; and
- (2) Making technical, nonsubstantive changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1065, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1065, S.D. 1, H.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, Ihara, Anderson.
Managers on the part of the Senate.

Representatives Tom, Case, Hiraki, Yamane, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 14 on S.B. No. 3113

The purpose of this bill is to permit the apartment owners of a condominium to vote to amend the bylaws of the condominium to provide that the composition of the board of directors reflect the proportionate number of apartments for a particular use, as set forth in the declaration. The further purpose of this bill is to restrict commercial and residential apartment owners to cast votes for only commercial or residential seats respectively that are available on the board.

Your Committee finds that current law permits abuse of the board of directors structure and this bill provides the apartment owners with the capability to prevent further abuse. Your Committee has amended this bill by:

- (1) Clarifying that no petition to amend the bylaws to modify the composition of the board may be distributed within one year of a prior petition; and
- (2) Clarifying that removal and replacement of a member of the board is not precluded by this bill and that any removal and replacement of a member of a board shall not affect the proportionate composition of the board as prescribed in the bylaws.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3113, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3113, S.D. 1, H.D. 1, C.D. 1.

Senators Bunda, Ige, M., Matsunaga, Anderson.
Managers on the part of the Senate.

Representatives Menor, Lee, Saiki, Yoshinaga, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 15 on S.B. No. 3159

The purpose of this bill is to require leasehold time share interests to be recorded with the Bureau of Conveyances.

Your Committee finds that requiring the recordation of leasehold time share interests with the Bureau of Conveyances rather than Land Court will improve government efficiency with no effect on the owner's rights in the timeshare.

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

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3159, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3159, S.D. 2, H.D. 1, C.D. 1.

Senators Ige, M., Bunda, Ige, D., Metcalf, Solomon, Tanaka, Anderson.
Managers on the part of the Senate.

Representatives Menor, Case, Garcia, Lee, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 16 on S.B. No. 2717

The purpose of this bill is to allow district family court judges to commit persons aged eighteen years or older to an adult correctional facility for pre-trial detention, when the person is alleged to have committed an act during the person's minority that would constitute a violation of section 571-11(1).

Your Committee finds that under current law, district family court judges have no authority to order the detention of a person who has reached the age of majority subsequent to being charged with a crime committed as a minor. Your Committee further finds that this measure is a necessary tool to allow the court to detain a person in a pre-trial proceeding who may be a threat to the community and to ensure that the person will appear at trial.

Upon further consideration and agreement, this measure was amended by:

- (1) Including clarifying language to allow the district family court judges to issue orders for pre-trial detention;
- (2) Including clarifying language to retain jurisdiction in cases where there has been a violation of section 571-11(1), Hawaii Revised Statutes;

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2717, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2717, S.D. 1, H.D. 1, C.D. 1.

Senators Matsunaga, Chumbley, Ihara, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Tom, Herkes, Yamane, Yoshinaga, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 17 on S.B. No. 2786

The purpose of this bill is to streamline and clarify the registration requirements and public notification provisions of the sex offender registration law.

In particular, the bill:

- (1) Requires the sex offender to provide a statement pertaining to mental health treatment and citizenship;
- (2) Clarifies the registration requirements and public access as to addresses and vehicle registration requirements;
- (3) Clarifies the requirements for updates of significant changes to the registration information;
- (4) Imposes the duty to implement the sex offender registration law upon a judge or designee who continues bail for a sex offender, following a guilty verdict or plea of guilty or nolo contendere;
- (5) Eliminates the requirement for collection of blood and saliva from chapter 846E and section 353-13.2, Hawaii Revised Statutes, because these provisions duplicate a similar requirement under a separate statutory provision; and
- (6) Makes housekeeping amendments.

Your Committee finds that these provisions are necessary to expedite the sex offender registration process and to close existing loopholes.

Your Committee, upon further consideration, has amended the bill to also impose the duty to implement the sex offender registration law upon a judge or designee who "releases" a sex offender, following a guilty verdict or plea of guilty or nolo contendere.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2786, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2786, H.D. 1, C.D. 1.

Senators Matsunaga, Chumbley, McCartney, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Tom, Herkes, Lee, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 18 on S.B. No. 2414

The purpose of this bill is to prohibit pawnbrokers from accepting motor vehicles, boats, and homes as pledged goods.

Your Committee on Conference believes legislation is needed to further clarify that taking physical possession of cars or boats, or their paper titles as pawns is prohibited. Your Committee notes that section 445-131, Hawaii Revised Statutes, limits pledged goods to tangible personal property, thereby eliminating houses from being pawned.

Accordingly, your Committee on Conference amended the bill to include the certificate of title, certificate of registration, or negotiable instruments as well as the actual vehicle or vessel, and deleted the reference to homes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2414, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2414, S.D. 1, H.D. 1, C.D. 1.

Senators Ige, D., Metcalf.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Menor, Case, Garcia, Lee, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 19 on S.B. No. 2469

The purpose of this bill is to conform Hawaii's securities laws with the National Securities Markets Improvement Act of 1996 that regulates securities offerings, broker-dealers, investment advisers, investment adviser representatives, and security related issues to enhance investor protection by eliminating the duplicative system of regulation.

Your Committee on Conference recognizes that the Department of Commerce and Consumer Affairs is experiencing a backlog in excess of thirty days for processing applications for the registration of salespersons and investment adviser representatives.

Your Committee on Conference, however, believes there is a high probability that Hawaii investors would suffer substantial financial harm if applications for registration were automatically approved if not processed in thirty days.

Therefore, your Committee on Conference amended the bill by deleting language that makes registration for salespersons and investment adviser representatives effective at noon of the thirtieth day after filing an application if no denial order is in effect and no proceeding is pending. Your Committee also made technical, nonsubstantive changes for clarity and proper drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2469, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2469, S.D. 1, H.D. 1, C.D. 1.

Senators Ige, D., Metcalf.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Menor, Cachola, Herkes, Lee, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 20 on S.B. No. 2588

The purpose of this bill is to improve licensing requirements for veterinarians by requiring the applicant to certify on the application that the applicant has read, understood, and agrees to comply with the laws and rules that the Board requires for licensure.

Your Committee on Conference amended the bill by specifying the topics to be covered, common to the State, on the state constructed written exam.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2588, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2588, S.D. 1, H.D. 1, C.D. 1.

Senators Ige, D., Metcalf.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Menor, Cachola, Herkes, Lee, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 21 on S.B. No. 2602

The purpose of this bill is to improve licensing requirements for professional landscape architects by requiring the applicant to certify on the application that the applicant has read, understood, and agrees to comply with the laws and rules that the Board of Professional Engineers, Architects, Surveyors, and Landscape Architects requires for licensure.

Your Committee on Conference amended the bill by:

- (1) Requiring that the applicant pass the national landscape architect licensing examination;
- (2) Specifying the topics to be covered on the state constructed written examination; and

- (3) Reformatting the self-certification paragraph to section 464-8(d)(6), Hawaii Revised Statutes, so that it applies only to landscape architects.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2602, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2602, S.D. 1, H.D. 1, C.D. 1.

Senators Ige, D., Metcalf.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Menor, Cachola, Herkes, Lee, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 22 on S.B. No. 2823

The purpose of this bill is to clarify section 514E-2.6(a), Hawaii Revised Statutes (HRS), which requires the wearing of a time share identification badge by certain persons:

- (1) To include independent contractors and employees of an acquisition agent, sales agent, or resale agent as persons required to wear an identification badge; and
- (2) Require that these additional persons wear their identification badges while off-premises which is defined as in or around a location required to be registered by the Department of Commerce and Consumer Affairs, that is a place other than in the office of a sales agent, on a project site, or within a developer's principal place of business.

Your Committee on Conference amended the bill by reverting to the broader definition of "off-premises" in the Senate Draft 1, which is deemed to be a place other than in the office of a sale agent, on a project site, or within a developer's principal place of business.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2823, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2823, S.D. 1, H.D. 1, C.D. 1.

Senators Ige, D., Metcalf.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Menor, Cachola, Case, Yoshinaga, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 23 on S.B. No. 2411

The purpose of this bill is to clarify the discretion of a judge in motor vehicle insurance violations.

Your Committee on Conference amended the bill by:

- (1) Replacing the word "conviction" with "offense" in the context of motor vehicle insurance violations;
- (2) Deleting the words "within a five-year period" from the driver's license suspension option for the first offense; and
- (3) Adding the words "from a previous offense" to the one year suspension option for any subsequent offense.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2411, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2411, S.D. 2, H.D. 1, C.D. 1.

Senators Ige, D., Metcalf, Chumbley, Matsunaga, Levin.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Menor, Tom, Herkes, Saiki, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 24 on S.B. No. 3043

The purpose of this bill is to provide immunity to persons, including the State, the counties, boards, and government employees, for actions arising out of or based on errors resulting from a government computer system that is not year 2000 compliant.

Your Committee on Conference believes that a comprehensive solution to the year 2000 problem needs to be explored, one that also addresses problems the private sector, in all likelihood, will encounter.

Your Committee on Conference further believes that it is imperative that government and the private sector immediately commence meetings to explore the extent to which a comprehensive solution can be drafted for submittal to the 1999 legislature. These meetings should be conducted in a cooperative spirit that acknowledges the importance of the private sector to government, its citizens, and the overall economy of the State, as well as government's vital role in the delivery of essential services to its citizens.

Your Committee on Conference amended the bill by clarifying that the Department of Accounting and General Service's report is due to the legislature not later than twenty days prior to the convening of the regular session of 1999.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3043, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3043, S.D. 2, H.D. 2, C.D. 1.

Senators Ige, D., Metcalf, Chumbley, Matsunaga, Baker.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Tom, Say, Ito, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 25 on S.B. No. 2078

The purpose of this measure is to limit the transfer fee of a commercial thrill craft and parasailing activities permit to an amount no greater than twenty per cent of the transfer price, but not to exceed \$50,000. The measure also waives the permit fees for transfers between family members for the purpose of business reorganization.

Your Committee upon further consideration has amended this measure by:

- (1) Lowering the cost of transferring the permits to an amount not greater than six per cent of the transfer price; and
- (2) Increasing the maximum period that a permit may be renewed from ten years to twenty years.

Your Committee has been advised that Act 4, Session Laws of Hawaii 1998, does not provide for periodic review and amendment of the Kaneohe Bay Master Plan by the Kaneohe Bay Regional Council. To remedy this situation your Committee also has amended this measure by:

- (1) Amending section 200D-3, Hawaii Revised Statutes (HRS), to authorize the Kaneohe Bay Regional Council to review and periodically amend the Kaneohe Bay Master Plan as it relates to ocean use activities;
- (2) Conforming sections 200-39 and 200D-1, HRS, to reflect the amendment to Section 200D-3, HRS;
- (3) Requiring that the Kaneohe Bay Regional Council submit an amended Master Plan to the Legislature by December 1999; and
- (4) Prohibiting the Department of Land and Natural Resources from implementing any provision of the Kaneohe Bay Master Plan relating to commercial ocean activities, until rules are adopted.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2078, S.D. 1, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2078, S.D. 1, H.D. 3, C.D. 1.

Senators Taniguchi, Tanaka, Levin, McCartney.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Cachola, Tarnas, Nakasone, Chang.
Managers on the part of the House.

Representative Ward did not sign the report.

Conf. Com. Rep. No. 26 on S.B. No. 2256

The purpose of this bill is to rename Barbers Point Harbor as Kalaeloa Harbor.

Your Committee finds that combining the traditional Hawaiian name of Kalaeloa, which means "long point", with Barbers Point Harbor best complements the renaming of surplus Navy lands at Barbers Point Naval Air Station to "Kalaeloa Community Development District."

Therefore, your Committee has amended this bill by changing the name of Barbers Point Harbor to "Kalaeloa Barbers Point Harbor" to be effective on January 1, 1999.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2256, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2256, S.D. 1, H.D. 1, C.D. 1.

Senators Kawamoto, Sakamoto, Kanno, Slom.
Managers on the part of the Senate.

Representatives Takamine, Hamakawa, Morihara, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 27 on S.B. No. 2759

The purpose of this bill is to establish procedures to require the registered owner of a motor vehicle to pay towing and storage charges on motor vehicles that have been removed by order of a county police department for traffic obstruction or hazard. It also includes procedures to recover towed and stored motor vehicles. If the registered owner or lien holder of a motor vehicle cannot be located the motor vehicle shall be determined to be abandoned, and the owner of the towing company, or an authorized representative may negotiate a sale of the vehicle or dispose of it as junk.

Your Committee has amended this bill by:

- (1) Specifying that the telephone number of the county finance department that arranged for or authorized the tow be included on the notice posted in a towing company;
- (2) Adding that tow operators may charge additional reasonable amounts for excavating vehicles from off-road locations; and
- (3) Clarifying that the receipt to be provided by the towing company to the owner or lien holder of a motor vehicle shall include the telephone number of the county finance department that arranged for or authorized the tow.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2759, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2759, S.D. 2, H.D. 1, C.D. 1.

Senators Kawamoto, Sakamoto, Baker, McCartney, Anderson.
Managers on the part of the Senate.

Representatives Tom, Case, Jones, Yamane, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 28 on S.B. No. 2957

The purpose of this bill is to make it unlawful for any person to place materials on any utility pole, street-light pole, curbstone, lamp-post, hydrant, bridge, tree, street sign, traffic sign, or traffic light upon any public property in Hawaii, except as otherwise required by ordinances of the county, or by the laws of the State or the United States.

The bill exempts public officers in the performance of a public duty, and a private person giving legal notice except on utility poles. The bill states that if the person responsible for posting materials, or the person sponsoring the event advertised on the posted material, does not remove the material within seventy-two hours of the date of the event advertised on the posted material, the person shall be fined between \$100 to \$200 per posted material, or community service between ten to twenty hours, or both.

Your Committee has amended this bill:

- (1) Providing that additional removal of posted material must be done within seventy-two hours of written notice; and
- (2) Adding new language stating that additional penalties shall not be imposed unless the person received written notice of the posting, or was responsible for posting materials in violation of section 445-114, Hawaii Revised Statutes, relating to unlawful posting in public places.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2957, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2957, S.D. 2, H.D. 1, C.D. 1.

Senators Kawamoto, Sakamoto, Chumbley, Matsunaga, Ihara.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Tom, Herkes, Lee, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 29 on S.B. No. 2454

The purpose of this bill is to allow an injured employee under workers' compensation to select a certified provider of rehabilitation services, and to require the certified provider of workers' compensation rehabilitation services or the injured employee receiving those services to give proper notice of selection of the certified provider to the employer.

This bill also:

- (1) Clarifies that the purpose of vocational rehabilitation is to restore the injured worker as nearly as possible to the worker's earning capacity at the time of the injury;
- (2) Confers discretionary authority on the Director of Labor and Industrial Relations (Director) to:
 - (A) Refer an injured employee suffering permanent disabilities to vocational rehabilitation; and
 - (B) Approve a vocational rehabilitation plan and review the progress of each case;
- (3) Deletes references to physical rehabilitation in section 386-25, Hawaii Revised Statutes (HRS), relating to vocational rehabilitation; and

- (4) Deletes reference that the Director coordinate the implementation of rehabilitation plans.

Your Committee upon further consideration has made the following amendments to S.B. No. 2454, S.D. 1, H.D. 2:

- (1) Deleting reference to workers' earning capacity in section 386-25(a), HRS, relating to the purpose of vocational rehabilitation;
- (2) Deleting the repeal of language requiring approval by the employee of a proposed rehabilitation plan or program; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2454, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2454, S.D. 1, H.D. 2, C.D. 1.

Senators Kanno, Chun Oakland, Metcalf, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Yonamine, Nakasone, Suzuki, Takumi, Moses.
Managers on the part of the House.

Conf. Com. Rep. No. 30 on S.B. No. 2768

The purpose of this bill is to require the health care provider to mail or deliver to the employer, employer's insurance carrier, or Special Compensation Fund, as applicable, a bill for services within two years of the date of providing the services.

This bill relieves the burdensome administrative processing for verification of bills that are submitted beyond a two-year period after the service is rendered.

Your Committee upon further consideration has made the following amendments to S.B. No. 2768, S.D. 1, H.D. 2:

- (1) Clarifying that the billing requirement applies to uncontested claims relating to compensable injuries;
- (2) Deleting the provision relating to procedures in cases of difficulty in ascertaining the liable insurer; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2768, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2768, S.D. 1, H.D. 2, C.D. 1.

Senators Kanno, Chun Oakland, Fukunaga, Metcalf, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Yonamine, Menor, Nakasone, Suzuki, Moses.
Managers on the part of the House.

Conf. Com. Rep. No. 31 on S.B. No. 2887

The purpose of this bill is to allow the Department of Labor and Industrial Relations (DLIR) to regulate bungee jumps; define "amusement ride" and "imminent hazard"; exempt coin-operated and kiddie rides from DLIR regulation; allow the DLIR to utilize a qualified inspector for inspection to be done at least annually; require the DLIR to adopt rules for the reporting of accidents, injuries, and death from amusement rides and other mechanisms and equipment under its jurisdiction; allow the DLIR to require proof of adequate insurance; allow the DLIR to prescribe fees for training inspectors; and require the DLIR to have a training program for its inspectors in bungee jumps.

Your Committee finds that bungee jumps are a popular attraction at amusement facilities and carnivals. Your Committee further finds that bungee jumping is an inherently dangerous activity that is currently unregulated. Your Committee believes that this bill is necessary for the protection of the public health and safety.

Your Committee after careful consideration has amended S.B. No. 2887, S.D. 1, H.D. 1, as follows:

- (1) Conforming section 397-4, Hawaii Revised Statutes, to Act 2, SLH 1998, to include technical amendments and legal notice requirements as enacted by Act 2;
- (2) Requiring the DLIR to conduct inspections at least semi-annually of amusement rides and bungee jumps;
- (3) Requiring the DLIR to cease using qualified inspectors for amusement rides and bungee jumps when the DLIR's inspectors have been adequately trained and qualified;
- (4) Allowing the DLIR to assess fees for training of inspectors; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2887, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2887, S.D. 1, H.D. 1, C.D. 1.

Senators Kanno, Chun Oakland, Fukunaga, Metcalf, Anderson.

Managers on the part of the Senate.

Representatives Menor, Cachola, Lee, Saiki, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 32 on S.B. No. 3228

The purpose of this bill is to amend chapter 334, Hawaii Revised Statutes, to specify the matters upon which a physician must testify in proceedings for involuntary commitment to a psychiatric facility, and to allow a commitment order to specify involuntary psychoactive medications.

Your Committee finds that this measure will greatly clarify the information required in hearings on petitions for involuntary hospitalization and medication.

Your Committee has amended this measure to further clarify that the order for involuntary medication may specify types or classes of medication, that the person's treating physician shall make all reasonable efforts to solicit the person's compliance prior to involuntary administration of the medication, and that treatment shall be clinically indicated and consistent with accepted medical standards and the court order.

Your Committee hopes that, in addition to this legislation, mental health service providers in the public and private areas will be encouraged to consider petitioning for involuntary out-patient commitment when clinically appropriate and in the best interests of the patient. To support this, your Committee recommends that the Adult Mental Health Division of the Department of Health and the Hawaii Psychiatric Medical Association actively participate in this effort.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3228, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3228, S.D. 1, H.D. 1, C.D. 1.

Senators Levin, Fernandes Salling, Matsunaga, McCartney.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Tom, Yamane, Whalen.
Managers on the part of the House.

Representatives Jones and Lee did not sign the report.

Conf. Com. Rep. No. 33 on S.B. No. 3248

The purpose of this bill is to extend the sunset date for issuance of special purpose revenue bonds from June 30, 2000, to June 30, 2003, and to authorize the issuance of special purpose revenue bonds for the Queen's Health Systems to finance the costs of construction of, improvements to, and equipping of hospital facilities and other capital-related projects.

Your Committee on Conference notes that concerns were expressed during conference that the Queen's Health Systems might be requesting this revenue bond authorization in part, to finance facilities or programs that could compete with the public health facilities of the Hawaii Health Systems Corporation. The Queen's Health Systems has stated that it has no such intentions. Queen's Health Systems intends to use this bond authorization to further the health care mission of the Queen's Health System and its subsidiaries, the primary use being to fund the construction and renovation of facilities at the Queen's Medical Center and Moloka'i General Hospital.

Your Committee on Conference amended this bill by making a technical, nonsubstantive change for style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3248, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3248, S.D. 2, H.D. 2, C.D. 1.

Senators Levin, Fernandes Salling, Baker, Fukunaga, Ihara, Anderson.
Managers on the part of the Senate.

Senator Chun Oakland did not sign the report.

Representatives Santiago, Kawakami, Ahu Isa, Marumoto.
Managers on the part of the House.

Representative Hamakawa did not sign the report.

Conf. Com. Rep. No. 34 on S.B. No. 2580

The purpose of this bill is to make permanent the Hawaii State Student Council (Council) by establishing it statutorily.

Upon further consideration your Committee on Conference has amended the bill by:

- (1) Deleting the requirement that representation on the Council be based upon enrollment;
- (2) Deleting the requirement that each departmental school district have at least two representatives; and
- (3) Extending the time in which the evaluation of the annual student conference must be submitted from 45 to 60 days after the conclusion of the conference.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2580, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2580, S.D. 1, H.D. 1, C.D. 1.

Senators Tam, Aki, Ige, M., Iwase.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Stegmaier, Morita, Takai, Tamas, Moses.
Managers on the part of the House.

Conf. Com. Rep. No. 35 on S.B. No. 2297

The purpose of this bill is to create a new chapter in the Hawaii Revised Statutes which establishes certain rights and protections for participants of managed care plans, and to create a task force to review various patient's rights laws and ensure that consumers of health care under managed care plans in Hawaii are receiving similar or greater protection than those recommended by the November 1997 report prepared by the Advisory Commission on Consumer Protection and Quality in the Health Care Industry.

Your Committee on Conference finds that mutual benefit societies and health maintenance organizations are risk-bearing entities and as such, should be considered as a type of insurer. Your Committee on Conference believes that as insurers, Articles 2 and 13 of Chapter 431, Hawaii Revised Statutes, should apply so that consumers are afforded greater protection through the increased ability of the Insurance Commissioner to investigate complaints and conduct examinations.

Your Committee on Conference notes that managed care plans contemplated by this bill are offered not only to employers, but to other groups and individuals regulated by federal law. Your Committee on Conference wishes to emphasize that this law is a regulation on the "business of insurance" and is not intended to interfere with employer health plans as they operate under federal law.

Your Committee amended this bill by:

- (1) Expanding the definition of "managed care plan" and providing for an exception from the definition for employee benefit plans with respect to provisions which may be superseded or preempted by federal law;
- (2) Adding a new section providing for appeal of managed care plan decisions to a three member panel appointed by the insurance commissioner;
- (3) Deleting the confidentiality of medical information section;
- (4) Adding a new section making all remedies, penalties, and proceedings in Articles 2 and 13 of Chapter 431, HRS applicable to managed care plans enforceable exclusively by the insurance commissioner;
- (5) Deleting the section setting forth consumer responsibilities;
- (6) Adding a new section which amends Section 432:1-102, HRS, by subjecting mutual benefit societies to Articles 2 and 13 of Chapter 431, HRS;
- (7) Adding a new section which amends Section 432D-19, HRS, by subjecting health maintenance organizations to Articles 2 and 13 of Chapter 431, HRS;
- (8) Removing the requirement that the task force compare the protection afforded under the Act with those enumerated in the November 1997 report prepared by the Advisory Commission on Consumer Protection and Quality in the Health Care Industry;
- (9) Removing an organization representing business or employers from the membership of the task force and replacing it with representatives from the Hawaii Coalition for Health and Hawai'i Business Health Coalition;
- (10) Adding a severability provision;
- (11) Adding a ramseyer provision; and
- (12) Making the Act effective upon its approval.

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

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2297, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2297, S.D. 2, H.D. 1, C.D. 1.

Senators Levin, Fernandes Salling, Chun Oakland, Ige, D., Metcalf.
Managers on the part of the Senate.

Senators Kanno and Slom did not sign the report.

Representatives Menor, Tom, Aiona.
Managers on the part of the House.

Representatives Lee and Yamane did not sign the report.

Conf. Com. Rep. No. 36 on S.B. No. 2460

The purpose of this bill is to require the approval of the State Health Planning and Development Agency and, if applicable, of the Attorney General for the acquisition of a hospital owned by a nonprofit corporation.

Your Committee finds that the intent of this measure is to safeguard the interests of the community regarding the sale of nonprofit hospitals, by subjecting their acquisition to review and approval by the State.

Your Committee agrees with the intent of this protective measure, but believes it should be extended to cover the acquisition of all hospitals, except those public health facilities under the Hawaii Health Systems Corporation (HHSC). HHSC facilities have been excluded because they are not for sale under any circumstances.

Your Committee has amended this bill accordingly to:

- (1) Delete the word "nonprofit" where it refers to a hospital, except where appropriate;
- (2) Clarify the intent of the legislation by amending the definition of "hospital" to exempt a public health facility under chapter 323F, HRS;
- (3) Conform the public notice requirement to Act 2, Session Laws of Hawaii, 1998;
- (4) Add a maintenance of services section to the new part which prohibits a reduction of services without prior notice to the State Health Planning and Development Agency; and
- (5) Make technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2460, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2460, S.D. 2, H.D. 2, C.D. 1.

Senators Levin, Fernandes Salling, Chumbley, Matsunaga.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Santiago, Menor, Tom.
Managers on the part of the House.

Representatives Lee and Ward did not sign the report.

Conf. Com. Rep. No. 37 on S.B. No. 3088

The purpose of this bill is to clarify the rights of employees and the liabilities of employers in regards to job references.

Your Committee finds that assessment of a prospective employee's future performance is a difficult task for an employer who may have to rely on employment background information and recommendations from previous employers to make a hiring decision. Your Committee further finds that employers are reluctant to reveal that type of information for fear of possible lawsuits.

The intent of this bill is to provide a balanced disclosure, taking into account the rights of the employee and the interest of the employer.

Your Committee has amended S.B. No. 3088, S.D. 1, H.D. 2, to:

- (1) Amend the section title to "Providing information to prospective employers in good faith";
- (2) Grant the employer qualified immunity from civil liability;
- (3) Add chapters 89 and 92F, Hawaii Revised Statutes, to rights protected; and
- (4) Make technical amendments for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3088, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3088, S.D. 1, H.D. 2, C.D. 1.

Senators Kanno, Chun Oakland, Chumbley, Matsunaga, Ihara, McCartney, Anderson.
Managers on the part of the Senate.

Representatives Yonamine, Tom, Nakasone Marumoto.
Managers on the part of the House.

Representative Yamane did not sign the report.

Conf. Com. Rep. No. 38 on S.B. No. 2987

The purpose of this bill is to reform the child protective services system to afford greater emphasis on the safety of the abused child.

This conference draft is a result of many months of roundtable child protective services (CPS) discussions among CPS workers, foster parents, medical professionals, law enforcement personnel, the Department of Human Services (DHS), the Judiciary, parents, children, community organizations, and legislative committees of both houses. Information was presented, explanation was provided, issues were raised and discussed, questions were asked and answered, feelings were communicated, and solutions were forthcoming. This bill represents the major legislative solutions to the many suggestions arising from the roundtable CPS discussions.

Your Committee is acutely aware of the seriousness and prevalence of child abuse in Hawaii. Your Committee grieves for the innocent child victims who are helpless and blameless for their predicament. Unfortunately, child abuse does not lend itself to simplistic solutions because its cause is symptomatic of society's fundamental ills, such as substance abuse, poverty, violence, and isolation. Children who are raised in this environment are at significant risk for being abused. The cost of preventing and treating child abuse is staggering in terms of dollars and ruined lives. Beyond costs, the ultimate tragedy could be death or near death.

Your Committee is committed to doing what needs to be done to improve child protective services, while realizing that child abuse will never be extinguished with laws or money alone. A total community effort on all fronts is necessary, including public awareness, public reporting, police response, medical intake, and social services and court procedures. Everyone in the process must become vigilant in identifying child abuse or potential abuse, and aggressive in prevention. However, your Committee recognizes that laws cannot substitute for the professional performance and judgment of the CPS worker who is the first line of defense.

But, more importantly, the family unit should be the focus of attention to prevent child abuse. A cohesive and functional family is the best solution to child abuse prevention. Your Committee is not unmindful that this is a utopian concept in today's society, so this measure emphasizes the safety of the child over reunification of the family. In matters involving human behavior and attitudes, as in child abuse, legislation is limited to enacting proscriptive legislation, as in protection of the child.

Your Committee believes that it is incumbent upon the DHS to establish an internal peer review, independent of the child protective review panel, to share information on CPS cases with a view toward improving the professional practice of CPS workers. The peer review members may include the guardian ad litem on a voluntary basis, foster parents, and CPS workers.

Your Committee is concerned about the lines of communication between the police departments and the DHS on child abuse cases. Although this conference draft requires the police to submit written reports to the DHS on cases that the police take further action on or for active cases in the DHS, your Committee understands the problem of information transmittal, whether oral, written, or electronic. For this reason, your Committee recommends that the DHS and the respective police departments establish mutual procedures, appropriate to each police department, to identify active CPS cases and to inform the police on the status of those active cases. Ideally, your Committee would like to see a computerized process whereby the police officer on the beat who responds to a domestic call could identify a CPS case and ascertain its status immediately on a computer terminal in the police vehicle, similar to driving records and arrest warrant information.

Your Committee, after careful consideration, has made the following amendments to S.B. No. 2987, S.D. 2, H.D. 3:

- (1) Clarifying the requirements for the child protective review panel;
- (2) Clarifying the initial oral report and follow-up written report requirements under the child abuse reporting law;
- (3) Changing the time period within which the DHS must file required reports with the court from the amended time of seventy-two hours back to the current time of forty-eight hours subsequent to the time of filing a petition;
- (4) Changing the time period within which the court must set a temporary foster custody hearing if the DHS has continued to assume temporary foster custody from the amended time of three working days back to the current time of two working days after the filing of a petition; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2987, S.D. 2, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2987, S.D. 2, H.D. 3, C.D. 1.

Senators Chun Oakland, Kanno, Chumbley, Matsunaga, Baker, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Arakaki, Santiago, Tom, Kawakami, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 39 on S.B. No. 632

The purpose of this bill is to enhance traffic enforcement and safety in the City and County of Honolulu.

In particular, this bill seeks to achieve this objective by:

- (1) Establishing a three-year demonstration project in selected areas on state or county highways in the City and County of Honolulu to provide for the implementation of photo speed imaging detector and photo red light imaging systems to improve traffic enforcement; and
- (2) Allowing the City and County to contract with an appropriate provider of these systems pursuant to the public procurement laws while exempting the contract from civil service, compensation, and collective bargaining laws; permitting the contractor to have access to information as set forth in the bill; and allowing the contractor to issue citations or summonses by mail.

Your Committee agrees with the intent of this Act, and finds that it will help to improve traffic enforcement and safety using two automated technological innovations -- photo speed imaging detectors and photo red light imaging systems -- which are capable of safely and efficiently diffusing dangerous traffic control problems while at the same time freeing up police officers to handle more pressing problems.

Your Committee has amended this bill by:

- (1) Making the three-year demonstration project applicable to all state and county highways in each of the counties, rather than only in the City and County of Honolulu;
- (2) Deleting references to ordinances in sections 6, 7(a) and (b), 8(a) and (b), and 19 of the bill, thereby authorizing the counties to initiate the projects based directly upon this measure, rather than requiring them to enact implementing ordinances;
- (3) Moving the last sentence of section 11 of the bill, which states that the registered owner shall be determined by the identification of the vehicle's registration plates, to the end of section 10(d) of the bill;
- (4) Changing the word "defendant" to "person to whom the summons or citation was sent" in section 12(a) of the bill;
- (4) Changing the phrase "a violator of this Act" to "the registered owner of the vehicle" in section 13 of the bill;
- (5) Amending section 17 of the bill by:
 - (A) Changing the phrase "contract terms" to "duration of contract" in the section heading;
 - (B) Deleting subsection (c)(3), requiring contracts to define personal and confidential information, and renumbering the remaining paragraphs in that subsection;
 - (C) Deleting subsection (d), providing that initial contracts were to be for periods of not more than three years subject to renewal and that the State was not obligated for payments beyond current annual appropriations, and renumbering the remaining subsections;
 - (D) Amending subsection (f), which has been changed to subsection (e), by adding the word "prior" immediately before the words "written notice"; and
 - (E) Amending subsection (g), which has been changed to subsection (f), by changing the word "vendor's" to "contractor's";
- (6) Changing the reference to the "insurance commissioner" to the "attorney general" in section 21(a) of the bill;
- (7) Deleting the words "expand the project to the neighbor islands," in section 23(2)(J) of the bill; and
- (8) Making technical, nonsubstantive changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 632, S.D. 2, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 632, S.D. 2, H.D. 3, C.D. 1.

Senators Kawamoto, Sakamoto, Matsunaga, Chumbley, Baker, Fernandes Salling, Anderson.
Managers on the part of the Senate.

Representatives Hiraki, Tom, Nakasone, Yamane, Moses.
Managers on the part of the House.

Conf. Com. Rep. No. 40 on S.B. No. 2866

The purpose of this bill is to allow the Director of Health to appoint professional and nonprofessional staff to carry out the state mental health program, including but not limited to, a Director of Psychosocial Rehabilitation, and a Chief of the Department of Nursing. It also exempts Occupational Therapists and Occupational Therapy Assistants who are employed by the Hawaii State Hospital from certification by the American Occupational Therapy Certification Board for not longer than one year.

Your Committee has amended this bill by:

- (1) Extending the exemption from certification by the American Occupational Therapy Certification Board for no longer than one year without having passed the national certification examination to Occupational Therapists and Occupational Therapy Assistants employed in a civil service position with the Department of Health, rather than only those with the Hawaii State Hospital; and
- (2) Repealing on June 30, 2000, Section 2 of the bill relating to the one year exemption and reenacting section 457G-2, Hawaii Revised Statutes, without the exemption.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2866, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2866, S.D. 1, H.D. 1, C.D. 1.

Senators Levin, Fernandes Salling, Chun Oakland, Kanno, Metcalf, Ige, D., Fukunaga, Anderson.
Managers on the part of the Senate.

Representatives Santiago, Kahikina, Ito, Stegmaier.
Managers on the part of the House.

Representatives McDermott did not sign the report.

Conf. Com. Rep. No. 41 on S.B. No. 2346

The purpose of this bill is to extend the sunset date of Act 202, Session Laws of Hawaii 1988, as amended by Act 111, Session Laws of Hawaii 1994, dealing with mental health and alcohol and drug abuse treatment insurance benefits under prepaid health care insurance to July 1, 2002.

Your Committee on Conference stresses that the legislative intent is to increase mental illness and alcohol and drug dependence benefits but avoid the health care cost increases associated with increased inpatient care. Your Committee on Conference therefore limited the increase in benefits to outpatient benefits.

Your Committee on Conference amended the bill by reverting to Senate Bill No. 2346, Senate Draft 2, and additionally extending the sunset date of Act 202, Session Laws of Hawaii 1988, as amended by Act 111, Session Laws of Hawaii 1994, to July 1, 2002.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2346, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2346, S.D. 2, H.D. 2, C.D. 1.

Senators Ige, D., Metcalf, Baker, Chun Oakland, Slom.
Managers on the part of the Senate.

Representatives Santiago, Menor, Kawakami, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 42 on S.B. No. 1273

The purpose of the bill, as received by your Committee, is to require an accused defendant to be tested for the human immunodeficiency virus (HIV) upon the request of a sexually assaulted victim. The bill also allows a victim to obtain the HIV test results and appropriate counseling.

Your Committee finds that sexual assault is one of the most traumatic and horrifying experiences for a victim to overcome. In addition, victims are often fearful of contracting HIV as a result of having been sexually assaulted. This fear of contracting this life-threatening disease adds to the extraordinary psychological trauma felt by the victims. Thus, your Committee believes that requiring a convicted sex offender to undergo HIV testing upon the request of the victim will help to alleviate some of this trauma.

Your Committee recognizes that victims may want to know the HIV status of the accused sex offender for their peace of mind. However, your Committee firmly believes that a sex offender should be tested upon conviction rather than upon accusation. Requiring an accused individual to submit to an HIV test may be an unconstitutional deprivation of the individual's due process rights.

While your Committee notes that mandatory testing of sex offenders at the request of the victim may provide some psychological remedy, it is more important to provide victims with immediate counseling, including accurate and up-to-date information regarding HIV preventive treatment, offering them HIV testing immediately after the assault, and the result of the HIV test of the convicted sex offender.

Upon further consideration and agreement, your Committee on Conference has amended the bill by:

- (1) Requiring that any person convicted of a sex offense shall be ordered, upon the written request of the victim, to submit to an HIV test;
- (2) Requiring that the convicted person and the victim shall be provided with HIV counseling prior to and following testing;
- (3) Deleting the requirement whereby the court has to make a determination that the commission of the offense may have involved the transfer of body fluids or caused the transmission of HIV; thus, requiring that the convicted person shall be tested only upon the request of the victim;
- (4) Adding the definition of "convicted person";
- (5) Amending the definition of "HIV counseling" to include referral for appropriate health care and support services;
- (6) Deleting the provision that specifies that any federal funds received pursuant to this Act shall be allocated to provide direct services to victims of sexual assault; and
- (7) Making non-substantive technical changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1273, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1273, S.D. 1, H.D. 2, C.D. 1.

Senators Chumbley, Matsunaga, Baker, Fukunaga, Ihara, McCartney, Anderson.
Managers on the part of the Senate.

Representatives Tom, White, Ahu Isa, Lee, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 43 on S.B. No. 1309

The purpose of this bill is to compensate state residents who are victims of crimes, including terroristic acts, occurring outside the United States.

Specifically, this bill:

- (1) Adds to section 351-2, Hawaii Revised Statutes, the definition of "crime" to include acts of terrorism occurring outside the United States;
- (2) Amends, in section 351-2, Hawaii Revised Statutes, the definitions of:
 - (A) "Resident" of the State to broaden the term; and
 - (B) "Victim" to include residents injured or killed by acts of terrorism outside the United States;
- (3) Adds to section 351-32, Hawaii Revised Statutes, the definition of "terrorism" as an act as defined in 18 United States Code section 2331;
- (4) Amends section 351-31, Hawaii Revised Statutes, to make eligible for criminal injuries compensation any resident injured or killed by an act of terrorism occurring outside the United States; and
- (5) Disallows compensation to any victim or intervenor who suffered injury or death while confined in any federal, state, or county jail, prison, or other correctional facility.

Your Committee has made the following technical, nonsubstantive amendments:

- (1) Inserting the word "title" four times to the phrase "title 18 United States Code section 2331 in sections 1, 2, and 3 of the bill;
- (2) Correcting the word "Section" to lower case "section" in section 3 of the bill (in the phrase "title 18 United States Code section 2331");
- (3) Setting out the entire section 351-32, Hawaii Revised Statutes, to add a new crime of "terrorism" in section 3 of the bill; and
- (4) Moving the phrase "every individual who" in the definition of "resident" to the position immediately before the colon (:) to enable the definition to read better.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1309, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1309, S.D. 1, H.D. 2, C.D. 1.

Senators Matsunaga, Chumbley, Baker, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Tom, White, Abinsay, Yoshinaga.
Managers on the part of the House.

Representative Ward did not sign the report.

Conf. Com. Rep. No. 44 on S.B. No. 2249

The purpose of this bill is to make inmates accountable for their own care by authorizing the Department of Public Safety to charge fees for intentional injuries and nonemergency medical, dental, and mental health services or treatment.

This measure represents an effort by the Department of Public Safety to place more responsibility on inmates for their own self-care, and to address the increasing numbers of requests made by inmates for unnecessary medical treatment or services. Furthermore, the bill provides that an inmate's account will not be debited for the co-payment fee unless the inmate's account has more than a \$10.00 balance but will allow the department to implement a procedure to recover those fees in the future.

Upon further consideration and agreement, this measure was amended by:

- (1) Clarifying that the fees may be assessed on medical services "received" by inmates rather than those "requested or required";
- (2) Deleting the language that "no detainee or committed person shall be refused treatment upon request";
- (3) Clarifying the language regarding making assessments upon inmates who receive services for intentional injuries;
- (4) Replacing the word "rules" in subsection (d) with the words "policies and procedures" regarding establishing a fee schedule for medical services; and
- (5) Making technical, nonsubstantive changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2249, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2249, S.D. 1, H.D. 2, C.D. 1.

Senators Chumbley, Matsunaga, McCartney, Anderson.
Managers on the part of the Senate.

Representatives Garcia, Tom, Ito, Saiki, Kawanakoa.

Managers on the part of the House.

Conf. Com. Rep. No. 45 on S.B. No. 2399

The purpose of this bill is to enact a pilot clean elections program for the offices of state senator and state representative during the election campaign period for the election in the year 2000.

Under a clean elections program, candidates who agree to forego private campaign contributions, adhere to strict spending limits, and shorten their campaign period can qualify to receive a set and competitive amount of campaign financing from a public fund to run their campaigns. Your Committee finds that such a program has the potential for providing an effective means of addressing the problems of voter disillusionment and undue influence by special interest groups over Hawaii's elections. In particular, a clean elections program may help to reduce the escalating costs of campaigning and allow any qualified candidate the opportunity to run for office regardless of wealth or access to wealth, eliminate some of the influence of large contributors thereby reducing the influence of special interest money on elections, and free candidates and public officials from the burdens of fundraising and allow them greater time to serve the public interest.

Nevertheless, your Committee finds that there is a need for further review of a clean elections program before its implementation in the State. Your Committee finds that there is no easy solution to problems posed by an electoral system that is dependent to a large extent on the extensive and expensive use of media advertising. Your Committee is also mindful of the potential cost of public financing of a clean elections program. Funding for the program would presumably be derived predominantly from the income tax check-off and general fund appropriations, which the State simply cannot afford at this time due to the ongoing budget shortfall.

Accordingly, your Committee has amended this bill by:

- (1) Specifying that the purpose of the bill is to conduct a study of the feasibility of implementing a pilot clean elections program, rather than enacting such a pilot program;
- (2) Changing the pilot program to apply to all elections held in the years 2002 and 2004, rather than only the offices of state senator and state representative during the election campaign period for the election in the year 2000;
- (3) Deleting the new sections and conforming amendments made to the state elections law, chapter 11, Hawaii Revised Statutes, that implemented the pilot program, and substituting a proposed model Act regarding clean elections to be studied by the Campaign Spending Commission. The model Act, among other things:
 - (A) Specifies requirements for party and independent candidates for primary and general election periods who voluntarily agree to comply with the clean elections requirements, including clean elections qualifying contributions;
 - (B) Establishes continuing obligations for clean elections candidates;
 - (C) Specifies allowable contributions and expenditures;
 - (D) Sets limits on the use of personal funds;
 - (E) Provides for "seed money" contributions;
 - (F) Requires participation in debates in contested races and provides for media use;
 - (G) Provides for certification for candidates who are eligible to receive clean elections benefits, and provides for a schedule of clean elections payments and determination of amounts;
 - (H) Specifies allowable expenditures that may be made with clean elections funds;
 - (I) Provides for disclosure of excess spending by nonparticipating candidates and matching funding to participating candidates;
 - (J) Allows for paid broadcast media advertising;
 - (K) Provides for the deposit of moneys into the Hawaii election campaign fund and administration and dispersal of money from that fund;
 - (L) Prohibits clean elections candidates from accepting monetary contributions from political parties;
 - (M) Provides for repayments of excess expenditures; and
 - (N) Defines relevant terms;
- (4) Adding "Hawaii Clean Elections" to the list of stakeholders who are asked to cooperate with the Campaign Spending Commission's study of Hawaii's campaign financing system, and changing the reporting date from no later than twenty days before the convening of the 2000, rather than 1999, Regular Session;
- (5) Including in the Commission's study proposed rules to implement the proposed model Act and suggested changes to the model Act;
- (6) Changing the effective date from July 1, 1999, to upon approval, and removing the sunset provision; and
- (7) Making technical, nonsubstantive changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2399, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2399, S.D. 2, H.D. 2, C.D. 1.

Senators Chumbley, Matsunaga, Baker, Ihara, McCartney.
Managers on the part of the Senate.

Senator Sakamoto did not sign the report.

Representatives Tom, Say, Abinsay, Yamane.
Managers on the part of the House.

Representative Whalen did not sign the report.

Conf. Com. Rep. No. 46 on S.B. No. 720

The purpose of this bill is to authorize the Administrative Director of the Courts to assess and collect a \$15 fee from each arrestee who requests an administrative hearing to cover the costs of processing such a request.

The bill also requires the return of any fees collected from an arrestee upon a subsequent reversal of the administrative revocation.

Particularly in view of the State's present economic condition, your Committee is in full support of imposing personal and monetary responsibility for the costs of processing cases under the administrative revocation of driver's license program upon the offender, as opposed to the taxpayers. Your Committee notes that the fee would be returned to the arrestee upon a subsequent reversal of the administrative revocation.

Upon further consideration, your Committee has amended the bill to clarify that: the fee is to cover the costs of processing the arrestee's request for an administrative hearing; and the list of costs items covered by the fee and enumerated in the bill is not exclusive.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 720, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 720, S.D. 2, H.D. 2, C.D. 1.

Senators Chumbley, Matsunaga, Fukunaga, Bunda, Anderson.
Managers on the part of the Senate.

Representatives Tom, White, Kanoho, Yoshinaga.
Managers on the part of the House.

Representative Whalen did not sign the report.

Conf. Com. Rep. No. 47 on S.B. No. 721

The purpose of this bill is to increase certain court fees to generate revenue while preserving access to the court system.

Your Committee finds that Hawai'i's court fees are among the lowest in the nation, and that some of the fees amended in this bill have not been increased since 1974. Filing fees are the "price of admission" to the judicial system and should not be viewed primarily as a revenue-generating device. However, in a time of economic severity, it is appropriate that users of the system share in the present-day costs of operating the system. Your Committee finds that the proposed changes are reasonable in light of these factors, and notes that the Judiciary supported both the S.D. 1 and H.D. 1 versions of the bill.

Your Committee has amended this bill by:

- (1) Removing the provision of the H.D. 2 version requiring the Judiciary to adopt rules pursuant to chapter 91 to establish fees for services provided by the district, circuit, and small claims courts, the filing of foreign judgments, and the filing of an appeal or institution of an action in the appellate courts; and
- (2) Reinstating the specific fee increases of the H.D. 1, with the following changes from the H.D. 1:
 - (A) Increasing the fee for transfer of action to circuit court from district court from \$100 to \$125;
 - (B) Increasing the informal probate or appointment proceeding under chapter 560 from \$75 to \$100;
 - (C) Increasing the fee for adoption from \$75 to \$100;
 - (D) Increasing the fee for guardianship of the person from \$75 to \$100.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 721, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 721, S.D. 1, H.D. 2, C.D. 1.

Senators Chumbley, Matsunaga, Baker, Sakamoto.
Managers on the part of the Senate.

Representatives Tom, Kawakami, Suzuki, Yamane.
Managers on the part of the House.

Representative Whalen did not sign the report.

Conf. Com. Rep. No. 48 on S.B. No. 2326

The purpose of this bill is to establish an oversight council to monitor the Hawaii Employers' Mutual Insurance Company (HEMIC), to exclude HEMIC from required assessments on its first \$25,000,000 in written premiums to the Hawaii Hurricane Relief Fund (HHRF), and to require HEMIC to participate in the Hawaii Insurance Guarantee Association (HIGA) beginning January 1, 2009.

Your Committee upon further consideration has made the following amendments to S.B. No. 2326, S.D. 1, H.D. 2:

- (1) Changing the selection procedures for the oversight council members for the Senate and the House and their substitutes in case of disqualification, so that the President of the Senate and the Speaker of the House directly appoint the respective member of each body;
- (2) Providing that HEMIC rather than the Department of Commerce and Consumer Affairs provide the staff support to the oversight council;
- (3) Changing the amended date of December 31, 2008, back to the current date of December 31, 2007, as the date until HEMIC is to be excluded from the surplus requirements of domestic mutual insurers;
- (4) Clarifying that HEMIC is to be excluded from HHRF assessments for the first \$25,000,000 of written premiums in each calendar year but premiums beyond that amount will be assessed in accordance with existing law;
- (5) Changing from January 1, 2009, to January 1, 2008, as the date that HEMIC begins to participate in HIGA; and
- (6) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2326, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2326, S.D. 1, H.D. 2, C.D. 1.

Senators Kanno, Chun Oakland, Fukunaga, Baker, Metcalf, Ige, D., Anderson.
Managers on the part of the Senate.

Representatives Yonamine, Menor, Say, Case, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 49 on S.B. No. 2624

The purpose of this bill is to re-enact the Hale Kokua pilot project program as a permanent program under the Housing and Community Development Corporation of Hawaii.

The Hale Kokua program authorizes the payment of a state grant and a monthly rent supplement to property owners who set aside rental units to persons classified as employed but homeless for up to five years.

Your Committee finds that the Hale Kokua program will benefit Hawaii because it provides incentives to shelter the homeless.

Your Committee has amended this bill by replacing its contents with the Senate's version of this bill contained in Senate Bill No. 2624, S.D. 2, and by amending that language to:

- (1) Clarify that the property owner incentives shall be conditioned on participation in the program and shall lapse when program participation ends;
- (2) Delete the provisions that authorize the use of funds from the employment and training fund established by section 383-128, Hawaii Revised Statutes, for the purposes of providing job training to tenants participating in the Hale Kokua program; and
- (3) Making other technical, nonsubstantive amendments.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2624, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2624, S.D. 2, H.D. 2, C.D. 1.

Senators Bunda, Ige, M., Baker, Fukunaga, Chun Oakland, Kanno, Anderson.
Managers on the part of the Senate.

Representatives Arakaki, Kawakami, Kahikina, Saiki.
Managers on the part of the House.

Representative Ward did not sign the report.

Conf. Com. Rep. No. 50 on S.B. No. 2803

The purpose of this bill is to provide regulatory flexibility for small businesses by requiring that agencies analyze the impact of rules on small businesses as well as provide an opportunity for early input by small businesses into the rulemaking process.

Your Committee upon further consideration has amended the bill by:

- (1) Eliminating the staggered terms and term limits for members of the Small Business Regulatory Review Board;
- (2) Clarifying that penalties or fines assessed pursuant to a program approved, authorized, or delegated under a federal law are not subject to the waiver or reduction of penalties provisions of this measure;
- (3) Placing the provisions establishing the Small Business Defender in a new chapter entitled Small Business Defender placed within the legislature;
- (4) Deleting the new section which provides for small business functions, powers, and duties within the Office of the Ombudsman; and
- (5) Changing the effective date to July 1, 1998, with a repeal date of June 30, 2002.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2803, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2803, S.D. 2, H.D. 2, C.D. 1.

Senators Taniguchi, Metcalf, Levin, Baker, Ihara, Anderson.
Managers on the part of the Senate.

Representatives Herkes, Say, Ahu Isa, Ito, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 51 on H.B. No. 1488

The purpose of this bill is to:

- (1) Extend the licensing period for group child care homes and group child care centers from one year to two years;
- (2) Define a "family child care home" as a private home authorized to care for three to six children who are unrelated to the caregiver by blood, marriage, or adoption; and
- (3) Extend the total period a temporary permit may be granted to a group child care home or center to twenty-four months.

Upon careful consideration, your Committee has amended this measure by:

- (1) Providing that a license for a group child care home or center is valid for:
 - (A) One year for new applicants and for those who have been licensed for less than four years; and
 - (B) Two years for those who have been licensed for four years or more, unless sooner revoked;
- (2) Providing that registration for a family child care home is valid for:
 - (A) One year for new applicants and for those who have been licensed for less than four years; and
 - (B) Two years for those who have been licensed for four years or more, unless sooner revoked; and
- (3) Making technical, nonsubstantive amendments for clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1488, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1488, H.D. 2, S.D. 1, C.D. 1.

Senators Chun Oakland, Kanno, Iwase, Solomon, Baker, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Arakaki, Menor, Lee, Saiki, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 52 on H.B. No. 3367

The purpose of this bill is to establish an international exchange program between the University of Hawaii schools of Medicine and Nursing, and foreign educational institutions in the Asia-Pacific region.

Your Committee on Conference finds that expansion into the health-related tourism segment of the visitor industry offers one of the best hopes for reviving Hawaii's economy, utilizing Hawaii's well-developed tourism reputation and its existing excellent healthcare facilities. In addition, many of Hawaii's medical service providers already have contractual arrangements with a number of Asia-Pacific nations which provide a base for the further development of health tourism.

The creation of long-term relationships through exchange programs between Hawaii and the healthcare communities in Asia and the rest of the world, including those which are part of the sister-state-province partnership, will be an important factor in the success of health tourism promotion efforts. This program will broaden and solidify the network of physician referrals of patients in Asia to Hawaii medical institutions.

Your Committee on Conference has amended the bill by making technical, non-substantive amendments for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3367, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3367, H.D. 1, S.D. 1, C.D. 1.

Senators Aki, Tam, Levin, Baker, Chun Oakland, Solomon, Slom.
Managers on the part of the Senate.

Representatives Cachola, Morihara, Chang, Ahu Isa, Halford.
Managers on the part of the House.

Conf. Com. Rep. No. 53 on H.B. No. 2443

The purpose of this bill is to amend Act 131 (Act 131), Session Laws of Hawaii 1997, the de minimus structure position discrepancies law, by adding industrial property to the types of property covered by Act 131, and providing that the property owner is responsible for an encroachment where the builder is not readily identifiable.

Your Committee on Conference, upon further consideration, has amended this measure by incorporating a new section 3 which would make Act 131 apply to all structure position discrepancies without regard to when the facts or actions giving rise to the discrepancy occurred.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2443, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2443, H.D. 2, S.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, Ihara, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Hamakawa, Tom, Goodenow, Herkes, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 54 on H.B. No. 2778

The purpose of this bill is to appropriate emergency funding to the Department of Hawaiian Home Lands (DHHL) to allow DHHL to continue to have its legal interests relating to individual claims against the state under Chapter 674, Hawaii Revised Statutes, represented by the Department of the Attorney General from March 1, 1998, through June 30, 1998.

Upon further discussion, your Committee on Conference has amended this bill to provide that the appropriation be made to the Department of the Attorney General.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2778, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2778, S.D. 1, C.D. 1.

Senators Baker, Fukunaga, Anderson.
Managers on the part of the Senate.

Representatives Suzuki, Kahikina.
Managers on the part of the House.

Representative Ward did not sign the report.

Conf. Com. Rep. No. 55 on H.B. No. 2533

The purpose of this bill is to strengthen the penalties and fines for violations of the Plant and Non-domestic Animal Quarantine Law under Chapter 150A-14, Hawaii Revised Statutes, by:

- (1) Increasing the penalty and fines for persons convicted of owning or intentionally transporting, possessing, harboring, or transferring a prohibited or restricted plant, animal, or microorganism; and
- (2) Establishing penalty and fines for persons convicted of intentionally transporting, harboring, or importing with the intent to propagate or sell any prohibited or restricted plant, animal, or microorganism without a permit.

Your Committee on Conference has amended this bill by:

- (1) Changing the penalty to a petty misdemeanor and decreasing the maximum fine from \$25,000 to \$20,000 for persons convicted of owning or intentionally transporting, possessing, harboring, or transferring a prohibited or restricted plant, animal, or microorganism; and
- (2) Restoring language that was inadvertently left out with regard to penalties and fines for persons convicted of intentionally transporting, harboring, or importing with the intent to propagate or sell any prohibited or restricted plant, animal, or microorganism without a permit.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2533, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2533, H.D. 1, S.D. 2, C.D. 1.

Senators Taniguchi, Chumbley, Matsunaga, Anderson.
Managers on the part of the Senate.

Representatives Jones, Tom, Abinsay, Halford.
Managers on the part of the House.

Conf. Com. Rep. No. 56 on H.B. No. 2701

The purpose of this bill is to prohibit telecommunications carriers, with the exception of wireless carriers, from making unauthorized changes in a subscriber's selection or designation of a long-distance carrier without the subscriber's knowledge or consent.

In addition, this bill subjects telecommunications carriers to administrative penalties for such violations.

Your Committee on Conference has amended this bill to:

- (1) Prohibit telecommunications carriers from initiating, rather than submitting, changes in a subscriber's selection or designation of a long-distance carrier without receiving authorization or verification as enumerated in the bill; and
- (2) Clarify the authorization and verification procedures.

Technical, nonsubstantive amendments were made for clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2701, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2701, H.D. 2, S.D. 1, C.D. 1.

Senators Ige, D., Metcalf, Slom.
Managers on the part of the Senate.

Representatives Herkes, Menor, Tom, Ahu Isa, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 57 on H.B. No. 2985

The purpose of this bill is to authorize the Board of Agriculture (BOA) to use moneys from the Irrigation System Account to contract for the operation or maintenance of irrigation and water utilization project facilities, if the action is in the public interest.

After careful consideration, your Committee on Conference has amended this bill to empower the BOA to contract for services with the private sector for the operation or maintenance of irrigation and water utilization project facilities if, in the BOA's reasonable discretion, existing civil service staff is inadequate to service such projects or project facilities.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2985, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2985, H.D. 1, S.D. 1, C.D. 1.

Senators Taniguchi, Kanno, Baker, Ihara, Metcalf, Slom.
Managers on the part of the Senate.

Representatives Jones, Say, Abinsay, Chang, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 58 on H.B. No. 3138

The purpose of this bill is to permit the counties to transfer development rights between two lots, parcels, or areas of land.

To clarify legislative intent and to ensure consistency with the existing provisions of Chapter 46, Hawaii Revised Statutes, your Committee on Conference has restored the "findings and purpose" section of this bill and amended it to acknowledge the balancing of preservation and development interests.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3138, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3138, H.D. 1, S.D. 1, C.D. 1.

Senators Kawamoto, Sakamoto, Iwase, Taniguchi, Slom.
Managers on the part of the Senate.

Representatives Takamine, Goodenow, Hamakawa, Morihara, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 59 on H.B. No. 3457

The purpose of this bill is to establish the West Hawaii Regional Fishery Management Area to:

- (1) Effectively manage fishery activities;
- (2) Enhance nearshore resources; and
- (3) Minimize conflicts of use in this coastal area.

Your Committee recognizes the importance of clarifying that in the fish reserves, which are a portion of the fish replenishment areas, fishing for reef-dwelling fish is prohibited. A reef-dwelling fish is one that lives the majority of its life feeding and reproducing in the reef environment. Fishing for pelagic species, however, would not be restricted.

Your Committee also recognizes that the restrictions on gill nets used as set nets do not include throw or surround nets.

Upon careful consideration, your Committee on Conference has amended this measure by:

- (1) Adopting the Senate's language, which deleted "aquarium" from the phrase "aquarium fish replenishment areas", since the bill language clearly states that in these replenishment areas, aquarium fish collecting is prohibited;
- (2) Amending Section 2 and Section 3 references to fish reserves to read "a portion of fish replenishment areas as fish reserves where no fishing for reef-dwelling fish is allowed"; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3457, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3457, H.D. 2, S.D. 2, C.D. 1.

Senators Taniguchi, Baker, Levin, McCartney, Slom.
Managers on the part of the Senate.

Representatives Tarnas, Kawakami, Hamakawa, Morihara, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 60 on H.B. No. 1815

The purpose of this bill is to authorize the Board of Trustees of the Employees' Retirement System to appoint a chief investment officer and to select legal counsel other than the attorney general.

Your Committee on Conference has amended this measure by making a technical, nonsubstantive amendment.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1815, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1815, H.D. 1, S.D. 2, C.D. 1.

Senators Kanno, Chun Oakland, Baker, Fukunaga, Metcalf, Taniguchi, Anderson.
Managers on the part of the Senate.

Representatives Yonamine, Nakasone, Case, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 61 on H.B. No. 2567

The purpose of this bill is to develop a plan to eliminate duplication of government services at the state and county levels with respect to highway and road maintenance and parks services.

Upon further consideration, your Committee on Conference has amended this bill by requiring the Governor and the mayors of the respective counties to:

- (1) Analyze the issue of duplicative state and county services;
- (2) Determine areas of duplication and methods to consolidate;
- (3) Draft implementation plans to eliminate duplication;
- (4) Develop a viable process to eliminate the duplication of government services at the state and county levels;
- (5) Submit a report on eliminating duplication of government services with respect to highway and parks services to the Legislature no later than November 30, 1998; and
- (6) Submit a final report, including the final plan, on eliminating duplication of all government services at the state and county levels to the Legislature no later than November 30, 1999.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2567, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2567, H.D. 2, S.D. 1, C.D. 1.

Senators Ige, M., Bunda, Sakamoto, Kawamoto, Baker, Fukunaga, Levin, Anderson.
Managers on the part of the Senate.

Representatives Yonamine, Nakasone, Chang, Takumi, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 62 on H.B. No. 3257

The purpose of this bill is to authorize the counties to establish procedures to conduct criminal history record checks of county employees. The bill also specifies that criminal history record checks will not be conducted on persons who have been employed continuously on a salaried basis prior to June 1, 1998.

Your Committee on Conference has amended this measure by making technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3257, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3257, H.D. 2, S.D. 1, C.D. 1.

Senators Kanno, Chun Oakland, Kawamoto, Sakamoto, Chumbley, Matsunaga, Anderson.
Managers on the part of the Senate.

Representatives Yonamine, Tom, Case, Yamane, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 63 on H.B. No. 2358

The purpose of this bill is to:

- (1) Require first time violators of the child passenger restraint law to attend a child passenger safety class conducted by the division of driver education that is not to exceed four hours;
- (2) Require payment of a driver's education assessment of \$50 for first time violators of the child passenger restraint law; and
- (3) Specify that fines for the first three convictions range between \$100-\$500.

Upon careful consideration, your Committee on Conference has amended this measure by:

- (1) Amending section 2, page 3, lines 17-19, to read: "and \$50 shall be levied on persons required to attend a child passenger restraint system safety class under section 291-11.5";
- (2) Amending section 3, page 3, line 22 through page 4, line 2, to read: "[Any person violating] Violation of this section shall be [guilty of a violation] considered an offense as defined under section 701-107(5) and shall subject the violator to the following penalties [of section 291C-161(b)].";
- (3) Amending section 3, page 4, lines 9-12, to specify that video conferences will be allowed as an alternative method of education and that their use will be determined by the administrator of the division of driver education;
- (4) Inserting language in section 3, page 4, lines 18-22, to require a person convicted of a second offense to attend a child passenger restraint system safety class that is not to exceed four hours in length if the person has not previously attended such a class;
- (5) Inserting language in section 3, page 4, line 23 through page 5, line 3, to require a person convicted of a second offense to pay a \$50 driver education assessment, as provided in section 286G-3, Hawaii Revised Statutes (HRS), if the person has not previously attended a child passenger system safety class;
- (6) Inserting language in section 3, page 5, lines 7-11, to require a person convicted of a third or subsequent offense to attend a child passenger restraint system safety class not to exceed four hours in length if the person has not previously attended such a class; and
- (7) Inserting language in section 3, page 5, lines 12-15, to require a person convicted of a third or subsequent offense to pay a \$50 driver education assessment, as provided in section 286G-3, HRS, if the person has not previously attended a child passenger system safety class.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2358, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2358, H.D. 2, S.D. 1, C.D. 1.

Senators Sakamoto, Kawamoto, Chumbley, Matsunaga.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Hiraki, Tom, Jones, Yonamine, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 64 on H.B. No. 3022

The purpose of this bill is to expedite efforts to renovate or expand facilities on the grounds of the Hawaii Youth Correctional Facility (HYCF) in Kailua, Oahu, by extending the exemption of the Office of Youth Services (OYS) from complying with all State and county requirements relating to planning, land use classifications, and environmental approvals.

Upon careful consideration your Committee on Conference has amended this measure by:

- (1) Removing all references to alternate sites;

- (2) Requiring that OYS work closely with the Department of Accounting and General Services for the timely completion of planned improvements and construction of facilities; and
- (3) Making technical, nonsubstantive changes for purposes of clarity and consistency.

Your Committee on Conference recommends that in the course of facilities expansion, the OYS make every effort with contractors to utilize the wards of the HYCF in the construction projects for training and employment opportunities.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3022, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3022, H.D. 2, S.D. 1, C.D. 1.

Senators Chun Oakland, Kanno, Fukunaga, Metcalf, Anderson.
Managers on the part of the Senate.

Representatives Garcia, Ito, Abinsay, Saiki, Kawanakoa.
Managers on the part of the House.

Conf. Com. Rep. No. 65 on H.B. No. 1830

The purpose of this bill is to ensure that all volunteer emergency medical disaster response personnel are provided with workers' compensation benefits and immunity from liability while engaged in an emergency response to a mass casualty event or disaster situation.

Although immunity and benefits for volunteer health care personnel are provided under Chapter 128, Hawaii Revised Statutes (Civil Defense and Emergency Act), once an official declaration of disaster has been made, the critical period before that declaration is not addressed. This bill affords volunteer medical personnel the same protections afforded to volunteers under Chapter 128 in a gubernatorial or presidential declaration of a disaster. Without the protection provided by this bill, your Committee on Conference finds that the number of volunteers may be reduced, resulting in inadequate response and health care before an official disaster declaration.

Your Committee on Conference has amended this measure by deleting the definition of "public official" since it defeats the intent of this bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1830, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1830, H.D. 1, S.D. 1, C.D. 1.

Senators Levin, Fernandes Salling, Baker, Chun Oakland, Anderson.
Managers on the part of the Senate.

Representatives Santiago, Garcia, Tom, Kawakami, Kawanakoa.
Managers on the part of the House.

Conf. Com. Rep. No. 66 on H.B. No. 2878

The purpose of this bill is to give the Department of Land and Natural Resources (DLNR) the authority to adopt administrative rules relating to aquatic resource regulations that specify bag limits, sales restrictions, seasons, and regulations on fishing gear.

Your Committee on Conference finds that much of the law governing aquatic life is outdated and should be amended to reflect current practices and beliefs.

Your Committee on Conference is also aware that when dealing with aquatic resources, DLNR needs to act quickly and often cannot wait until the Legislature meets for session. Your Committee on Conference believes that while the transfer of rulemaking authority to DLNR may allow more active participation by, and provide notice to those most affected by state regulation, delegation of this type of legislative power and oversight should be done responsibly and incrementally. Your Committee on Conference is hesitant to completely wipe out these statutes and replace them with administrative rules in one fell swoop without any historical assurance that this new type of rulemaking authority will be implemented in a responsible manner.

Your Committee on Conference believes that it has a duty to develop legislation that will protect the public and preserve the integrity of the legislative process, and at the same time allow departments flexibility to enact effective rules year-round.

Therefore, after careful consideration, your Committee on Conference has adopted the House position and has amended this measure by:

- (1) Requiring DLNR to submit an annual report to the Legislature describing the rules adopted during the interim and the necessity for adopting any such rules;
- (2) Providing that if a rule is adopted under the new authority, any additions, deletions, or revisions to the provisions of the affected measure shall be temporary; and
- (3) Providing that if the next regular session of the Legislature does not enact amendments to Chapter 188, Hawaii Revised Statutes, corresponding to the changes that DLNR made by rule, the unenacted temporary rules shall be nullified no later than 90 days following the adjournment of that regular session of the Legislature.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2878, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2878, H.D. 1, S.D. 1, C.D. 1.

Senators Taniguchi, Levin, McCartney, Tanaka.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Tarnas, Tom, Yamane, Yoshinaga, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 67 on H.B. No. 3289

The purpose of this bill is to provide that hotels need not provide instruction or training in the use of recreational equipment provided for guests if the activity is not under the supervision or management of the hotel.

Your Committee on Conference finds that unnecessary litigation can threaten the economic viability of a hotel operator and endanger the jobs of its employees. Some protection against excessive civil lawsuits for hotel operators will provide some measure of relief to the accommodations business, which constitutes a significant portion of the visitor industry that is the single largest contributor of private sector income to Hawaii's economy.

Your Committee on Conference finds that Act 129, Session Laws of Hawaii 1997, attempted to define the liability of the owners or operators of businesses providing recreational activities with a high degree of risk such as scuba or skin diving, sky diving, bicycle tours, and mountain climbing, and limited the liability of those owners or operators when a patron voluntarily signs a written release. Act 129 casted doubt on whether the liability of hotelkeepers would be no different than that of businesses providing a recreational activity.

Your Committee on Conference revised the bill by:

1. Providing that a hotelkeeper shall have no duty to instruct or train a user of recreational equipment that is provided by the hotelkeeper;
2. Not requiring that a hotelkeeper supervise the use of such equipment when the equipment is in fact used without supervision unless it is part of an activity guided or managed by the hotelkeeper; and
3. Making technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3289, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3289, H.D. 1, S.D. 1, C.D. 1.

Senators Taniguchi, Chumbley, Matsunaga, Levin.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Cachola, Tom, Herkes, White.
Managers on the part of the House.

Representative Fox did not sign the report.

Conf. Com. Rep. No. 68 on H.B. No. 3403

The purpose of this bill is to deter the problems of theft and trespass on agricultural and aquacultural lands.

Specifically, the bill addresses these problems by:

- (1) Making it a criminal trespass in the first degree to knowingly enter or remain unlawfully in or upon uncultivated or cultivated agricultural land or aquacultural property that is fenced, enclosed, or secured in a manner to exclude intruders or on which is displayed the signage, "Private Property"; while providing an affirmative defense for lawful activity such as, but not limited to, religious or recreational activities which do not result in the destruction or removal of property; and
- (2) Making the offense of theft in the second degree of an aquaculture product or of agricultural equipment, supplies, or products subject to the requirement that the theft occur on:
 - (a) Premises that are fenced, enclosed, or secured in a manner designed to exclude intruders; or
 - (b) Premises upon which there is displayed the signage, "Private Property."

Your Committee on Conference finds that farmers and ranchers suffer tremendous losses as a result of trespassers and the theft of crops, livestock, and equipment. Many of these thefts go unreported each year because of the long history of cases not being solved, lack of satisfactory resolution in the courts, and lack of restitution to the victim. Your Committee on Conference believes that this bill will serve as an adequate deterrent to potential thieves and trespassers who unlawfully trespass and victimize farmers and ranchers.

Upon further consideration your Committee on Conference has amended the measure by clarifying that nothing contained in section 708-813, Hawaii Revised Statutes (HRS), shall be construed to prohibit the exercise of constitutionally protected activity or to make punishable under section 708-813, HRS, a traverse of such land or property by a person, which does not result in the destruction or removal of property, for purposes of passing over the land to engage in a recreational activity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3403, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3403, H.D. 2, S.D. 1, C.D. 1.

Senators Taniguchi, Chumbley, Matsunaga, Anderson.
Managers on the part of the Senate.

Representatives Jones, Tom, Abinsay, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 69 on H.B. No. 2598

The purpose of this bill is to provide immunity from liability to any person who uses an automatic external defibrillator (AED) in emergency situations after having successfully completed an appropriate training program administered by a Hawaii-licensed physician, and to any person, including an employer, who establishes an AED program.

Your Committee on Conference notes that the Senate Committee on Judiciary amended this bill to clarify that an external defibrillator program administered by a physician means "an appropriate training course that includes cardiopulmonary resuscitation and proficiency in the use of an automatic external defibrillator."

Your Committee on Conference believes that use of this lifesaving technology is severely limited because under current law, the use of AED constitutes the practice of medicine and, as such, is limited to use by licensed physicians.

Your Committee on Conference has amended this bill by making technical, nonsubstantive revisions.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2598, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2598, H.D. 2, S.D. 2, C.D. 1.

Senators Levin, Fernandes Salling, Chumbley, Matsunaga.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Santiago, Tom, Kawakami, Yamane.
Managers on the part of the House.

Representative McDermott did not sign the report.

Conf. Com. Rep. No. 70 on H.B. No. 92

The purpose of this bill is to:

- (1) Allow flexibility in permitted documentation to facilitate interisland shipping of vehicles;
- (2) Allow the owners of out-of-state vehicles 30 days instead of 10 days to apply for registration in Hawaii; and
- (3) Allow county police officers to inspect vehicles and vehicle components for title or registration in regulated facilities to establish rightful ownership.

After careful consideration, your Committee on Conference has amended this measure by:

- (1) Amending section 1, page 1, line 19 to page 2, lines 1-5, to read, "(b) The chief of police of each county or officers of the county police who are permanently assigned to conduct vehicle theft investigations may immediately inspect, during normal business hours or whenever the dealer or dealer's agents or employees are otherwise present, any records required by chapters 286, 289, or 445 and any articles described in such records that the police reasonably believe are stolen goods, limited to the purpose of establishing rightful title or registration of vehicles or identifiable vehicle components in order to determine rightful ownership or possession, of the premises of";
- (2) Deleting the phrase "required to be" from section 1, page 2, line 6 and from section 1, page 2, line 8;
- (3) Deleting the sentence, "The inspections authorized by this subsection shall be limited to the title or registration of vehicles to establish the rightful ownership or possession of the vehicle or identifiable vehicle component" from section 1, page 2;
- (4) Deleting the exemption for certain commercial motor vehicles from the certificate of registration and certificate of ownership requirements of Section 286-47, Hawaii Revised Statutes; and
- (5) Deleting the section that dealt with the proof required for the interisland shipping of vehicles.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 92, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 92, H.D. 2, S.D. 1, C.D. 1.

Senators Kawamoto, Sakamoto.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Hiraki, Tom, Menor, Nakasone, Yamane, Moses, Whalen.

Managers on the part of the House.

Conf. Com. Rep. No. 71 on H.B. No. 2332

The purpose of this bill is to require the removal or immediate reporting of items that fall from motor vehicles onto highways or roadways. This bill also classifies a violation of section 291C-131, Hawaii Revised Statutes, as an offense as defined under section 701-107(5), HRS.

After careful consideration, your Committee on Conference has amended this bill by:

- (1) Deleting the section that classifies a violation as an offense as defined under section 701-107(5), HRS;
- (2) Inserting language into the description of waste material that reads: "As used in this section, "waste material" means rubbish, refuse, garbage, trash, tire debris, mufflers, tail pipes, or debris of whatever kind or description"; and
- (3) Making technical, non-substantive changes.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2332, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2332, H.D. 2, S.D. 1, C.D. 1.

Senators Sakamoto, Kawamoto, Chumbley, Matsunaga.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Hiraki, Tom, Nakasone, Yamane, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 72 on H.B. No. 2361

The purpose of this bill is to revise the limits on towing fees that a towing operator may charge. In addition, this bill establishes a difficult hookup fee for tows from multilevel buildings.

Upon careful consideration, your Committee on Conference has amended this measure by:

- (1) Deleting a provision which would have added a new section to chapter 291C, Hawaii Revised Statutes (HRS), regarding motor vehicle towing and storage, as well as settlement, issues;
- (2) Adding a new subsection to section 290-11, HRS, that reads: "(h) For the purposes of this section, tow operators shall accommodate payment by the owner for charges under subsection (b) by cash and by either credit card or automated teller machine located on the premises";
- (3) Amending section 3 to read: "This Act shall take effect upon its approval; provided that the amendment set forth in Section 1 shall take effect on September 1, 1998, and shall be repealed on July 1, 2000"; and
- (4) Making technical, non-substantive changes.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2361, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2361, H.D. 1, S.D. 2, C.D. 1.

Senators Kawamoto, Sakamoto, Baker, Tam, Anderson.
Managers on the part of the Senate.

Representatives Hiraki, Tom, Nakasone, Yoshinaga, Moses.
Managers on the part of the House.

Conf. Com. Rep. No. 73 on H.B. No. 2837

The purpose of this bill is to provide more flexibility to Department of Education (DOE) administrators in disciplining students who are in possession of dangerous weapons, switchblade knives, intoxicating liquor, or illicit drugs while attending school.

In addition, this bill provides that if a student suspension is for less than ten days, then Title 8, Chapter 19, Hawaii Administrative Rules, which relate to school discipline, applies.

Upon consideration, your Committee on Conference has amended this bill to:

- (1) Allow the Superintendent and other individuals designated by rules of the Board of Education (BOE) to suspend for up to ninety-two school days any student found to be in possession of dangerous weapons, switchblade knives, intoxicating liquor, or illicit drugs while attending school;
- (2) Require BOE to adopt rules in accordance with the Administrative Procedures Law to implement the provisions in the bill; and
- (3) Authorize the Superintendent, the deputy superintendent, or the district superintendent of DOE to suspend students for up to ninety-two school days until December 31, 1998.

Your Committee on Conference strongly urges the Board of Education to adopt rules by December 31, 1998, to ensure a smooth transition from existing practice to the new practice.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2837, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2837, H.D. 1, S.D. 2, C.D. 1.

Senators Tam, Chumbley, Matsunaga, Aki, Ige, M., McCartney.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Stegmaier, Tom, Morita, Yamane, Halford.
Managers on the part of the House.

Conf. Com. Rep. No. 74 on H.B. No. 2847

The purpose of this bill is to amend the State's solid waste management laws.

In particular, this bill:

- (1) Redefines the term "open dump";
- (2) Replaces the term "solid waste disposal system" with the term "solid waste management system";
- (3) Includes the processing of solid waste in the definition of "solid waste management system"; and
- (4) Expands the penalties for knowingly violating or knowingly consenting to violate these laws to include the following:
 - (A) Not more than thirty days imprisonment for each offense; and
 - (B) Revocation of any professional license to operate or practice a licensed profession or occupation, or any applicable certificate of public convenience and necessity from the Public Utilities Commission.

Your Committee agrees with the intent of this bill, and finds that stricter penalties are necessary to allow for better enforcement of the law against operators and users of illegal dumps. Your Committee finds that as the cost of waste management has increased, the number of commercially run open dumps that operate without permit or environmental control has proliferated. These dumps often receive hazardous materials that they then handle improperly, which may result in serious negative consequences on human health and the environment. Your Committee finds that increasing the penalties to enforce the solid waste management laws as provided in this bill will serve as a deterrent to illegal dumping and will help to provide a healthier environment for the public.

Your Committee has amended this bill by:

- (1) Deleting the amendment to "open dump";
- (2) Specifying that the penalties for knowingly violating or knowingly consenting to violate these laws are in addition to any other penalty provided by law;
- (3) Changing the penalty of "revocation of any professional license to operate or practice a licensed profession or occupation" to "revocation or suspension by court order of any contractor's license to operate as a contractor";
- (4) Changing "certificate of public convenience and necessity" to "certificate of authorization"; and
- (5) Making technical, nonsubstantive changes.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2847, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2847, H.D. 2, S.D. 2, C.D. 1.

Senators Levin, Fernandes Salling, Chumbley, Matsunaga.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Yoshinaga, Tom, Garcia, Herkes, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 75 on H.B. No. 2506 (Majority)

The purpose of this bill is to establish an alternate nonjudicial foreclosure process.

Your Committee on Conference finds that this measure provides an alternate nonjudicial foreclosure process which reduces the time and cost of the current foreclosure process and contains additional safeguards not required in the current power of sale foreclosure law that are needed to protect the interests of consumers.

Upon careful consideration, your Committee on Conference has amended this bill by:

- (1) Specifying the definition of "served" to reference a service of summons under sections 634-35 and 634-36, Hawaii Revised Statutes;
- (2) Deleting indebtedness of the creditors from the public notice of the public sale;
- (3) Deleting the provision appointing the foreclosing mortgagee as the attorney-in-fact for the mortgagor to sign the conveyance document;
- (4) Requiring the mortgagor or the borrower to sign the conveyance document on his or her own behalf;
- (5) Referencing the new part establishing the alternate power of sale foreclosure law, rather than the current power of sale foreclosure law, in the recitals in the affidavit required to be completed;
- (6) Deleting the provision specifying that the debt owed by any guarantor to the foreclosing mortgagee is unaffected by the foreclosure;
- (7) Requiring all financial institutions, mortgagees, lenders, business entities and organizations, and persons who intend to use this power of sale foreclosure process to educate and inform borrowers and mortgagors and develop informational materials;
- (8) Restricting the use of the alternate nonjudicial power of sale foreclosure process to mortgages, loans, agreements, and contracts containing power of sale foreclosure language executed by the borrowers or mortgagors after July 1, 1999;
- (9) Retaining the original statutory language in section 501-118, Hawaii Revised Statutes, which refers to the ability for the mortgagor to directly impeach any foreclosure proceeding affecting registered land, prior to the entry of a new certificate of title; and
- (10) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2506, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2506, H.D. 1, S.D. 1, C.D. 1.

Senators Ige, D., Metcalf, Chumbley, Matsunaga, Kanno.
Managers on the part of the Senate.

Senator Levin did not concur.

Senator Slom did not sign the report.

Representatives Menor, Tom, Cachola, Yamane.
Managers on the part of the House.

Representative Aiona did not sign the report.

Conf. Com. Rep. No. 76 on H.B. No. 1099

The purpose of this bill is to repeal Chapter 457G, Hawaii Revised Statutes (HRS), and create a new chapter that requires registration of occupational therapists (OT).

Your Committee on Conference has amended this measure by deleting its substance and inserting language to:

- (1) Amend Chapter 457G-1, HRS, to institute a registration system for OTs;
 - (2) Clarify that Chapter 457G, HRS, does not apply to occupational therapy assistants;
 - (3) Add the new regulatory program to the sunset schedule in Section 26H-4(b), HRS, which would:
 - (A) Repeal the program on December 31, 2003; and
 - (B) Require the State Auditor to perform a sunset evaluation prior to repeal reporting on whether the program should be reenacted, modified, or permitted to expire;
- and
- (4) Effectuate this Act on January 1, 1999.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1099, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1099, H.D. 2, S.D. 1, C.D. 1.

Senators Ige, D., Metcalf.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Santiago, Menor, Tom, Yamane.
Managers on the part of the House.

Representative Ward did not sign the report.

Conf. Com. Rep. No. 77 on H.B. No. 2843

The purpose of this bill is to:

- (1) Extend the sunset date for the Drug Demand Reduction Assessment (DDRA) Special Fund from June 30, 1998, to June 30, 2001;
- (2) Add offenses pertaining to driving under the influence (DUI) of alcohol or drugs and fraudulent acquisition or possession of controlled substances to the offenses for which a DDRA may be imposed by the court; and
- (3) Mandate substance abuse treatment for repeat criminal offenders.

Your Committee on Conference has amended this measure by:

- (1) Deleting provisions of DUI and fraudulent acquisition or possession of controlled substances to the offenses for which a DDRA may be imposed by the court;
- (2) Making the pursuit of federal funding and programs to implement the assessment and treatment services mandated by the new chapter:
 - (A) Discretionary rather than mandatory; and
 - (B) Contingent upon the receipt of sufficient funds;
- (3) Adding a severability clause for any part found to be in conflict with federal requirements for the allocation of federal funds; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2843, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2843, H.D. 1, S.D. 2, C.D. 1.

Senators Levin, Fernandes Salling, Chumbley, Matsunaga.
Managers on the part of the Senate.

Senator Slom did not sign the report.

Representatives Santiago, Tom, Garcia, Hiraki, Kahikina.
Managers on the part of the House.

Representatives Kawanakoa and Pendleton did not sign the report.

Conf. Com. Rep. No. 78 on H.B. No. 2852

The purpose of this bill is to reduce the barriers to and expand the use of telehealth by removing the requirement of a face-to-face examination as a prerequisite for payments from health care plans.

Specifically, as of July 1, 1998, this bill prohibits all accident and sickness insurance, mutual benefit society, and health maintenance organization plans that are issued, amended, or renewed, from requiring face-to-face contact between a health care provider and a patient as a prerequisite for payment of services provided through telehealth.

Your Committee on Conference has amended this bill by:

- (1) Replacing the term "medical" practices and standards with "health care" practices and standards because "medical" is too limiting to address the broader scope of telehealth;
- (2) Specifying that coverage required under Accident and Sickness Insurance Contracts, Mutual Benefit Societies, and Health Maintenance Organizations may be subject to terms and conditions of the plan agreed upon among the enrollee or subscriber, the mutual benefit society, and the provider instead of between the enrollee or subscriber and the insurer with provider input;
- (3) Further clarifying that telehealth should be available to all health care providers;
- (4) Excluding standard telephone, facsimile transmissions, or both in the absence of other integrated information and data, from telehealth services; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2852, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2852, H.D. 2, S.D. 2, C.D. 1.

Senators Fernandes Salling, Levin, Metcalf, Ige, D., Baker, Fukunaga, Chun Oakland, Anderson.
Managers on the part of the Senate.

Representatives Santiago, Menor, Aiona.

Managers on the part of the House.

Representatives Lee and Saiki did not sign the report.

Conf. Com. Rep. No. 79 on H.B. No. 3528

The purpose of this bill, as received by your Committee, is to provide employers with qualified immunity for disclosure and any consequences of such disclosure for truthful, fair, and unbiased information about a current or former employee's job performance.

Upon further consideration, your Committee on Conference agreed to amend this measure by deleting its language and inserting language to allow employers to inquire about and consider an individual's criminal conviction record with regards to hiring, terminating, or the terms, conditions, or privileges of employment.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3528, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3528, H.D. 1, S.D. 2, C.D. 1.

Senators Chun Oakland, Chumbley, Matsunaga, Ihara, McCartney, Anderson.
Managers on the part of the Senate.

Senator Kanno did not sign the report.

Representatives Yonamine, Tom, Nakasone, Marumoto.
Managers on the part of the House.

Representative Yamane did not sign the report.

Conf. Com. Rep. No. 80 on H.B. No. 2666

The purpose of this bill is to address the issue of domestic violence in a comprehensive approach, including:

- (1) Amending the laws dealing with the seizure of firearms in domestic violence situations;
- (2) Making the third offense of abuse of family or household member within two years of the second conviction a felony;
- (3) Adding persons who have a child in common and persons with a dating relationship to the definition of "family and household member;"
- (4) Repealing the use of deferred acceptance of guilty and deferred acceptance of nolo contendere pleas for violations of orders issued under chapter 586 and section 580-10(d)(1);
- (5) Allowing for the extension of protective orders for up to 6 years and mandating a minimum length of 30 days;
- (6) Deleting the word "recent" from the laws governing the issuance of temporary restraining orders and twenty-four hour warnings;
- (7) Imposing mandatory fines for temporary restraining order violations and providing that such fines shall be deposited into the spouse and child abuse special account;
- (8) Changing the terms "cooling off period" and "domestic violence treatment and counseling" to "period of safety" and "domestic violence intervention," respectively; and
- (9) Requiring that defendants convicted of violations of temporary restraining orders and abuse of family or household member be immediately incarcerated.

Upon further consideration, your Committee has amended this bill by:

- (1) Removing the amendments to sections 134-7.5 and 709-906, relating to the seizure of firearms in domestic violence situations;
- (2) Not extending the definition of "family and household member" in sections 586-1 and 709-906 to include persons who have a dating relationship;
- (3) Providing that the mandatory fines for temporary restraining order violations shall range from \$150 to \$500 for the first offense and \$250 to \$1000 for subsequent offenses, and including a provision allowing the court the discretion not to impose such fines if the defendant is or will be able to pay the fine;
- (4) Clarifying that although the court shall order that a defendant be immediately incarcerated upon conviction for violation of a temporary restraining order or abuse of family or household member, this amendment does not affect the defendant's right to bail pending appeal pursuant to chapter 804, and that the court, upon a finding of special circumstances may stay the imposition of the jail term;
- (5) Deleting the requirement that persons ordered to undergo domestic violence intervention provide adequate proof of compliance;
- (6) Including an amendment to section 706-623 to allow for a 2 year sentence of probation for domestic violence convictions;

- (7) Changing the term "period of safety" to "period of separation" so that victims of abuse are not led to believe that they are safe from further abuse;
- (8) Removing violations of orders issued pursuant to section 580-10(d)(1) from section 853-4, since temporary restraining orders issued in divorce cases may not involve allegations of domestic abuse;
- (9) Amending section 586-5.5 to allow for the unlimited extension of protective orders;
- (10) Deleting the unnecessary and potentially confusing phrase "and shall be subject to a term of imprisonment and fines pursuant to chapter 706" from section 709-906(6); and
- (11) Making technical, nonsubstantive changes for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2666, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2666, H.D. 1, S.D. 1, C.D. 1.

Senators Matsunaga, Chumbley, McCartney, Anderson.
Managers on the part of the Senate.

Representatives Tom, Yamane, Yoshinaga.
Managers on the part of the House.

Representatives Lee and Thielen did not sign the report.

Conf. Com. Rep. No. 81 on H.B. No. 2355

The purpose of this bill is to address the problem of trespassing by allowing owners or lessees of property or police officers to issue written orders requiring trespassers not to return to any commercial premises or other private property for a period not exceeding one year.

In *State v. Sadler*, 80 Haw. 372, 375 (1996), the Hawaii Intermediate Court of Appeals held that the offense of criminal trespass in the second degree under section 708-814(1)(b), Hawaii Revised Statutes (HRS), "contemplates a warning or request contemporaneous with a person entering or remaining unlawfully on the premises." Thus, in order to convict a person for criminal trespass in the second degree, the person must refuse a warning or request to leave that is made contemporaneously with the person's entering or remaining on the premises.

Your Committee on Conference finds that under the court's interpretation of the current law, as long as a trespasser leaves the premises immediately upon being ordered to do so, the trespasser can return that same day with no fear of arrest. This interpretation is burdensome on commercial establishments because owners and operators are unable to meaningfully evict trespassers who may interfere with business and commit property crimes.

Upon further review, your Committee on Conference has amended this bill by:

- (1) Amending subsection (1)(c)(ii) of section 708-814, HRS, to provide that the physical description of the trespasser may include sex, racial extraction, age, height, weight, hair color, eye color, or any other distinguishing characteristics;
- (2) Clarifying that the signature of the witness or police officer who was present when the warning was given is preferred and should not be contingent on the ability to obtain such signature; and
- (3) Making technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2355, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2355, H.D. 1, S.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, Ihara, Anderson.
Managers on the part of the Senate.

Representatives Tom, Case, Jones, Yamane, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 82 on H.B. No. 2357

The purpose of this bill is to authorize heads of state departments to obtain aid and cooperation from counties for joint projects and to protect counties from liability for their participation in any state project, program, or operation.

Your Committee on Conference has amended this measure by:

- (1) Inserting language to clarify that the intent of this measure is to authorize state departments to indemnify and defend the counties from actions arising from the counties' participation in joint state and county projects;
- (2) Placing the authority of the State to agree to indemnify, defend, and hold harmless county agencies in Chapter 661, Hawaii Revised Statutes (HRS);
- (3) Clarifying that the State may agree to indemnify, defend, and hold harmless a county agency, its officers, agents, and employees when:

- (a) The county requests the State to indemnify it;
- (b) The Governor approves the State's proposed indemnification; and
- (c) The Comptroller has obtained insurance sufficient to cover liability or has determined that it is not in the best interest of the State to obtain insurance;
- (4) Clarifying that an indemnity provision not in strict compliance with the language contained in this measure shall not give rise to a claim against the State or otherwise waive the State's sovereign immunity;
- (5) Clarifying that the measure shall apply to all joint State and county projects, including those projects which are in operation on the effective date of this measure;
- (6) Amending section 41D-8.5, HRS, to authorize the Comptroller to obtain insurance to cover liability which may arise from such indemnity provisions;
- (7) Amending section 662-16, HRS, to authorize the Attorney General to defend a county in any civil action or proceeding when contractually obligated under this measure; and
- (8) Making technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2357, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2357, H.D. 2, S.D. 1, C.D. 1.

Senators Kawamoto, Sakamoto, Chumbley, Matsunaga, Anderson.
Managers on the part of the Senate.

Representatives Tom, White, Cachola, Hamakawa, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 83 on H.B. No. 2381

The purpose of this bill is to create a new class C felony offense of street solicitation of prostitution and to provide persons injured as a result of being coerced into prostitution a civil cause of action for damages.

Your Committee on Conference finds that a more effective solution to the problem of prostitution in Waikiki is to require that as a mandatory condition of probation and bail, defendants should be required to observe geographic restrictions prohibiting them from entering or walking on the public streets or sidewalks of Waikiki during the hours from 6 p.m. to 6 a.m. Defendants that live in Waikiki and choose to remain in Waikiki during the prohibited hours should be required to stay off the streets and sidewalks during those hours. Your Committee on Conference believes that although the restriction covers a large physical space, it is narrowly tailored to cover only the hours most closely associated with the crime. Additionally, the restriction is sufficiently definite to provide adequate notice of the behavior that is prohibited.

Your Committee on Conference further finds that providing for a civil action against pimps might not fit under the title of this bill, which relates to crime. Furthermore, your Committee on Conference is concerned that creating such a cause of action might open a "Pandora's box" allowing similar causes of action for other kinds of relationships. Your Committee on Conference believes that there are sufficient civil remedies presently available to those persons injured as a result of being coerced into prostitution.

Accordingly, your Committee on Conference has amended this bill by:

- (1) Amending section 1 of the bill to clarify that the purpose of this bill, rather than to elevate the offense to a class C felony, is to impose geographic restrictions on persons convicted of street solicitation of prostitution;
- (2) Removing the substantive provisions of section 2 of the bill, relating to the new offense of street solicitation of prostitution, and replacing them with the provisions of section 2 of the H.D. 1 of this bill;
- (3) Inserting a provision in section 2 of the bill which allows the counties to enact ordinances regulating street solicitation that shall supersede the provisions of this section;
- (4) Removing section 3 of the bill, which creates a new civil cause of action for coercion into prostitution; and
- (5) Making other technical, nonsubstantive changes for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2381, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2381, H.D. 1, S.D. 1, C.D. 1.

Senators Matsunaga, Chumbley, Ihara, Anderson.
Managers on the part of the Senate.

Representatives Tom, Garcia, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 84 on H.B. No. 2496

The purpose of this measure is to enhance indigent legal services by improving the administration of the indigent legal assistance fund by:

- (1) Requiring that all funds, except for administrative fees, collected for the indigent legal assistance fund be obligated or expended during the fiscal year immediately following the fiscal year in which the funds are collected;
- (2) Changing the administration of the fund from the Office of Community Services to the Administrative Director of the Courts;
- (3) Requiring the Commission on Access to Justice to annually review the filing fee surcharge program and report to the Legislature each year; and
- (4) Making Act 305, Session Laws of Hawaii 1996, permanent by removing its repeal date of June 30, 1999.

Your Committee on Conference has amended this measure by:

- (1) Extending the sunset date for surcharges on circuit court filings for indigent legal services from June 30, 1999 to June 30, 2002;
- (2) Removing the requirement that all funds, except for administrative fees, collected for the indigent legal assistance fund be obligated or expended during the fiscal year immediately following the fiscal year in which the funds are collected; and
- (3) Setting a repeal date of June 30, 2002, for Act 305, Session Laws of Hawaii 1996.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2496, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2496, H.D. 2, S.D. 1, C.D. 1.

Senators Chun Oakland, Kanno, Chumbley, Matsunaga, Baker, Fukunaga, Bunda, Metcalf, Anderson.
Managers on the part of the Senate.

Representatives Tom, White, Abinsay, Lee, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 85 on H.B. No. 2524

The purpose of this bill is to extend up to one hundred twenty days, the period in which to call a general, special general, or special election.

Your Committee on Conference has amended this measure by making a technical change to incorporate the provisions of Act 22 which became effective on April 15, 1998, that amended the same subsection of the Hawaii Revised Statutes by adding runoff elections.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2524, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2524, H.D. 1, S.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, Ihara, Anderson.
Managers on the part of the Senate.

Representatives Tom, Herkes, Yamane, Yoshinaga, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 86 on H.B. No. 2613

The purpose of this measure is to amend the Hawaii Revised Statutes to replace references to county boards of supervisors with references to the council of each county.

Your Committee on Conference has amended this bill by making a technical, nonsubstantive amendment for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2613, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2613, H.D. 1, S.D. 1, C.D. 1.

Senators Sakamoto, Kawamoto, Slom.
Managers on the part of the Senate.

Representatives Tom, Case, Yamane, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 87 on H.B. No. 2667

The purpose of this measure is to protect pet animals in Hawaii from neglect by defining minimum standards of care and providing that depriving pet animals of necessary sustenance constitutes the crime of cruelty to animals.

Your Committee on Conference finds that pet animals deserve at least the minimum care of food, water, and protection from the elements. This measure establishes guidelines and enforcement tools to be used to prevent the neglect and abuse of these animals.

Upon further consideration, your Committee on Conference has amended this measure by adding a provision to include access to protection from wind, rain, or sun to the definition of "necessary sustenance."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2667, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2667, H.D. 1, S.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, Bunda, McCartney, Anderson.
Managers on the part of the Senate.

Representatives Tom, Hiraki, Yamane, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 88 on H.B. No. 2734

The purpose of this bill is to require motor vehicles in all lanes, regardless of traffic direction, to stop at least twenty feet from a stopped school bus until the bus resumes motion and its visual signals are turned off and to establish a penalty of \$500 for overtaking and passing such a stopped school bus.

After careful consideration, your Committee on Conference has amended this measure by:

- (1) Clarifying that where a highway or road in a residential area has been divided into two or more lanes by an intervening space, a physical barrier, or a clearly indicated dividing section, all drivers of motor vehicles in all lanes on the same side as a school bus which is stopped with its visual signals actuated shall stop not less than twenty feet from the school bus;
- (2) Providing that a violator can be fined not more than \$500 or sentenced to perform community service or both for any violation of section 291C-95; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2734, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2734, S.D. 1, C.D. 1.

Senators Kawamoto, Sakamoto, Slom.
Managers on the part of the Senate.

Representatives Tom, Hiraki, Jones, Yamane, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 89 on H.B. No. 2776

The purpose of this bill is to allow victims of crime to enforce a criminal restitution order in the same manner as a civil judgment. In addition, this bill allows the court to order restitution to be paid to the Criminal Injuries Compensation Commission (CICC) if the victim has been awarded compensation by the CICC.

This bill allows victims of crime to enforce a criminal restitution order in the same manner as a civil judgment. Under current law, the court may require a defendant to pay restitution for the losses caused to the victim. Collection of this restitution is left to governmental entities like the Judiciary, Public Safety, and Paroling Authority, which often are able to collect only a small fraction of the amount.

There are few other options. Although the CICC helps victims by providing some compensation, victims of property crimes and some violent crimes are not eligible for any compensation from the CICC. And although a victim may bring a civil action against the defendant, this process is costly and time consuming.

Therefore, your Committee on Conference believes that victims should have a "fast track" ability to be compensated for their losses by allowing them to enforce the criminal restitution order as a civil judgment, using all of the civil collection remedies.

Your Committee on Conference has amended this bill by:

- (1) Removing the purpose and findings section of the bill;
- (2) Reinserting the word "fully" in section (3) of the new section 706- (Victim Restitution), so that restitution shall be a dollar amount sufficient to reimburse any victim fully for losses;
- (3) Removing the express requirement that the victim file the certified or exemplified copy of the restitution order in the court, thereby allowing anyone to file the order;
- (4) Clarifying that the order may be an independent order, part of a judgment and sentence, or a condition of probation or deferred plea;
- (5) Removing the provisions that require the victim or victim's attorney to:
 - (a) File an affidavit with the court setting forth the name and address of the defendant;
 - (b) Present for signature to the clerk of the court a notice of filing of the order; and
 - (c) Mail notice of the filing to the defendant or defendant's attorney and file proof of mailing with the clerk of the court.

- (6) Deleting the provision allowing the victim or victim's attorney to transmit the notice of filing of the order through the State; and
- (7) Making technical, nonsubstantive changes for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2776, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2776, H.D. 1, S.D. 2, C.D. 1.

Senators Chumbley, Matsunaga, Fukunaga, McCartney, Anderson.
Managers on the part of the Senate.

Representatives Tom, Jones, Lee, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 90 on H.B. No. 2779

The purpose of this measure is to:

- (1) Conform the Hawaii Uniform Interstate Family Support Act, Chapter 576B, Hawaii Revised Statutes (HRS), with the July 1996 amendments made to the Uniform Interstate Family Support Act recommended by the National Conference of Commissioners on Uniform State Laws; and
- (2) Clarify that the service of notice requirements shall also apply to procedures to contest validity or enforcement of a registered order under section 576B-606, HRS.

Your Committee on Conference has amended this measure by making a technical change to the language contained in the measure to reflect the current language contained in the Hawaii Revised Statutes.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2779, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2779, S.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, Ihara, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Tom, Hiraki, Lee, Yamane, Pendleton.
Managers on the part of the House.

Conf. Com. Rep. No. 91 on H.B. No. 2846

The purpose of this bill is to increase the fines for selling tobacco to minors or failing to post a sign on any vending machine stating that the sale of tobacco products to persons under eighteen is prohibited.

Your Committee on Conference has amended this measure by making technical, nonsubstantive changes for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2846, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2846, H.D. 1, S.D. 1, C.D. 1.

Senators Matsunaga, Chumbley, Baker, McCartney, Anderson.
Managers on the part of the Senate.

Representatives Tom, Say, Herkes, Jones, Yamane, Fox, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 92 on H.B. No. 2872

The purpose of this measure is to:

- (1) Require fire and safety inspections by the county fire chief at all public schools at least once each year;
- (2) Require fire and safety inspections every two years at all facilities, other than public schools, under the jurisdiction of the county fire chief; and
- (3) Require the State to conduct fire and safety inspections of all airport facilities at least once a year.

Your Committee on Conference has amended this measure to clarify that the State's duty to conduct fire and safety inspections at airport facilities shall be limited to State owned airport facilities.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2872, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2872, H.D. 1, S.D. 1, C.D. 1.

Senators Kawamoto, Sakamoto, Slom.
Managers on the part of the Senate.

Representatives Tom, White, Abinsay, Yamane, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 93 on H.B. No. 2932

The purpose of this bill is to amend the nuisance abatement law by:

- (1) Prohibiting any action against the State or counties;
- (2) Allowing evidence of a person's general reputation to be introduced to prove the existence of a nuisance; and
- (3) Specifically allowing injunctions against entering or residing in any public or private building, premises, or place to issue against the person causing the nuisance.

Your Committee on Conference has amended this measure to provide that no actions authorized under part V of chapter 712 which seek to abate or prevent a nuisance shall be filed or maintained against the State or any political subdivision thereof.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2932, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2932, S.D. 1, C.D. 1.

Senators Matsunaga, Chumbley, Ihara, Anderson.
Managers on the part of the Senate.

Representatives Tom, Jones, Lee, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 94 on H.B. No. 2992

The purpose of this bill is to enable the notaries public program to become self-sufficient by increasing notary commission fees and by establishing a Notaries Public Revolving Fund.

The Attorney General presently maintains the notaries public filing system for approximately 7,000 notaries public using index cards. The Attorney General wants to convert this system to computer. To accomplish this goal, the Attorney General would like to raise the notary public fees, which have not been raised since 1976, and create a revolving fund to be administered by the department of the attorney general.

Your Committee on Conference has amended this bill by:

- (1) Providing that the failure by a notary public to renew a commission in a timely manner may cause the commission to be forfeited if the Attorney General finds that the failure was done knowingly; and
- (2) Removing the amendment to section 456-8, Hawaii Revised Statutes, allowing the Attorney General to prescribe rules governing the qualifications of notaries public, renewal requirements, and disciplinary actions.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2992, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2992, H.D. 2, S.D. 1, C.D. 1.

Senators Matsunaga, Chumbley, Baker, Fukunaga, Bunda, Anderson.
Managers on the part of the Senate.

Representatives Tom, White, Ahu Isa, Goodenow, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 95 on H.B. No. 3010

The purpose of this bill is to cede the State of Hawaii's concurrent jurisdiction over land and improvements which the United States Department of Justice acquires, leases, occupies, or controls within the State of Hawaii.

Your Committee on Conference has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3010, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3010, S.D. 2, C.D. 1.

Senators Matsunaga, Chumbley, Bunda, McCartney, Anderson.
Managers on the part of the Senate.

Representatives Tom, Case, Jones, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 96 on H.B. No. 3065

The purpose of this bill is to reduce the loss of cigarette tax revenue to the State from the illegal sale of untaxed cigarettes by:

- (1) Requiring that each package of cigarettes sold within the State be identified with a tax stamp;
- (2) Permitting the Department of Taxation (DOT) to allow designated financial institutions to sell stamps and to adopt rules if necessary;

- (3) Making the DOT responsible for furnishing stamps to wholesalers and dealers;
- (4) Providing deferred-payment procedures for purchase of stamps which includes flexible financial security requirements;
- (5) Imposing penalties for violations;
- (6) Providing for confiscation, forfeiture, and sale of cigarettes found under circumstances which violate the new part;
- (7) Permitting the county police department that conducts the investigations which lead to conviction or confiscation and sale of contraband cigarettes, to receive 30 percent of the proceeds, fines, and penalties collected; and
- (8) Adding violations for sale or purchase of unstamped cigarettes by wholesalers, dealers, and vending machine operators after September 1, 1998, and January 1, 1999, respectively.

This bill also:

- (1) Amends the income tax credit for motion picture and television film production to clarify where the credit applies to transient accommodations costs; and
- (2) Adds definitions for "benefits", "labor costs", and "production costs."

After careful consideration, your Committee on Conference has amended this measure by:

- (1) Deferring the cigarette tax increase of \$0.20 per package until after December 31, 1998; and
- (2) Making technical changes for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3065, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3065, H.D. 2, S.D. 2, C.D. 1.

Senators Levin, Fernandes Salling, Baker, Fukunaga, Anderson.
Managers on the part of the Senate.

Representatives Tom, Say, Suzuki, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 97 on H.B. No. 3192

The purpose of this bill is to conform state statutes with the Federal Personal Responsibility and Work Opportunity Act of 1996 and the Welfare Reform Technical Corrections Act of 1997.

Your Committee on Conference finds that pursuant to section 576E-2, Hawaii Revised Statutes (HRS), the Attorney General, through the Child Support Enforcement Agency and the Office of Child Support Hearings, has concurrent jurisdiction with the court in all proceedings in which a support obligation is established, modified, or enforced. Accordingly, your Committee on Conference recommends amending section 231-52, HRS, to clarify that administrative-ordered payments for support, as well as court-ordered payments, are covered by this section.

Further, your Committee on Conference believes that amending the definitions of "order of support" in sections 576D-1 and 576E-1, HRS, to make them consistent with the definition of "child support" in those same sections promotes clarity and avoids ambiguity. These definitions, as amended, would track federal law.

Upon further consideration, your Committee on Conference has amended this bill by:

- (1) Amending the definitions of "debt" and "debtor" in section 231-52, Hawaii Revised Statutes, to include administrative-ordered payments for child support;
- (2) Amending the definition of "order of support" in sections 576D-1, HRS, to include medical support when the debtor parent is ordered to pay an amount in lieu of providing medical insurance coverage or to reimburse for maternity and delivery expenses incurred when the debtor parent's child was born;
- (3) Amending the definition of "order of support" in section 576E-1, HRS, to conform with the definition in 576D-1, HRS; and
- (4) Making technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3192, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3192, H.D. 1, S.D. 1, C.D. 1.

Senators Matsunaga, Chumbley, Fukunaga, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Tom, Herkes, Lee, Yamane, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 98 on H.B. No. 3553

The purpose of this bill is to authorize forfeiture of a person's property if the person is caught breaking into a motor vehicle.

Your Committee on Conference finds that forfeiture of property has proven to be a successful deterrent to criminal activity. Including unauthorized entry into a motor vehicle (UEMV) as one of the offenses under section 712A-4, Hawaii Revised Statutes (HRS), should provide an effective deterrent to this class C felony. Because this offense includes the elements of theft, criminal property damage, and burglary, which are already covered by the forfeiture law, your Committee finds that UEMV should also be covered.

Upon further consideration, your Committee on Conference has amended this bill by removing the proposed amendment to section 708-836.5, HRS. Your Committee believes that adding a cross-reference to the forfeiture law, section 712A-4, HRS to the UEMV law, section 708-836.5, HRS may be confusing since such cross-references do not exist for the other covered offenses.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3553, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3553, S.D. 1, C.D. 1.

Senators Matsunaga, Chumbley, Ihara, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Tom, Herkes, Jones, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 99 on H.B. No. 1868

The purpose of this bill is to make substantive and technical amendments to the laws relating to the Hawaii Hurricane Relief Fund (Fund). These amendments include:

- (1) Authorizing coverage under the Fund for structures in addition to residences;
- (2) Authorizing an assessment on the Hawaii Employers' Mutual Insurance Company (HEMIC) by including HEMIC within the definition of "licensed property and casualty insurer";
- (3) Removing the two-year limitation on an individual contract for services;
- (4) Authorizing the Fund to establish maximum limits on or a uniform reduction of the special mortgage recording fee;
- (5) Authorizing the Fund to impose fines, not to exceed twenty-five percent of the amount due, for each instance of nonpayment of amounts due to the Fund;
- (6) Limiting the Fund's coverage to comparable coverage for fire and windstorm under a companion policy;
- (7) Establishing a one-year statute of limitations for actions under a policy of hurricane property insurance;
- (8) Clarifying the provisions providing immunity and limitations on liability for insurance agents; and
- (9) Authorizing the Fund to establish a lower special mortgage recording fee than that required under the statutory formula.

Your Committee on Conference has amended this bill by deleting the provision that amends the definition of "licensed property and casualty insurer" to include the Hawaii Employers' Mutual Insurance Company.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1868, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1868, H.D. 2, S.D. 2, C.D. 1.

Senators Ige, D., Metcalf, Baker, Levin, Solomon, Slom.
Managers on the part of the Senate.

Representatives Menor, Say, Cachola, Hamakawa, Lee.
Managers on the part of the House.

Conf. Com. Rep. No. 100 on H.B. No. 2998

The purpose of this bill is to create a temporary, independent, fifteen-member Maritime Authority Commission to examine the relevant issues and details regarding Hawaii's maritime lands and facilities and to recommend its findings prior to the 1999 legislature.

Your Committee finds that creating a temporary Hawaii Maritime Commission to recommend the exact form and details of the establishment of a Hawaii Maritime Authority will allow the planning and development of maritime lands and waters to be carried out more efficiently, facilitate timely decision-making, and improve services to users.

Upon careful consideration, your Committee on Conference has amended this measure by:

- (1) Amending section 2, page 5, lines 14-15, to read: "(c) The director of transportation, or designee, shall act as chairperson of the commission";
- (2) Amending section 2, page 5, lines 18-19, to read: "In its deliberations, the commission shall use a collaborative decision-making process";

- (3) Amending section 2, page 5, line 23 through page 6, line 2, to read: "(d) The department of transportation shall provide all necessary support services to facilitate the work of the commission"; and
- (4) Making a technical, non-substantive change.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2998, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2998, H.D. 2, S.D. 2, C.D. 1.

Senators Kawamoto, Sakamoto, Iwase, Taniguchi, Baker, Fukunaga, Slom.
Managers on the part of the Senate.

Representatives Hiraki, Hamakawa, Tarnas, Say, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 101 on H.B. No. 2366

The purpose of this bill is to:

- (1) Authorize the Department of Transportation to implement a water ferry transportation system;
- (2) Authorize the Departments of Transportation and Land and Natural Resources to waive or assess nominal fees for the use of public infrastructure and terminals by the operator of the system and lease public lands at a nominal cost to the operator of the system;
- (3) Authorize the Department of Transportation to conduct a water ferry system demonstration project; and
- (4) Establish a ferry project special fund for commercial revenues and fares collected by the operators of the system.

Upon careful consideration, your Committee on Conference has amended this measure by:

- (1) Replacing "water ferry transportation system" with "intra-island water ferry transportation system" wherever it appears;
- (2) Deleting the paragraphs that deal with the integration of the people mover system and the inter-island water ferry transportation system;
- (3) Replacing the language in Section 3 to read, "SECTION 3. The department of transportation may conduct an intra-island water ferry transportation system demonstration project which shall be exempt from the statutory provisions of chapters 103D and 271G, Hawaii Revised Statutes. The department may transition the demonstration project into a permanent intra-island water ferry transportation system. The exemptions from chapters 103D and 271G, Hawaii Revised Statutes shall not apply to the permanent intra-island water ferry transportation system";
- (4) Replacing the language in Section 4 to read, "There is established in the state treasury the ferry project special fund, into which shall be deposited revenues collected by the operators of the intra-island water ferry transportation system. Moneys in the ferry project special fund shall be used to offset costs incurred by the intra-island water ferry transportation system or demonstration project, or both; provided that no expenditure shall be made from, and no obligation shall be incurred against the fund in excess of its deposits. Moneys in the fund shall be expended by the department of transportation"; and
- (5) Making technical, nonsubstantive changes.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2366, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2366, H.D. 2, S.D. 2, C.D. 1.

Senators Kawamoto, Sakamoto, Baker, Fukunaga, Anderson.
Managers on the part of the Senate.

Representatives Hiraki, Cachola, Say, Takumi, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 102 on H.B. No. 3468

The purpose of this bill is to facilitate open communication between the Hawaii Health Systems Corporation (Corporation) board of directors (board) and the five divisions or local regions of the Corporation, by creating the Executive Public Health Facility Management Advisory Committee (Executive MAC). This bill also lengthens by one year the transitional period during which the Corporation must enter into property agreements with the State and can continue to receive without charge the services that state agencies formerly provided to the Division of Community Hospitals.

Your Committee on Conference finds that there is widespread dissatisfaction among rural communities on the neighbor islands in that they do not have sufficient input into the decisions made by the Corporation board. Furthermore, the current board appointment process has only strengthened the frustration felt by regional advisory committees who feel that their voices are not being heard at corporate headquarters in Honolulu.

Due to the vital role that public health facilities play in the delivery of health care services to the State's rural populations, especially those on the neighbor islands, your Committee on Conference believes that the affected communities should have a direct say in corporate decision-making. Also, your Committee on Conference finds that physicians on active status in these facilities should participate in matters having a direct impact on their working environment.

After careful consideration, your Committee on Conference has amended this measure by:

- (1) Specifying that the Executive MAC will represent the interests of all regional MACs on the corporation board through the selection of a chairperson to serve as an ex-officio voting member of the corporation board;
- (2) Requiring the Executive MAC to appoint a physician with active medical staff privileges at one of the Corporations's public health facilities on the neighbor islands to serve as a voting member of the Corporation board;
- (3) Eliminating two at-large board members appointed by the Governor whose terms expire on June 30, 1998, thereby reducing from twelve to ten the total number of board members appointed by the Governor;
- (4) Stipulating that the chair of the Executive MAC and the regional physician member cannot be removed by the Corporation board;
- (5) Removing from the Corporation's chief executive officer the power to appoint regional MAC members and transferring this power to the Executive MAC; and
- (6) Specifying the procedures by which regional committees may remove their chairpersons and physician members from the Executive MAC or the Corporation board.

Your Committee on Conference has also amended this measure by inserting language to:

- (1) Exempt meetings of the Corporation from the open meetings law for peer review and credentialing;
- (2) Statutorily authorize the Corporation to authorize and establish positions;
- (3) Allow the Corporation to have flexibility and autonomy for position control management;
- (4) Allow the Corporation to negotiate specific terms and conditions of employment with the applicable exclusive bargaining representatives through a memorandum of agreement;
- (5) Require the Corporation to establish a working group to identify and describe the liabilities assumed by the Corporation as of the transfer date and to report and make recommendations to the Legislature; and
- (6) Require the Corporation to further report to the Legislature regarding the identification of all delinquent accounts owed to the Corporation that were handled by the Corporation and the disposition of those accounts.

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

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3468, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3468, H.D. 2, S.D. 2, C.D. 1.

Senators Fernandes Salling, Levin, Baker, Fukunaga, Anderson.
Managers on the part of the Senate.

Representatives Santiago, Kawakami, Nakasone, Saiki.
Managers on the part of the House.

Representative Ward did not sign the report.

Conf. Com. Rep. No. 103 on H.B. No. 2486 (Majority)

The purpose of this bill is to regulate the profession of marriage and family therapists.

Your Committee on Conference finds that the regulation of marriage and family therapists is necessary to protect the public from persons who profess to be marriage and family therapists but lack the necessary skills and training. Your Committee on Conference further finds that regulating the profession of marriage and family therapists will also make therapy insurance reimbursable, thereby giving more persons who are in need of therapy the opportunity to seek therapy.

Your Committee on Conference has amended this measure by:

- (1) Providing an exception that the initial members of the Advisory Committee of Marriage and Family Therapists who are marriage and family therapists do not need to be licensed;
- (2) Providing that no person, unless the person is licensed as a marriage and family therapist, shall use the title of marriage and family therapist;
- (3) Changing the effective date of the Act from July 1, 1998 to upon approval; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2486, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2486, H.D. 3, S.D. 2, C.D. 1.

Senators Ige, D., Metcalf, Baker, Slom.
Managers on the part of the Senate.

Representatives Arakaki, Santiago, Menor, Tom, Kawakami, Aiona.
Managers on the part of the House.

Representative McDermott did not concur.

Conf. Com. Rep. No. 104 on H.B. No. 3024

The purpose of this bill is to:

- (1) Remove the sunset provisions from the revisions to the public assistance and general assistance laws enacted in 1996 and 1997;
- (2) Broaden and restructure the general assistance advisory council as the financial assistance advisory council;
- (3) Permit the Department of Human Services (DHS) to establish a food stamp program for persons ineligible for federal food stamps; and
- (4) Permit DHS to set the standard of need on a year-by-year basis based upon the total amount appropriated for public assistance and general assistance.

Your Committee on Conference finds that Hawaii's families must be ensured a basic standard of need. To this end, this bill strengthens the general assistance and financial assistance programs by making permanent certain amendments to the general assistance and financial assistance laws so that the State can continue to receive federal funds. This bill also creates the financial assistance advisory council to render advice and information to DHS regarding the financial assistance programs.

Your Committee on Conference further finds that increasing the hours individuals on general assistance can work will encourage them to overcome their disability and become self-sufficient. The determination of eligibility, however, should not be subject to the open meeting requirements.

Your Committee on Conference further finds that recent federal legislation barred legal immigrants from receiving federal food stamp benefits. Congress, however, is currently considering restoring food stamp benefits to legal immigrants. Your Committee on Conference supports restoration of benefits at the federal level, and feels that establishing a State program would be premature while Congress considers such restoration. If, however, Congress fails to restore food stamp benefits for legal immigrants, your Committee on Conference is committed to providing such benefits if funds are available.

After careful consideration, your Committee on Conference has amended this bill by:

- (1) Deleting the provision permitting DHS to set the standard of need on a year-by-year basis;
- (2) Deleting the provision permitting DHS to establish a food stamp program for individuals who are ineligible for federal food stamp benefits;
- (3) Exempting the boards that determine disabilities from the open meetings requirements of Chapter 92, Part I, Hawaii Revised Statutes; and
- (4) Amending the definition of "substantial gainful employment" to mean thirty hours rather than twenty hours of work per week.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3024, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3024, S.D. 1, C.D. 1.

Senators Chun Oakland, Kanno, Baker, Metcalf.
Managers on the part of the Senate.

Representatives Arakaki, Say, Kawakami, Santiago.
Managers on the part of the House.

Representative Ward did not sign the report.

Conf. Com. Rep. No. 105 on H.B. No. 3028

Your Committee on Conference has amended the bill by:

- (1) Correcting a typographical error in the statutory cite to the federal Medicaid Home and Community-Based Services Programs; and
- (2) Making other technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3028, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3028, H.D. 1, S.D. 2, C.D. 1.

Senators Chun Oakland, Kanno, Baker, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Arakaki, Kawakami, Abinsay, Stegmaier.

Managers on the part of the House.

Representative Ward did not sign the report.

Conf. Com. Rep. No. 106 on H.B. No. 1332

The purpose of this bill is to require the Department of Agriculture to prepare a state agricultural water use and development plan for agricultural uses in the State in accordance with the State Water Code and the laws relating to irrigation water development.

Your Committee upon further consideration has amended this measure by:

- (1) Requiring the state agricultural water use and development plan to include a master irrigation inventory plan; and
- (2) Requiring the Chairperson of the Board of Agriculture to submit the state agricultural water use and development plan to the Legislature twenty days prior to the convening of the Regular Session of 2000.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1332, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1332, H.D. 2, S.D. 2, C.D. 1.

Senators Taniguchi, Iwase, Baker, Fukunaga, Ihara, Kawamoto, McCartney, Slom.
Managers on the part of the Senate.

Senator Tanaka did not sign the report.

Representatives Jones, Hamakawa, Say, Abinsay, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 107 on H.B. No. 2842

The purpose of this bill is to eliminate certain statutory responsibilities of the Director of Health (Director).

Specifically, this bill:

- (1) Repeals the requirement that the Director convene a committee every odd-numbered year to review determination of deaths; and
- (2) Amends the Director's litter control responsibilities to make certain duties discretionary.

Your Committee on Conference has amended this measure by:

- (1) Authorizing, rather than mandating, the Director to convene a determination of death committee every odd-numbered year; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2842, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2842, H.D. 1, S.D. 1, C.D. 1.

Senators Fernandes Salling, Levin, Baker, Fukunaga, Anderson.
Managers on the part of the Senate.

Representatives Santiago, Kawakami, Ahu Isa, Saiki, McDermott.
Managers on the part of the House.

Conf. Com. Rep. No. 108 on H.B. No. 2862

The purpose of this bill is to ensure that adequate services are provided to developmentally disabled persons by:

- (1) Extending to June 30, 1999, the deadline for the State to establish necessary community-based programs for the proper transition of former residents of Waimano Training School and Hospital (Waimano) into the community; and
- (2) Recognizing the principles of consumer choice for self-determination for the developmentally disabled.

Your Committee on Conference believes that extending the closure date of Waimano to June 30, 1999, will ensure that inappropriate and inadequate supports for former Waimano residents will not be hastily established as a compromise for meeting the existing deadline.

Your Committee on Conference has amended this measure by:

- (1) Mandating the Department of Health (DOH) to administer, or authorizing DOH to provide, available supports and services based on a client-center plan;
- (2) Deleting provisions specifying programs and services DOH is mandated or authorized to provide to ensure the proper transition into the community;

- (3) Deleting the amendment to Section 23 of Act 189, Session Laws of Hawaii 1995, thereby ceasing the Director of Health's guardianship for these individuals on June 30, 1998; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2862, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2862, H.D. 2, S.D. 2, C.D. 1.

Senators Levin, Fernandes Salling, Baker, Fukunaga, Chun Oakland, Ihara, Anderson.
Managers on the part of the Senate.

Representatives Santiago, Kawakami, Ito, Kahikina, McDermott.
Managers on the part of the House.

Conf. Com. Rep. No. 109 on H.B. No. 2714

The purpose of this bill is to require the Judiciary to keep a separate record of all uncollectible delinquent fines and restitution.

This bill would allow the Judiciary, after two years, to write off, for accounting purposes only, delinquent fines and restitution that are determined to be uncollectible. This would allow the Judiciary to focus on current outstanding fines and restitution that are more likely to be paid.

Your Committee on Conference has amended this bill by:

- (1) Requiring the Judiciary to submit an annual report to the Legislature summarizing the types and amounts of uncollectible delinquent fines and restitution that either were entered into a special record and deleted from the Judiciary's other books or were transferred back to the Judiciary's accounts receivable;
- (2) Inserting a provision releasing the Judiciary from further accountability for the collection of the uncollectible debts after they are entered into the special record and deleted from the Judiciary's other books;
- (3) Removing the provision requiring the Judiciary to follow proper accounting standards when deleting the uncollectible fines from the books; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2714, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2714, H.D. 2, S.D. 1, C.D. 1.

Senators Chumbley, Matsunaga, Baker, Fukunaga, Bunda.
Managers on the part of the Senate.

Representatives Tom, White, Hamakawa, Yamane.
Managers on the part of the House.

Representative Ward did not sign the report.

Conf. Com. Rep. No. 110 on H.B. No. 2786

The purpose of this bill is to require defendants convicted of sexual or violent offenses to provide blood samples for DNA analysis.

This bill also allows the court to order convicted defendants to pay a monetary assessment of \$500 or the actual cost of DNA analysis, whichever is less, to defray the costs of obtaining, storing, and testing the blood sample. Accordingly, this bill creates a DNA registry special fund to be administered by the Attorney General into which the monetary assessments are to be deposited. Furthermore, this bill provides that a person who negligently or recklessly fails to provide blood samples is guilty of a misdemeanor, and that a person who intentionally or knowingly fails to provide blood samples is guilty of a class C felony.

Your Committee on Conference has amended this bill by making a technical, nonsubstantive change for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2786, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2786, H.D. 2, S.D. 2, C.D. 1.

Senators Matsunaga, Chumbley, Fukunaga, Bunda, Anderson.
Managers on the part of the Senate.

Representatives Tom, White, Hamakawa, Herkes, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 111 on H.B. No. 503

The purpose of this bill is to allow state departments to consult with the administrator of the state procurement office to identify goods and services that may be purchased from the correctional industries program; and to allow the administrator to provide a list of goods and services available from the correctional industries program.

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

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 503, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 503, H.D. 2, S.D. 2, C.D. 1.

Senators Ige, M., Bunda, Matsunaga, Anderson.
Managers on the part of the Senate.

Senator Sakamoto did not sign the report.

Representatives Garcia, Nakasone, Saiki, Suzuki, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 112 on H.B. No. 1966

The purpose of this bill is to establish extended care adult residential care homes (ARCH).

Your Committee on Conference believes that giving consumers a choice to reside in a nursing home or in home- and community-based care is essential. To facilitate this effort, your Committee on Conference further believes that ARCHs must be expanded to admit patients needing a higher level of care. This expansion will better serve to give consumers options to meet their health care needs.

Your Committee on Conference has amended this measure by:

- (1) Changing the title of "extended" ARCHs to "expanded" ARCHs;
- (2) Establishing new sections in the Hawaii Revised Statutes to:
 - (A) Define and license expanded ARCHs; and
 - (B) Reimburse expanded ARCH operators based on the severity of the resident's disability;
- (3) Requiring the Department of Health to adopt and develop a social model of health care designed to give consumers choices for the types of care they wish to receive;
- (4) Clarifying that this Act does not require expanded ARCHs to comply with the licensing requirements of the Maluhia Waitlist Program; and
- (5) Effectuating all provisions relating to expanded ARCHs on July 1, 1999.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1966, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1966, H.D. 2, S.D. 2, C.D. 1.

Senators Chun Oakland, Kanno, Baker, Fukunaga, Kawamoto, Sakamoto.
Managers on the part of the Senate.

Senator Anderson did not sign the report.

Representatives Arakaki, Santiago, Say, Abinsay.
Managers on the part of the House.

Representative Ward did not sign the report.

Conf. Com. Rep. No. 113 on H.B. No. 1433

The purpose of this bill is to establish school-by-school budgeting to give schools maximum flexibility in the preparation and execution of their budgets. The bill also requires the Auditor to review all programs within the school-based budgeting program.

Your Committee finds that school-based budgeting would enable educators in the public school system to become better managers of school resources.

Your Committee has amended this bill by removing its contents and inserting the requirement that the Department of Education establish a safety office and a statewide campus security program from H.B. No. 3167, S.D. 1. Your Committee has also added transferring after-hours security for public schools and state libraries from the Department of Public Safety to the Department of Education and the State Librarian and the State Public Library System, respectively. Your Committee finds that public school safety is crucial to the success of our public education system, and that the Department of Education is the best agency to address this situation.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1433, H.D. 2, S.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1433, H.D. 2, S.D. 3, C.D. 1.

Senators Aki, Tam, Baker, Fukunaga.
Managers on the part of the Senate.

Senators Ige, M. and Slom did not sign the report.

Representatives Stegmaier, Goodenow, Takamine, Halford.

Managers on the part of the House.

Representative Say did not sign the report.

Conf. Com. Rep. No. 114 on H.B. No. 2675

The purpose of this bill is to improve consumer protection and increase government efficiency and professional and vocational regulatory processes by:

- (1) Replacing the state constructed exam required for licensure of chiropractors, dentists, land surveyors, landscape architects, and veterinarians with the national licensing exams for the specific profession;
- (2) Requiring applicants to self-certify that they agree to the licensing rules of the specific Board overseeing their profession; and
- (3) Eliminating the Boards and Commissions regulating various occupations and professions under the jurisdiction of the Department of Commerce and Consumer Affairs except the Contractors Licenses Board, the Board of Electricians and Plumbers, the Elevator Mechanics Licensing Board, and the Real Estate Commission.

Upon careful consideration, your Committee on Conference has amended this bill by:

- (1) Retaining the state constructed exam required for licensure of chiropractors, dentists, land surveyors, landscape architects, and veterinarians;
- (2) Authorizing the Board of Chiropractic Examiners to determine the passing score required on the state chiropractic examination necessary for licensure;
- (3) Requiring the state chiropractic examination to be prepared, administered, and graded by a professional testing service;
- (4) Retaining all Boards and Commissions under the jurisdiction of the Department of Commerce and Consumer Affairs except the Board of Barbering and Cosmetology, the Board of Dental Examiners, the Board of Speech Pathology and Audiology, and the Board of Osteopathic Examiners to oversee licensing of their various professions and occupations;
- (5) Transferring the regulatory responsibilities of osteopathic physicians and surgeons from the Board of Osteopathic Examiners to the Board of Medical Examiners;
- (6) Requiring one member of the Board of Medical Examiners to be an osteopathic physician or surgeon;
- (7) Defining "premium" as it relates to insurance and clarifying its definition as it relates to surety bonds;
- (8) Designating as an unfair or deceptive trade practice the use of an agreement or instrument which eliminates or diminishes the protections that a bond provides to a homeowner for home construction projects;
- (9) Requiring the Legislative Reference Bureau to conduct a study on the licensing examination used by the Board of Dental Examiners and include in the report:
 - (A) Whether the licensing examination appropriately tests for professional competency in the field of dentistry;
 - (B) Whether the Western Regional Examination should be used in lieu of or as an option to the state constructed examination; and
 - (C) Any other issues pertinent to a determination of the fairness of the state constructed dental examination;
- (10) Requiring the Legislative Reference Bureau to conduct a study on the dental provider reimbursement practices of insurers and related entities and include in its report any cost implications to the Hawaii Medical Service Association and the Hawaii Dental Service of a direct payment and equal reimbursement law;
- (11) Changing the effective date of the Act to July 1, 1998, except for the provisions repealing the Board of Dental Examiners which are effective July 1, 2000, and the effective date of the Legislative Reference Bureau studies which is effective upon approval;
- (12) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2675, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2675, H.D. 2, S.D. 1, C.D. 1.

Senators Ige, D., Metcalf.
Managers on the part of the Senate.

Senator Kanno did not sign the report.

Representatives Menor, Say, Abinsay, Herkes, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 115 on H.B. No. 2870

The purpose of this bill, as received, is to:

- (1) Redefine the obligations of the employer and the special compensation fund in cases of concurrent employment while providing equitable payment of benefits for part-time employees;
- (2) Specify that in no event will the weekly wages of an injured employee who is concurrently employed be computed to be less than the employee's hourly rate of pay multiplied by 35; and
- (3) Require the Insurance Commissioner to conduct a closed claims study of workers' compensation claims made to coordinated care organizations.

Upon further consideration, your Committee on Conference has agreed to accept the provisions of H.B. No. 2870 as originally introduced. Accordingly, your Committee on Conference has amended this measure by deleting provisions:

- (1) Specifying that weekly wages be computed to be no less than the employee's hourly rate of pay multiplied by 35; and
- (2) Requiring the Insurance Commissioner's study.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2870, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2870, S.D. 2, C.D. 1.

Senators Kanno, Chun Oakland Fukunaga, Metcalf, Anderson.
Managers on the part of the Senate.

Representatives Yonamine, Menor, Nakasone, Case.
Managers on the part of the House.

Representative Pendleton did not sign the report.

Conf. Com. Rep. No. 116 on H.B. No. 3437

The purpose of this bill is to:

- (1) Modify the formula for the post-hurricane industry assessment on insurers acting as servicing facilities for the Hawaii Hurricane Relief Fund (Fund), in order to increase the State's claims paying capacity; and
- (2) Clarify the Fund's authority to create loss mitigation incentives and enter into claims financing transactions.

Proposed national legislation would make available to state catastrophe programs low cost federal reinsurance, but would also require that Hawaii maintain a claims paying capacity of \$2,000,000,000. Currently, the State's claims paying capacity is only \$1,350,000,000, and therefore, the State must find ways to increase this capacity.

In addition to entering into claims financing transactions and increasing its reinsurance, one of the ways for the Fund to boost its claims paying capacity is to increase its post-hurricane industry assessment on insurers acting as servicing facilities. Profits on homeowners' policies are at an all-time high, and therefore, an increase in the insurers' assessments is not expected to result in policy rate increases for homeowners.

Upon careful consideration, your Committee has amended the bill by:

- (1) Providing that in the event of a loss from a covered event:
 - (a) The Fund is authorized to assess insurers acting as servicing facilities during the twelve months ending at the start of the month preceding the month in which the covered event occurs;
 - (b) The total assessment shall be a fixed percentage of the total coverage provided, rather than written, by the Fund under its hurricane property insurance policies during the month preceding the month in which the covered event occurs;
 - (c) The following percentages shall be used in calculating the total assessment on servicing facilities:
 - (i) For the calendar year 1998, a percentage fixed by the Fund's board of directors, with a total assessment not to exceed \$500,000,000;
 - (ii) For the calendar year 1999, 1.125 per cent;
 - (iii) For the calendar year 2000, 1.25 per cent; and
 - (iv) For the calendar year 2001, and each calendar year thereafter, 1.5 per cent;

and

- (d) Each servicing facility's allocation of the total assessment shall be based on the proportion of the total amount of the Fund's gross direct written premiums for hurricane property insurance policies serviced by each servicing facility to the total amount of the Fund's gross direct written premiums for hurricane property insurance policies during the twelve months ending at the start of the month preceding the month in which the covered event occurs;

- (2) Removing language that permits the Fund's board to calculate or impose an assessment based on currently available information, notwithstanding the availability of new or revised information and subsequent adjustments in any assessment; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3437, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3437, H.D. 2, S.D. 2, C.D. 1.

Senators Ige, D., Metcalf, Baker, Levin, Solomon, Slom.
Managers on the part of the Senate.

Representatives Menor, Say, Cachola, Aiona.
Managers on the part of the House.

Representative Kanoho did not sign the report.

Conf. Com. Rep. No. 117 on H.B. No. 2823

The purpose of this bill is to continue the reforms enacted in Act 251, Session Laws of Hawaii 1997. In the years prior to passage of Act 251, Hawaii's consumers paid the highest auto insurance premiums in the nation in some years and the second highest in other years. Since the passage of Act 251, Hawaii's consumers have already realized significant savings. Preliminary data indicates that this favorable downward trend will continue.

Your Committee on Conference is committed to continuing the trend of decreasing automobile insurance rates for our driving public, and to that end, has focused on clarifying existing provisions and making technical corrections to Act 251. Amendments to strengthen the provisions of Act 251 and effectuate its purpose of creating a fair and equitable system that delivers maximum benefits with the greatest efficiency and lowest cost are included. In summary, H.B. No. 2823, H.D. 1, S.D. 1, C.D. 1 contains the following amendments:

- (1) Optional binding arbitration is provided as an alternative to traditional litigation. Use of binding arbitration should result in significant savings by reducing, if not eliminating, most lawsuits relating to automobile accidents.

Binding arbitration has long been used by insurers for Underinsured Motorist ("UIM") and Uninsured Motorist ("UM") claims and has proven to be efficient and cost effective. Your Committee would like to emphasize that this is not intended to replace the Court Annexed Arbitration Program ("CAAP") arbitration, but is to be a purely optional alternative.

- (2) Physical therapy and therapeutic massage are restricted and available only by prescription from a medical doctor to further reduce costs. It is intended that the addition of a medical doctor as a gatekeeper for these ancillary medical services will serve to prevent abuses and excessive treatment.
- (3) The number and cost of x-rays taken in connection with chiropractic treatment are limited to continue cost containment measures previously enacted regarding the utilization and cost of chiropractic treatment.
- (4) The amnesty period for uninsured drivers is corrected to give these drivers an opportunity to take advantage of lower insurance rates and purchase insurance to comply with the law.
- (5) The Insurance Division's rulemaking process is streamlined. The present rulemaking process is ineffective and unacceptable. It is not uncommon for the preliminary rule drafting procedure to consume two to four years before draft rules can be circulated for public comment prior to public hearing. If there are changes to these proposed rules, the entire drafting process repeats itself taking another two to four years. As a result, the public comment and hearing process is often a sham, since even the most meritorious suggestions and concerns are often ignored because making changes would delay adoption of the final rules by several more years.

Government cannot regulate insurance effectively when it cannot timely address critical needs in fulfilling its regulatory functions. Insurance companies cannot efficiently function in underwriting, rate making, investing, and claims handling when it cannot rely on timely rulemaking to ascertain the rules under which they must conduct their business. Consumers cannot be protected when the regulator is unable to discharge its regulatory functions in a timely manner. New insurers will not be attracted to do business in Hawaii, provide our consumers with additional choices, and stimulate competition that could result in lower premiums. Existing insurers may not remain in Hawaii when they could take their business to more business friendly environments elsewhere.

The Insurance Commissioner and Executive Branch are urged to implement streamlined procedures permitted under this measure and to take advantage of the legal staff provided to the Insurance Division to promulgate rules in a more efficient and business-like manner.

- (6) The bill clarifies that drivers using other people's vehicles, with a reasonable belief that the person has permission to use the vehicle, will not be in violation of the mandatory insurance requirement and will retain coverage in the event of an accident.
- (7) Death benefits under a policy of motor vehicle insurance are immediately payable to the deceased's surviving spouse and dependent children, rather than to the deceased's estate, to avoid the delays and taxes associated with probate.
- (8) The calculation of allowable expenses for tort threshold purposes is clarified and the threshold requirements for uninsured motorist benefits are conformed to the requirements for liability insurance benefits.

- (9) The bill incorporates measures designed to eliminate abuses and excessive charges associated with independent medical examinations (IMEs). The bill clarifies that the workers' compensation fee schedule charge allowable for IMEs may not be exceeded by submitting a separate charge for the report or other ancillary procedures incident to the conducting of an IME. The practice of charging up to several thousand dollars in excess of the permissible fee under the workers' compensation schedule for consultation for a complex medical problem violates the cost containment provision.
- (10) The UIM statute of limitations for claims under the existing automobile insurance law is clarified to avoid the submission of unnecessary claims. The submission of duplicative or unnecessary claims should be significantly reduced by allowing UIM claims to be made after resolution of the liability claim, just as personal injury protection benefits (PIP) denials need not be made until after the last payment.
- (11) Motorcycle liability policy limits are conformed to the motor vehicle liability policy limits established in Act 251 to allow motorcyclists to benefit from premium reductions similar to that enjoyed by motorists.
- (12) Motorcycle passengers are excluded from PIP coverage, unless such coverage is provided in the specific motor vehicle policy, to conform the law regarding coverage for motorcycle passengers to the existing law for motorcycle operators.
- (13) Wage loss options are modified to provide for greater flexibility at lower premiums.
- (14) Coverage for chiropractic treatment is amended by limiting the number of allowable x-rays and incorporating acupuncture treatments. The Hawaii State Actuary has stated that the inclusion of acupuncture treatments will not result in rate increases because such treatments will be subject to the same thirty visit limitation that is applicable to chiropractic treatments.
- (15) The coverage for rental car property damage is amended to conform to the coverage for bodily injury.
- (16) The bill provides for indemnification of agents for the issuance of automobile insurance policies.
- (17) The bill makes numerous technical corrections and other amendments to clarify the intent of Act 251 and further strengthen its provisions.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2823, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2823, H.D. 1, S.D. 1, C.D. 1.

Senators Ige, D., Metcalf, Levin, Slom.
Managers on the part of the Senate.

Senator Kanno did not sign the report.

Representatives Menor, Tom, Say, Yamane, Aiona.
Managers on the part of the House.

Conf. Com. Rep. No. 118 on H.B. No. 2680

The purpose of this bill is to provide increased autonomy and flexibility to those school communities committed to the responsibilities of local control.

Your Committee believes that both the difficulties met by the two student-centered schools now in operation require changes to the law in order to ensure a stronger future for the program.

Your Committee has amended this measure to:

- (1) Require an open meeting before adoption of policies and rules, but not subject to chapter 91, Hawaii Revised Statutes (HRS);
- (2) Authorize the student-centered school to determine personnel matters subject to applicable personnel laws and collective bargaining agreements;
- (3) Require that any agreements entered into by the student-centered school and the exclusive bargaining unit representative shall be funded from current allocations or other sources of funds received by the school;
- (4) Clarify that the local school board may select the principal in accordance with section 302A-1123(a)(1)(A), HRS;
- (5) Clarify that the State shall afford the local school board with the same protections it affords the board of education;
- (6) Allow the school to negotiate an adjusted allocation in order to have the department provide services to the school;
- (7) Beginning in fiscal year 1999-2000, authorize the legislative auditor to determine the appropriate allocation based on past appropriations;
- (8) Require the student-centered school to submit its self evaluation within sixty days after the completion of the school year, and the department to respond to any recommendations in the report within thirty days; and
- (9) Make technical, nonsubstantive amendments for the purposes of style and clarity.

In regards to the legislative auditor setting the allocation for student-centered schools, the legislature believes such items as collective bargaining agreements, new or expanded programs, changes in enrollment and adjustments for inflation should be considered in determining the amount.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2680, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2680, H.D. 2, S.D. 1, C.D. 1.

Senators Tam, Aki, Baker, Fukunaga, Ige, D., McCartney, Slom.
Managers on the part of the Senate.

Representatives Stegmaier, Kawakami, Morita, Moses.
Managers on the part of the House.

Representative Say did not sign the report.

Conf. Com. Rep. No. 119 on H.B. No. 3446

The purpose of this bill is to authorize the issuance of \$20,000,000 in special purpose revenue bonds to assist Kupuna Park, Inc., a Hawaii not-for-profit corporation, or another Hawaii nonprofit entity, in the acquisition or leasing of land for, and the planning, design, construction, and operation of, a senior housing community.

Your Committee on Conference finds that the issuance of special purpose revenue bonds to develop senior housing is in the public interest.

Your Committee on Conference has amended this bill by changing the lapsing date to issue the special purpose revenues bonds on the latter of June 30, 2003, or the sunset date of section 39A-52, Hawaii Revised Statutes.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3446, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3446, S.D. 2, C.D. 1.

Senators Ige, M., Bunda, Levin, Fernandes Salling, Baker, Fukunaga, Ihara, Anderson.
Managers on the part of the Senate.

Representatives Arakaki, Santiago, Abinsay, Chang.
Managers on the part of the House.

Representative Ward did not sign the report.

Conf. Com. Rep. No. 120 on H.B. No. 3033 (Majority)

The purpose of this bill is to authorize the administration to contract for the construction of privately-owned correctional facilities to relieve prison overcrowding and to further define conditions for the operation of pre-trial inmate release programs.

Your Committee has amended this bill by:

- 1) Reorganizing the order of several of the sections in Parts I and II to improve the flow and eliminate redundancies; and
- 2) Requiring the Department of Public Safety to enter into community partnership for new prison development; and
- 3) Requiring that the Department of Public Safety report to the Legislature on the community partnering process; and
- 4) Removing Part III which makes provisions for the establishment of Ka'u Planning Commission; and
- 5) Making other non-substantive changes for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3033, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3033, H.D. 2, S.D. 2, C.D. 1.

Senators Chumbley, Matsunaga, Baker, Fukunaga, Ihara, McCartney, Anderson.
Managers on the part of the Senate.

Senator Levin did not concur.

Representatives Garcia, Say, Chang, Saiki, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 121 on S.B. No. 2983

The purpose of this bill is to bring together the administration of the open meetings law and the open records law under the Office of Information Practices (OIP) by placing responsibility for administration of the open meetings law in the OIP and moving the OIP from the Department of the Attorney General to the Office of the Lieutenant Governor (OLG).

After agreeing in conference to accept House Draft No. 2, your Committee on Conference discovered that administratively attaching the OIP to the OLG may violate section 6 of article V of the State Constitution. Section 6 of article V, requires that state executive branch agencies be placed within the principal departments of the executive branch of state government unless they are commissions or agencies that are both temporary and for a special purpose.

Your Committee on Conference notes that the Department of the Attorney General, in Opinion No. 96-1, reasoned that the office of the Lieutenant Governor is a constitutional office that is established by section 2 of article V of the State Constitution and is not a principal department of the state executive branch.

Therefore, your Committee on Conference amended the bill by:

- (1) Deleting the new section that gives oversight to the Lieutenant Governor;
- (2) Amending section 26-1(d), Hawaii Revised Statutes (HRS), relating to the OLG's functions and duties to include administrative responsibility for the OIP;
- (3) Amending section 92F-41, HRS, to establish the OIP as a temporary office for a special purpose within the OLG for administrative purposes;
- (4) Transferring all rights, powers, functions, and duties of the Department of the Attorney General, relating to the OIP to the OLG;
- (5) Amending the effective date from upon approval to July 1, 1998, allowing the OIP's appropriation to transfer efficiently;
- (6) Amending the purpose section to reflect the changes; and
- (7) Making technical, nonsubstantive changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2983, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2983, S.D. 2, H.D. 2, C.D. 1.

Senators Ige, D., Metcalf, Baker, Ihara, Slom.
Managers on the part of the Senate.

Representatives Tom, Say, Abinsay, Jones, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 122 on S.B. No. 2211

The purpose of this bill is to propose a constitutional amendment to change the Board of Education from an elected board to an appointed board.

Specifically, this bill:

- (1) Requires the Governor to nominate and, by and with the advice and consent of the House of Representatives, appoint the voting members of the Board of Education;
- (2) Requires the composition of the Board of Education to be established by law, except for the nonvoting student member selected by the Hawaii State Student Council; and
- (3) Requires the voting membership of the Board of Education to represent geographic areas of the State.

Your Committee has amended this bill by deleting its contents and inserting provisions:

- (1) Requiring all pupils to be progressively competent in the use of computer technology;
- (2) Requiring the course of study and instruction for the first twelve grades to enable all students to meet progressive standards of competency in a language in addition to English;
- (3) Requiring the Board of Education to formulate statewide educational policies allowing the Superintendent of Education to exempt certain students from the foregoing requirements; and
- (4) Requiring the Department of Education, after consulting with parties involved in public education and after considering relevant national standards, to develop a plan for the implementation of this measure, including a timetable of when the goals will be reached.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2211, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2211, S.D. 2, H.D. 1, C.D. 1.

Senators Tam, Aki, Baker, Iwase, McCartney, Solomon, Slom.
Managers on the part of the Senate.

Representatives Stegmaier, Say, Kahikina, Kawakami, Morita.
Managers on the part of the House.

Conf. Com. Rep. No. 123 on S.B. No. 2966

The purpose of this bill is to allow the monetary assessment of convicted criminal defendants to fund disbursements made by the Criminal Injuries Compensation Commission.

Your Committee finds that the state compensation of victims of criminal acts is well founded in public policy and is the law in every state of the Union. Your Committee also finds that thirty-four states administer compensation programs that are financially self-sufficient and funded from fees, fines, penalties, civil recoveries and/or restitution. Considering the State's economic situation, adoption of such a program here would be prudent and consistent with the Legislature's objective of cutting government costs.

This bill allows the assessment of a fee against convicted criminals based on the severity of their crime. Fees would range from not less than \$25 nor more than \$100 for a petty misdemeanor conviction, not less than \$50 nor more than \$500 for a misdemeanor conviction, and not less than \$100 nor more than \$5,000 for a felony conviction. The bill also provides criteria for imposing the fee, replaces the Director of Finance with the the Director of Public Safety as the administrator of the Criminal Injuries Compensation Fund which serves as the repository for the assessed fees, provides criteria for the uses of the fees, and allows the courts to impose the fee on convicted criminals. The bill also provides an unspecified appropriation.

Your Committee has amended the bill by:

- (1) Requiring instead of allowing the imposition of the fee;
- (2) Reducing the maximum fee that may be assessed for a felony conviction from \$5,000 to \$500;
- (3) Setting the fee for a misdemeanor conviction at \$50;
- (4) Setting the fee for a petty misdemeanor conviction at \$25;
- (5) Requiring instead of allowing the court to waive the imposition of the fee if a defendant is unable to pay the fee;
- (6) Increasing the proposed percentage of funds in the Criminal Injuries Compensation Fund that may be used for operating expenses and positions from twenty to thirty per cent;
- (7) Removing the appropriation section of the bill; and
- (8) Making technical non-substantive amendments.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2966, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2966, S.D. 2, H.D. 2, C.D. 1.

Senators Matsunaga, Chumbley, Ihara, Anderson.
Managers on the part of the Senate.

Senator Baker did not sign the report.

Representatives Tom, White, Abinsay.
Managers on the part of the House.

Representatives Herkes and Fox did not sign the report.

Conf. Com. Rep. No. 124 on S.B. No. 2852

The purpose of this bill is to ensure the effective clean up of our environment by strengthening the voluntary response program.

Specifically, this bill:

- (1) Makes sites involving underground storage tanks eligible to be cleaned up under the voluntary response program;
- (2) Eliminates significant public interest as a disqualifying factor in the consideration of an application for a voluntary response action;
- (3) Clarifies that in denying an application, the Director of Health may consider:
 - (A) All departmental actions concerning the site and not only administrative enforcement actions; and
 - (B) The public benefit to be derived from the cleanup including environmental improvement and economic development;
 and
- (4) Provides an exemption from future liability for subsequent purchasers of the property and clarifies that a prospective purchaser would be eligible for an exemption from liability, provided the prospective purchaser does not purchase the property prior to entering into a voluntary response agreement.

Your Committee on Conference has amended this bill by adding a new section 1 to amend section 128D-31, Hawaii Revised Statutes, to clarify requirements for notifying the public and receiving comments when a voluntary response application is submitted to the Department of Health. The notification requirements will now also include publication in the bulletin of the Office of Environmental Quality Control with instructions for obtaining a copy of the application and the commenting procedures.

Your Committee notes that it was specifically concluded that adopting the Senate amendments to section 128D-40(f)(2), Hawaii Revised Statutes, would not have materially altered the current standard for invalidating the effectiveness of the exemption from liability in connection with sham transactions. Accordingly, your Committee on Conference has left section 128D-40(f)(2) unchanged.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2852, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2852, S.D. 1, H.D. 2, C.D. 1.

Senators Levin, Fernandes Salling, Tam, Slom.
Managers on the part of the Senate.

Senator Chun Oakland did not sign the report.

Representatives Yoshinaga, Kanohe, Goodenow, Meyer.
Managers on the part of the House.

Representative Ito did not sign the report.

Conf. Com. Rep. No. 125 on S.B. No. 3076

The purpose of this bill is to create a contracts office within the Department of Health for administrative purposes to provide centralized, coordinated, and integrated purchase of service contracting for the Departments of Health and Human Services to reduce duplicative functions and maximize the use of resources.

Your Committee on Conference is concerned that maximum efficiency and effectiveness may not be achieved merely by the creation of the contracts office under this Act. Consequently, your Committee on Conference suggests that a Joint Legislative Committee be formed during the interim to:

- (1) Examine the reconfiguring of the Departments of Health and Human Services to achieve the most cost-efficient and effective means of delivering services, particularly for children, youth, and families; and
- (2) Investigate the possibility of consolidating duplicative functions of the two departments.

Your Committee on Conference believes that participation among the Departments of Health and Human Services, the Legislature, service providers, and the community is critical to continue further discussion to achieve these goals, and welcomes their involvement.

Your Committee on Conference amended this bill by:

- (1) Placing the contracts office within the Department of Human Services for administrative purposes;
- (2) Requiring that the selection of employees for the contracts office from the Departments of Health and Human Services be required until June 30, 1999, and thereafter, only in accordance with Chapters 76 and 77, Hawaii Revised Statutes;
- (3) Making the monitoring and auditing functions of the contracts office mandatory only if no other office or agency is performing those functions; and
- (4) Stipulating that contracts office may not use the moneys appropriated to the agencies for any purpose other than those designated by the respective measures authorizing the appropriations for those moneys.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3076, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3076, S.D. 1, H.D. 1, C.D. 1.

Senators Levin, Fernandes Salling, Chun Oakland, Kanno, Bunda, Ige, M., Baker, Fukunaga, Anderson.
Managers on the part of the Senate.

Representatives Arakaki, Santiago, Kawakami, Kahikina.
Managers on the part of the House.

Representative Ward did not sign the report.

Conf. Com. Rep. No. 126 on S.B. No. 2037

The purpose of this bill is to ensure the provision of emergency health care services to patients without the requirement of preauthorization, whether covered by accident and sickness insurance contracts, mutual benefit societies, and health maintenance organizations.

Your Committee finds that a person in an emergency medical crisis should not have to face juggling "preauthorization," unanticipated expense, and delaying medical care. In earlier testimony before Senate and House committees, Kaiser Permanente suggested amendments that provide a thoughtful and considerate approach to prepaid emergency medical care in Hawaii.

Your Committee has amended the bill with the suggestions of the Hawaii Medical Service Association, the State's largest mutual benefit society providing prepaid medical care. The amendment succinctly clarifies that an emergency provider can treat only those medical conditions that lead the patient to the belief that he or she has an emergency medical condition. This makes clear the Legislature's intent that the emergency provider should not use the emergency visit as an opportunity to treat ailments unrelated to the condition creating the emergency. Always more expensive than the normal trip to the doctor, your Committee is sensitive to the high cost of medical care, especially on an emergency basis.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2037, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2037, S.D. 1, H.D. 2, C.D. 1.

Senators Ige, D., Metcalf, Chun Oakland, Kanno, Slom.
Managers on the part of the Senate.

Representatives Menor, Say, Cachola, Hamakawa, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 127 on S.B. No. 2204

The purpose of this bill is to improve the regulatory process by requiring government agencies to establish and adhere to maximum time periods for review and approval of all business and development related permit approvals and licenses not subject to federal review and approval, or the application would be deemed automatically approved.

Your Committee on Conference notes the continued concerns of some that automatic permit approval will be misused to short-circuit existing public input processes. Your Committee is confident that agencies will account for the preservation of such processes in their rulemaking.

Your Committee on Conference also notes continuing concerns with the interplay between automatic permit approval and various board and commission quorum requirements. Your Committee deleted the quorum amendment sections of this bill because the various quorum possibilities appeared to require further deliberation, and your Committee believes that the 1999 legislative session should address this issue as the automatic permit approval rules come into effect.

Your Committee has also excepted the Land Use Commission from this bill at this time because of quorum-related concerns.

Your Committee on Conference finds that the Department of the Attorney General expressed its concerns about the vagueness of certain terms and the possible constitutionality and conflict problems the bill would pose as drafted.

Accordingly, your Committee amended the bill by:

- (1) Deleting specific time limits for review and approval processes;
- (2) Deleting references to "state" business and development-related permits under their jurisdiction;
- (3) Deleting the requirement that issuing agencies establish the deadline and form for administrative appeals;
- (4) Defining the term "application for a business or development-related permit, license, or approval";
- (5) Specifying that agencies must adopt rules establishing maximum time periods either on the first occasion that the agency's rules are amended or by December 31, 1999, whichever is earlier;
- (6) Amending the purpose section to reflect the changes in the bill and for clarity; and
- (7) Making technical, nonsubstantive changes for clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2204, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2204, S.D. 2, H.D. 2, C.D. 1.

Senators Ige, D., Metcalf, Levin, Fernandes Salling, Baker, Fukunaga, Slom.
Managers on the part of the Senate.

Senators Chun Oakland and Kanno did not sign the report.

Representatives Menor, Nakasone, Yoshinaga.
Managers on the part of the House.

Representatives Say and Marumoto did not sign the report.

Conf. Com. Rep. No. 128 on S.B. No. 379 (Majority)

The purpose of this bill is to impose a refundable deposit of \$1.75 on the sale of each new motor vehicle tire that is not accompanied by a trade-in tire.

Specifically, this bill requires tire retailers to:

- (1) Collect a \$1.75 deposit, at the point of sale, for each new motor vehicle tire purchased by a customer not accompanied by a motor vehicle tire;
- (2) Issue a \$1.75 refund for each motor vehicle tire returned by a customer along with a proof of purchase issued by the same retailer dated after July 1, 1998; and
- (3) Post a written notice that states: "Beginning July 1, 1998, state law requires us to charge a \$1.75 refundable deposit for each new tire you purchase that is not accompanied by a trade-in tire. This deposit will be refunded upon the return of your trade-in tire along with a proof of purchase from this store."

Your Committee has amended this bill by:

- (1) Increasing the amount of the deposit to \$7 per tire;

- (2) Requiring all scrap tire haulers to provide evidence, to the retailer from which the tires were collected, of delivery of the used motor vehicle tires to a permitted tire processor or recycler;
- (3) Requiring all motor vehicle tire retailers to require from scrap tire haulers evidence that their used tires are being disposed of through a permitted tire processor or recycler;
- (4) Requiring all retailers of motor vehicle tires to maintain records of the disposal/recycling of their used tires for a minimum of three years, and to make the records available for review by the Department of Health on request;
- (5) Requiring retailers to honor proof of purchases issued after June 30, 1998, rather than after July 1, 1998, to be consistent with the posting requirement and the imposition of the refundable deposit, which take effect on July 1, 1998; and
- (6) Making a technical nonsubstantive change for purposes of style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 379, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 379, S.D. 2, H.D. 2, C.D. 1.

Senators Levin, Chumbley, Matsunaga, Chun Oakland, Slom.
Managers on the part of the Senate.

Senator Fernandes Salling did not concur.

Representatives Yoshinaga, Chang, Goodenow, Meyer.
Managers on the part of the House.

Representative Kanoho did not sign the report.

Conf. Com. Rep. No. 129 on S.B. No. 760

The purpose of this bill is to amend chapter 302A, Hawaii Revised Statutes (HRS), to establish a process for creating schools-within-schools.

Your Committee finds that schools-within-schools offer opportunities for learning through a small school atmosphere, while enjoying the advantages that a larger school complex can provide.

Your Committee has amended this measure by removing the specific provisions for the procedures to create schools-within-schools, and replaced them with language to:

- (1) Authorize any public school to establish schools-within-schools pursuant to rules adopted by the board of education (BOE);
- (2) Require the BOE to develop a plan by March 31, 1999, to encourage schools-within-schools at all schools; and
- (3) Require the Department of Education to adopt rules regarding schools-within-schools in accordance with chapter 91, HRS, by March 31, 1999.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 760, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 760, H.D. 2, C.D. 1.

Senators Tam, Aki, Fukunaga, Ige, D., McCartney, Slom.
Managers on the part of the Senate.

Representatives Stegmaier, Goodenow, Santiago, Fox.
Managers on the part of the House.

Representative Say did not sign the report.

Conf. Com. Rep. No. 130 on S.B. No. 2350

The purpose of this bill is to exempt glass container importers who import less than 5,000 glass containers per year from the advance glass disposal fee, and to permit importers who import between 5,000 and 100,000 containers to pay the fee annually instead of quarterly.

Your Committee finds that it is not an efficient use of government resources to track down glass container importers who bring in fewer than 5,000 containers per year. It is also not an efficient use of time for businesses to require mid-range importers to file quarterly reports. This law will enhance effectiveness and efficiency for both government and business, while still requiring major importers, whose containers form the bulk of the glass container waste stream, to pay their fair share of the advance disposal fee.

Your Committee has amended this bill by removing the provision that would have allowed counties to levy their own assessment or fee for the same or similar purpose as the State's advance disposal fee.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2350, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2350, S.D. 1, H.D. 2, C.D. 1.

Senators Levin, Fernandes Salling, Fukunaga, Ihara.
Managers on the part of the Senate.

Senators Chun Oakland and Anderson did not sign the report.

Representatives Yoshinaga, Goodenow, Morihara, Thielen.
Managers on the part of the House.

Representative Say did not sign the report.

Conf. Com. Rep. No. 131 on S.B. No. 1089

The purpose of this bill is to provide additional incentives for private landowners to recover and protect threatened and endangered species on their lands.

Your Committee finds that this bill is very similar to H.B. No. 1292, H.D. 1, S.D. 1, C.D. 1, which became Act 380, Session Laws of Hawaii 1997. Consequently, your Committee has amended this bill by deleting its contents and inserting provisions:

- (1) Governing the issuance of incidental take licenses, the consolidated processing of habitat conservation plans and safe harbor agreements, the concurrent processing of state land use permit applications, the public's review and comment of proposed plans and agreements, the monitoring of plans, and the activities of the endangered species recovery committee;
- (2) Requiring the rights and obligations under any safe harbor agreement to run with the land for the term agreed to in the agreement and to be recorded by the Department of Land and Natural Resources in the bureau of conveyances or the land court, as may be appropriate;
- (3) Allowing administrative enforcement of rules adopted pursuant to the law relating to the conservation of aquatic life, wildlife, and land plants, in addition to habitat conservation plans, safe harbor agreements, and incidental take licenses; and
- (4) Permitting land uses substantially involving or supporting educational ecotourism in the agricultural district by special permit, on lands with soils classified by the land study bureau's detailed land classification as overall (master) productivity rating class C, D, E, or U.

Upon final approval in accordance with chapter 195D, Hawaii Revised Statutes, your Committee intends that habitat conservation plans, safe harbor agreements, and incidental take licenses be deemed "contracts" within the meaning of Article I, section 10 of the United States Constitution.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1089, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1089, S.D. 2, H.D. 2, C.D. 1.

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

Senator Chun Oakland did not sign the report.

Representatives Kanohe, Yoshinaga, Goodenow, Meyer, Tarnas.
Managers on the part of the House.

Conf. Com. Rep. No. 132 on S.C.R. No. 191

The purpose of this concurrent resolution is to urge the State and the City and County of Honolulu to form a Joint Waikiki Task Force to discuss and coordinate the issues facing this area of Honolulu.

Your Committee has amended this measure by:

- (1) Reinstating the title as it read in the measure's original draft by inserting the word "cooperatively";
- (2) Requiring that at least one of the private citizens appointed by the Governor and at least one of the private citizens appointed by the Mayor be a resident of Waikiki;
- (3) Making a technical nonsubstantive amendment for the purpose of clarity.

Your Committee on Conference is in accord with the intent and purpose of S.C.R. No. 191, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.C.R. No. 191, S.D. 2, H.D. 1, C.D. 1.

Senators Taniguchi, Kawamoto, Fukunaga, Ihara, McCartney, Slom.
Managers on the part of the Senate.

Representatives Cachola, Chang, Morita, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 133 on H.C.R. No. 88

The purpose of this concurrent resolution is to request the auditor to conduct an actuarial study and a programmatic audit of the Public Employees Health Fund operations, and a management and financial audit of the School-to-Work Opportunities System.

Your Committee upon further consideration has amended this measure by deleting all references to conducting a financial audit of the School-to-Work Opportunities System and requesting the auditor to conduct a management study of the School-to-Work Opportunities System.

Your Committee on Conference concurs with the intent and purpose of H.C.R. No. 88, H.D. 1, S.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 88, H.D. 1, S.D. 1, C.D. 1.

Senators Kanno, Chun Oakland, Baker, Fukunaga, Anderson.
Managers on the part of the Senate.

Representatives Yonamine, Chang, Suzuki, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 134 on S.C.R. No. 28

The purpose of this concurrent resolution is to request the Auditor to study the social and financial impacts of requiring all employer group health policies, contracts, plans, or agreements issued or renewed in Hawaii, on a group or individual basis, to provide coverage for post-mastectomy breast reconstructive surgery for all stages of reconstruction as well as symmetry operations on the noncancerous breast, not as an option, for the cost of care for the subscriber or any dependent of the subscriber who is covered by the policy. The measure sets forth a specific set of factors and issues to be considered in the study and requires the submission of the Auditor's findings and recommendations to the 1999 Legislature.

Your Committee on Conference is aware that the Auditor's study of the social and financial impacts of mandatory insurance coverage for post-mastectomy breast reconstructive surgery has been inserted in another measure. Your Committee on Conference believes that this measure would better serve as a vehicle for requesting the Departments of Health and Education to perform various tasks pertaining to student-centered mental health intervention services which would facilitate the State's compliance with the Felix v. Cayetano Consent Decree.

Your Committee on Conference amended this measure by deleting its entire contents and replacing it with language which:

- (1) Requests the Departments of Health and Education to collaboratively explore the development of student-centered mental health intervention services for children covered by the Felix v. Cayetano consent decree;
- (2) Permits national and local school-based mental health center models to be used to develop a quality and cost-effective student-centered mental health intervention service system;
- (3) Permits student-centered mental health interventions to be equipped to serve low- to medium-end children and youth in their least restrictive environment;
- (4) Requests that student-centered mental health interventions be considered as the foundation for school-based health centers in the future;
- (5) Requests the Department of Health to consider being an active participant in the planning and implementation of school-based health centers statewide to the extent mandated by the Felix v. Cayetano Consent Decree; and
- (6) Requests the Departments of Health and Education to report their findings and developments to the Legislature no later than twenty days prior to the convening of the Regular Session of 1999.

Your Committee on Conference concurs with the intent and purpose of S.C.R. No. 28, S.D. 1, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 28, S.D. 1, H.D. 1, C.D. 1.

Senators Levin, Fernandes Salling, Metcalf, Ige, D., Kanno, Chun Oakland, Baker, Slom.
Managers on the part of the Senate.

Representatives Santiago, Abinsay, Saiki, McDermott.
Managers on the part of the House.

Conf. Com. Rep. No. 135 on S.C.R. No. 146

The purpose of this concurrent resolution is to request the Auditor to perform a program audit focusing on the decision-making processes across the various state agencies involved in the child protective services system.

Your Committee finds that the program audit requested in this concurrent resolution is appropriate to ensure Child Protective Services address the needs and concerns of the community.

Your Committee has amended this concurrent resolution by amending the title and focusing the audit on the following:

- (1) Communication among the various agencies;
- (2) Training on child abuse and neglect for agency staff;
- (3) Adequacy of caseload size in the agencies;
- (4) Adequacy of resources in the agencies;
- (5) Decision-making in the child protective services system, including:

- (A) Screening decisions;
- (B) Case selection;
- (C) Child safety, including how to keep a maltreated child safe and under what conditions placement out of the home is necessary;
- (D) Reunification of the child with his/her family; and
- (E) The termination of child protective services involvement.

Your Committee has also amended this concurrent resolution by deleting provisions requiring a review of the Child Protective Services' overall structure and effectiveness, adoption and foster parent selection process, personnel, records and reporting, and management of fiscal issues.

Your Committee has further amended this concurrent resolution by requiring the Auditor to consult national entities with child welfare expertise and by making technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Conference concurs with the intent and purpose of S.C.R. No. 146, S.D. 2, H.D. 1, as amended herein, and recommends that it be adopted in the form attached hereto as S.C.R. No. 146, S.D. 2, H.D. 1, C.D. 1.

Senators Chun Oakland, Kanno, Baker, Fukunaga, Ihara, Sakamoto.
Managers on the part of the Senate.

Senator Anderson did not sign the report.

Representatives Arakaki, Abinsay, Saiki, McDermott.
Managers on the part of the House.

Conf. Com. Rep. No. 136 on S.B. No. 2633

The purpose of this bill is to protect consumers who lease land by requiring that the fair market value of renegotiated rental amounts for leases be determined in conformance with the Uniform Standards of Professional Appraisal Practice.

Your Committee on Conference has amended the bill by incorporating the recommendations of the State Auditor that are enumerated in the study entitled "Analysis of a Proposal to Expand the Regulation of Real Estate Appraisers and Appraisals".

Specifically, the Auditor's recommendation was for the Legislature to strongly consider passing H.B. No. 566, which requires appraisals in both federally and non-federally related real estate transactions to be performed by state-licensed or state-certified appraisers following the Uniform Standards of Professional Appraisal Practice. Therefore, your Committee on Conference has incorporated the substance of H.B. No. 566.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2633, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2633, S.D. 1, H.D. 1, C.D. 1.

Senators Ige, D., Metcalf, Slom.
Managers on the part of the Senate.

Senator Kanno did not sign the report.

Representatives Menor, Say, Cachola, Marumoto.
Managers on the part of the House.

Representative Suzuki did not sign the report.

Conf. Com. Rep. No. 137 on H.B. No. 2680

The purpose of this bill is to provide increased autonomy and flexibility to those school communities committed to the responsibilities of local control.

Your Committee believes that both the difficulties met by the two student-centered schools now in operation require changes to the law in order to ensure a stronger future for the program.

Your Committee, in Conference Draft 1, amended this measure to:

- (1) Require an open meeting before adoption of policies and rules, but not subject to chapter 91, Hawaii Revised Statutes (HRS);
- (2) Authorize the student-centered school to determine personnel matters subject to applicable personnel laws and collective bargaining agreements;
- (3) Require that any agreements entered into by the student-centered school and the exclusive bargaining unit representative shall be funded from current allocations or other sources of funds received by the school;
- (4) Clarify that the local school board may select the principal in accordance with section 302A-1123(a)(1)(A), HRS;

- (5) Clarify that the State shall afford the local school board with the same protections it affords the board of education;
- (6) Allow the school to negotiate an adjusted allocation in order to have the department provide services to the school;
- (7) Beginning in fiscal year 1999-2000, authorize the legislative auditor to determine the appropriate allocation based on past appropriations;
- (8) Require the student-centered school to submit its self evaluation within sixty days after the completion of the school year, and the department to respond to any recommendations in the report within thirty days; and
- (9) Make technical, nonsubstantive amendments for the purposes of style and clarity.

Upon reconsideration, your Committee has further amended this bill to:

- (1) Allow the base allocation figure to be determined by the auditor and to be adjusted to reflect changes in the supplemental budget and any appropriation made for collective bargaining agreements; and
- (2) Include any changes due to changes in the department's budget by the legislature or due to collective bargaining negotiations in the auditor's determinations.

The legislature finds that based on the 1997-1999 budget adopted by the legislature in 1997, the 1998-1999 per pupil expenditure was \$4028.29.

In regards to the legislative auditor setting the allocation for student-centered schools, the legislature believes such items as collective bargaining agreements, new or expanded programs, changes in enrollment and adjustments for inflation should be considered in determining the amount.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2680, H.D. 2, S.D. 1, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2680, H.D. 2, S.D. 1, C.D. 2.

Senators Tam, Aki, Baker, Fukunaga, Ige, D., McCartney, Slom.
Managers on the part of the Senate.

Representatives Stegmaier, Say, Kawakami, Morita, Moses.
Managers on the part of the House.

Conf. Com. Rep. No. 138 on H.B. No. 2990

The purpose of this bill is to allow the State, through the Agribusiness Development Corporation (ADC), to acquire, administer, operate, maintain, and improve the Waiahole Water System to ensure the continuation and expansion of diversified agriculture on the island of Oahu, boost the State's economy, and protect the Pearl Harbor aquifer.

Among other things, this bill also:

- (1) Authorizes the issuance of reimbursable general obligation bonds and appropriates funds for this purpose; and
- (2) Establishes the Waiahole Water System Revolving Fund to be used to acquire and operate the Waiahole Water System.

After careful consideration, your Committee on Conference has amended this bill to:

- (1) Require ADC to:
 - (a) Work toward obtaining commitments from landowners in the Leeward and Central districts of Oahu that their agricultural leases be for a 20-year period and their leases not be amended or revoked for a nonagricultural use of such land;
 - (b) Monitor the agricultural leases of lands utilizing water from the Waiahole Water System;
 - (c) Protect and defend the interests of the agricultural leaseholders to ensure the continual agricultural use for those lands;
- (2) Delete the exemption of ADC's assets from Chapter 92, Hawaii Revised Statutes (HRS), (Public Agency Meetings and Records); and
- (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 under this bill expires or for 20 years commencing from the effective date of this bill, whichever is greater.

Your Committee on Conference has also amended this bill by:

- (1) Clarifying the legislative findings;
- (2) Correcting the bill's effective date to take effect upon its approval;
- (3) Updating the declaration of findings with respect to the general obligation bonds authorized in this bill; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2990, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2990, H.D. 2, S.D. 2, C.D. 1.

Senators Taniguchi, Iwase, Baker, Fukunaga, Ihara, Kawamoto, McCartney.
Managers on the part of the Senate.

Representatives Jones, Say, Abinsay, Hamakawa.
Managers on the part of the House.

Representative Whalen did not sign the report.

Conf. Com. Rep. No. 139 on H.B. No. 3443

The purpose of this bill is to facilitate the provision of loans for diversified agriculture and business ventures by, among other things:

- (1) Empowering the Department of Agriculture (DOA) to make loans from the Agricultural Loan Revolving Fund (Fund) to qualified farmers in economically depressed areas;
- (2) Appropriating \$2,000,000 out of the Fund for loans in economically depressed areas; and
- (3) Authorizing the Department of Business, Economic Development, and Tourism (DBEDT) to contract with any financial institution for services including administering commercial and personal loans for disaster relief and rehabilitation, and loans for small business concerns under the Capital Loan Program.

Your Committee on Conference has amended this bill by:

- (1) Specifying that the authorization by DBEDT and DOA to contract with any financial institution for services includes servicing as well as administering loans;
- (2) Establishing an Economic Development Loan Fund into which may be deposited moneys from economic development loans that are available to DBEDT and DOA;
- (3) Establishing the Economic Development Administrative Procedures Loan Committee to administer the Economic Development Loan Fund;
- (4) Adding language consistent with the loan project in this bill, to the direct loan provisions of the Aquaculture Loan Program chapter of the Hawaii Revised Statutes; and
- (5) Making technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3443, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3443, H.D. 1, S.D. 2, C.D. 1.

Senators Taniguchi, Baker, Fukunaga, Chumbley, Slom.
Managers on the part of the Senate.

Representatives Herkes, Chang, Ito, Suzuki, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 140 on H.B. No. 2560

The purpose of this bill is to afford the University of Hawaii (University) a substantial degree of flexibility in managing its resources to enable it to more fully achieve its multiple mission of teaching, research, and community service.

More specifically, this bill:

- (1) Exempts the University from the requirement that the Attorney General represent all state departments; authorizes the Board of Regents (BOR) to appoint or retain attorneys; and requires the University to be represented by attorneys hired by the BOR;
- (2) Authorizes the BOR to indemnify collaborating institutions;
- (3) Authorizes the University to contract with the Research Corporation of the University of Hawaii in certain situations;
- (4) Mandates the dissolution of a number of administratively-created special funds;
- (5) Establishes the following funds:
 - (A) Community Services Special Fund;
 - (B) Auxiliary Enterprises Special Fund;
 - (C) Facilities Use Revolving Fund;
 - (D) Workers' Compensation and Unemployment Insurance Compensation Special Fund; and
 - (E) Workers' Compensation and Unemployment Insurance Compensation Revolving Fund;
- (6) Requires the BOR to ensure that special and revolving funds are managed fairly and equitably;

- (7) Exempts University special funds from central services and departmental administrative expenses;
- (8) Exempts the University from transferring excess moneys from special funds to the general fund;
- (9) Authorizes the BOR to define the characteristics of equipment for inventory, financial statements, and other purposes;
- (10) Authorizes the University President to approve expenditures from certain special and revolving funds exceeding the amount appropriated;
- (11) Requires the University President to report on certain special and revolving funds;
- (12) Authorizes the BOR to negotiate with the unions for the faculty and administrative, professional, and technical staff to establish an optional retirement system, and requires the University to develop policies to implement an optional retirement plan;
- (13) Requires the BOR to study optional retirement systems;
- (14) Repeals the requirement for the salary of the University President to be set by the BOR until 2011, and by the Legislature thereafter;
- (15) Requires the University to submit its budget to the Legislature when it submits it to the Director of Finance;
- (16) Authorizes the University to transfer funds and positions for the operating cost category among programs, among cost elements in a program, and between quarters; also authorizes the BOR to transfer position counts within programs;
- (17) Authorizes University vehicles to bear the University logo or seal;
- (18) Repeals the minimum ratio between nonresident tuition and resident tuition;
- (19) Exempts the BOR from the procurement law for goods, services, and construction;
- (20) Exempts the BOR from Chapter 102, Hawaii Revised Statutes (HRS), when entering concession agreements;
- (21) Limits claims against the University and limits liability incurred by the University, to the assets of the University;
- (22) Authorizes the University to purchase liability insurance;
- (23) Sets a range for general fund appropriations at three to five times the tuition revenues, and sets criteria for considering general fund appropriations;
- (24) Authorizes the University to deposit special fund moneys in depositories other than the state treasury;
- (25) Places all University personnel, rather than only the faculty, under the President, and exempts them from the citizenship and residency requirements for state employees;
- (26) Authorizes the BOR to adopt rules related to professional improvement leaves;
- (27) Requires summer and continuing education credit tuition to be deposited in the Tuition and Fees Special Fund;
- (28) Repeals the ceiling of resident undergraduate tuition at thirty percent of the estimated average annual cost of education;
- (29) Exempts the BOR from the requirements of Chapter 91, HRS, in establishing an aquarium admission fee, but subjects the BOR to the open public meeting requirements of Chapter 92, HRS;
- (30) Authorizes the BOR to participate in educational consortia in addition to the Western Governors University;
- (31) Requires the University President to report on decentralization efforts;
- (32) Requires the BOR and the Director of Finance to agree on a mechanism for financing the purchase of equipment for University buildings;
- (33) Makes an unspecified appropriation for legal services;
- (34) Makes an appropriation from the Facilities Use Revolving Fund;
- (35) Makes appropriations from the Workers' Compensation and Unemployment Insurance Compensation Special and Revolving Funds;
- (36) Creates an early retirement incentive for University faculty and academic executive/managerial employees who are vested in the Employees Retirement System and who are at least 54 years of age; and
- (37) Exempts the University from the provisions of another bill prohibiting the filling of all vacant state positions, by authorizing the University President to fill up to 60 vacant positions.

Your Committee on Conference has amended this bill by:

- (1) Exempting the University from the public notice, public hearing, and gubernatorial approval requirements of Chapter 91 in setting fees, but subjecting the University to the open meeting requirements of Chapter 92;
- (2) Requiring, rather than authorizing, the University to contract with the Research Corporation of the University of Hawaii (RCUH) in certain types of general situations;
- (3) Deleting examples of specific types of situations in which the University may request services from RCUH;
- (4) Authorizing the University President to approve expenditures exceeding the amount appropriated when revenues, rather than expenditures, exceed the amount appropriated to certain special and revolving funds;
- (5) Creating an organizational structure for the optional retirement system that the BOR is authorized to establish;
- (6) Requiring the BOR to set the salary of the University President;
- (7) Deleting the requirement for the BOR to study optional retirement systems;
- (8) Deleting the authority of the BOR to transfer position counts within programs, which is also found in another portion of the bill;
- (9) Clarifying that the personnel under the direction of the University President are those who are not subject to Chapters 76 and 77, Hawaii Revised Statutes;
- (10) Extending from June 30, 2000, to June 30, 2005, the sunset date of Act 321, Session Laws of Hawaii 1986, as amended, which grants the University fiscal flexibility;
- (11) Authorizing the BOR to approve the extension of the temporary intergovernmental assignment of employees;
- (12) Deleting the appropriation for legal services;
- (13) Deleting the early retirement incentive;
- (14) Deleting the authority for the University President to fill up to 60 vacant positions; and
- (15) Making technical, nonsubstantive revisions.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2560, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2560, H.D. 2, S.D. 2, C.D. 1.

Senators Aki, Tam, Fukunaga, Baker, Ihara, Iwase, McCartney, Slom.
Managers on the part of the Senate.

Representatives Morihara, Say, Goodenow, Takai, Tarnas, Halford, Moses.
Managers on the part of the House.

Conf. Com. Rep. No. 141 on S.B. No. 379 (Majority)

The purpose of this bill is to impose a refundable deposit of \$1.75 on the sale of each new motor vehicle tire that is not accompanied by a trade-in tire.

This bill was recommitted to your Committee on Conference to allow the Co-Chair of a fiscal committee to sign the committee report. Accordingly, this committee report resubmits the contents of Conference Committee Report No. 128.

Specifically, this bill requires tire retailers to:

- (1) Collect a \$1.75 deposit, at the point of sale, for each new motor vehicle tire purchased by a customer not accompanied by a motor vehicle tire;
- (2) Issue a \$1.75 refund for each motor vehicle tire returned by a customer along with a proof of purchase issued by the same retailer dated after July 1, 1998; and
- (3) Post a written notice that states: "Beginning July 1, 1998, state law requires us to charge a \$1.75 refundable deposit for each new tire you purchase that is not accompanied by a trade-in tire. This deposit will be refunded upon the return of your trade-in tire along with a proof of purchase from this store."

Your Committee has amended S.B. No. 379, S.D. 2, H.D. 2, by:

- (1) Increasing the amount of the deposit to \$7 per tire;
- (2) Requiring all scrap tire haulers to provide evidence, to the retailer from which the tires were collected, of delivery of the used motor vehicle tires to a permitted tire processor or recycler;
- (3) Requiring all motor vehicle tire retailers to require from scrap tire haulers evidence that their used tires are being disposed of through a permitted tire processor or recycler;

- (4) Requiring all retailers of motor vehicle tires to maintain records of the disposal/recycling of their used tires for a minimum of three years, and to make the records available for review by the Department of Health on request;
- (5) Requiring retailers to honor proof of purchases issued after June 30, 1998, rather than after July 1, 1998, to be consistent with the posting requirement and the imposition of the refundable deposit, which take effect on July 1, 1998; and
- (6) Making a technical nonsubstantive change for purposes of style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 379, S.D. 2, H.D. 2, C.D. 1, as recommended, and recommends that it pass Final Reading in the form attached hereto.

Senators Levin, Chumbley, Matsunaga, Chun Oakland.
Managers on the part of the Senate.

Senators Fernandes Salling and Slom did not concur.

Representatives Yoshinaga, Kanoho, Goodenow, Meyer.
Managers on the part of the House.

Representative Chang did not sign the report.

Conf. Com. Rep. No. 142 on S.B. No. 760

The purpose of this bill is to amend chapter 302A, Hawaii Revised Statutes (HRS), to establish a process for creating schools-within-schools.

This bill was recommended to your Committee on Conference to allow the Co-Chair of a fiscal committee to sign the committee report. Accordingly, this committee report resubmits the contents of Conference Committee Report No. 129.

Your Committee finds that schools-within-schools offer opportunities for learning through a small school atmosphere, while enjoying the advantages that a larger school complex can provide.

Your Committee has amended S.B. No. 760, H.D. 2, by removing the specific provisions for the procedures to create schools-within-schools, and replaced them with language to:

- (1) Authorize any public school to establish schools-within-schools pursuant to rules adopted by the board of education (BOE);
- (2) Require the BOE to develop a plan by March 31, 1999, to encourage schools-within-schools at all schools; and
- (3) Require the Department of Education to adopt rules regarding schools-within-schools in accordance with chapter 91, HRS, by March 31, 1999.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 760, H.D. 2, C.D. 1, as recommended, and recommends that it pass Final Reading in the form attached hereto.

Senators Tam, Aki, Fukunaga, Ige, D., Slom.
Managers on the part of the Senate.

Senator McCartney did not sign the report.

Representatives Stegmaier, Say, Goodenow, Santiago, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 143 on S.B. No. 2204

The purpose of this bill is to improve the regulatory process by requiring government agencies to establish and adhere to maximum time periods for review and approval of all business and development related permit approvals and licenses not subject to federal review and approval, or the application would be deemed automatically approved.

This bill was recommended to your Committee on Conference to make technical corrections to Conference Committee Report No. 127 which did not accurately reflect the contents of the C.D. 1 agreed upon in conference. The purpose of this Conference Committee Report is to affirm the discussion, findings, and recommendation made in Conference Committee Report No. 127 on S.B. No. 2204, S.D. 2, H.D. 2, by resubmitting its contents herein with the following changes:

- (1) The second paragraph of page 2 of Conference Committee Report No. 127 is replaced with two additional paragraphs; and
- (2) The term "quorem" is replaced with "quorum"; and
- (3) Other technical, nonsubstantive amendments.

Your Committee on Conference notes the continued concerns of some that automatic permit approval will be misused to short-circuit existing public input processes. Your Committee is confident that agencies will account for the preservation of such processes in their rulemaking.

Your Committee on Conference also notes continuing concerns with the interplay between automatic permit approval and various board and commission quorum requirements. Your Committee deleted the quorum amendment sections of this bill because the

various quorum possibilities appeared to require further deliberation, and your Committee believes that the 1999 legislative session should address this issue as the automatic permit approval rules come into effect.

In some cases in which state permit processing time limits are already established by statute, your Committee on Conference further notes concerns with whether this bill alters the status quo without rulemaking to implement automatic permit approval. These concerns have been articulated with specific reference to the Land Use Commission under chapter 205, Hawaii Revised Statutes. Your Committee's intent is that all agencies to which this bill applies shall adopt rules implementing the purpose of this bill and that the status quo shall not be altered until such rules are adopted. Specifically, this bill is not meant to change the existing legal requirements for actions necessary to approve applications and petitions which must be voted on by boards and commissions, as long as the actions are taken within the time limits established by statute or rule.

Finally, your Committee on Conference notes questions with respect to whether section 6 of this bill applies the provisions of this bill and any resulting agency action to pending applications for business or development-related permits, licenses, or approvals, including but not limited to matters before the Land Use Commission and the Board of Land and Natural Resources. Your Committee intends that this bill shall apply purely prospectively.

Your Committee on Conference finds that the Department of the Attorney General expressed its concerns about the vagueness of certain terms and the possible constitutionality and conflict problems the bill would pose as drafted.

Accordingly, your Committee amended S.B. No. 2204, S.D. 2, H.D. 2, by:

- (1) Deleting specific time limits for review and approval processes;
- (2) Deleting references to "state" business and development-related permits under their jurisdiction;
- (3) Deleting the requirement that issuing agencies establish the deadline and form for administrative appeals;
- (4) Defining the term "application for a business or development-related permit, license, or approval";
- (5) Specifying that agencies must adopt rules establishing maximum time periods either on the first occasion that the agency's rules are amended or by December 31, 1999, whichever is earlier;
- (6) Amending the purpose section to reflect the changes in the bill and for clarity; and
- (7) Making technical, nonsubstantive changes for clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2204, S.D. 2, H.D. 2, C.D. 1, as recommended, and recommends that it pass Final Reading as attached hereto.

Senators Ige, D., Metcalf, Baker, Fukunaga, Chun Oakland, Kanno, Slom.
Managers on the part of the Senate.

Senators Levin, Fernandes Salling did not sign the report.

Representatives Menor, Say, Nakasone, Yoshinaga, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 144 on S.B. No. 2350

The purpose of this bill is to exempt glass container importers who import less than 5,000 glass containers per year from the advance glass disposal fee, and to permit importers who import between 5,000 and 100,000 containers to pay the fee annually instead of quarterly.

This bill was recommended to your Committee on Conference to allow the Co-Chair of a fiscal committee to sign the committee report. Accordingly, this committee report resubmits the contents of Conference Committee Report No. 130.

Your Committee finds that it is not an efficient use of government resources to track down glass container importers who bring in fewer than 5,000 containers per year. It is also not an efficient use of time for businesses to require mid-range importers to file quarterly reports. This law will enhance effectiveness and efficiency for both government and business, while still requiring major importers, whose containers form the bulk of the glass container waste stream, to pay their fair share of the advance disposal fee.

Your Committee has amended S.B. No. 2350, S.D. 1, H.D. 2, by removing the provision that would have allowed counties to levy their own assessment or fee for the same or similar purpose as the State's advance disposal fee.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2350, S.D. 1, H.D. 2, C.D. 1, as recommended, and recommends that it pass Final Reading in the form attached hereto.

Senators Levin, Fernandes Salling, Fukunaga, Chun Oakland, Ihara, Anderson.
Managers on the part of the Senate.

Representatives Yoshinaga, Say, Goodenow, Morihara, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 145 on H.B. No. 3403

The purpose of this bill is to deter theft and trespass on agricultural and aquacultural lands.

Specifically, this bill addresses these problems by:

- (1) Making it a criminal trespass in the first degree to knowingly enter or remain unlawfully in or upon agricultural land or aquacultural property that is fenced, enclosed, or secured in a manner to exclude intruders or on which is displayed the signage, "Private Property"; while providing an affirmative defense for lawful activity such as religious or recreational activities which do not result in the destruction or removal of property; and
- (2) Making the offense of theft in the second degree of an aquaculture product or of agricultural equipment, supplies, or products subject to the requirement that the theft occur on:
 - (a) Premises that are fenced, enclosed, or secured in a manner designed to exclude intruders; or
 - (b) Premises upon which there is displayed the signage, "Private Property."

Your Committee finds that farmers and ranchers suffer tremendous losses as a result of the theft of crops, livestock, and equipment. Many of these thefts go unreported each year because of past cases not being solved, lack of satisfactory resolution in the courts, and lack of restitution to the victim.

Your Committee finds that the real problem facing farmers and ranchers is the loss that results from theft of commercial crops and related equipment and not from simple trespass on their property. As such, your Committee believes that making simple trespass on agricultural land a full misdemeanor is too punitive and does not serve the public good. Although your Committee believes that some action must be taken to assist Hawaii's farmers and ranchers, your Committee feels that increasing penalties for simple trespass is not the answer and your Committee is hopeful that after further consideration and input by the agricultural community and law enforcement agencies, legislation can be developed to solve this serious problem.

However, your Committee does realize that the costs incurred under current signage requirements pursuant to section 708-831, HRS, are onerous and believe that this bill will reduce unnecessary costs to farmers and ranchers.

Upon further consideration, your Committee has amended this measure by deleting the provision relating to criminal trespass in the first degree.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3403, H.D. 2, S.D. 1, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3403, H.D. 2, S.D. 1, C.D. 2.

Senators Taniguchi, Chumbley, Matsunaga, Anderson.
Managers on the part of the Senate.

Representatives Jones, Tom, Abinsay, Yamane, Whalen.
Managers on the part of the House.

Conf. Com. Rep. No. 146 on H.B. No. 1824

The purpose of this bill is to provide greater flexibility and autonomy to the Hawaii Health Systems Corporation (Corporation) in the management of its human resources. Among other things, this measure:

- (1) Gives the Corporation flexibility in hiring staff;
- (2) Exempts the Corporation from open meeting requirements for peer review and credentialing matters;
- (3) Provides that uncollectible accounts be referred to the Attorney General's Collection Unit for collection and legal enforcement;
- (4) Makes the Corporation responsible for collecting all outstanding accounts receivable on or after January 1, 1997;
- (5) Establishes a working group to identify and describe liabilities assumed by the Corporation as of the transfer date;
- (6) Requires the working group to submit a report to the Legislature before the convening of the 1999 legislative session; and
- (7) Requires the Attorney General to submit a report on all delinquent accounts owed to the Corporation that were handled by the Attorney General up through December 31, 1996, and the disposition of the accounts, to the Legislature before the 1999 legislative session.

After careful consideration, your Committee has amended this measure by deleting its contents and inserting language requiring the Corporation to use the Collections Unit of the Attorney General for a one-year period for all outstanding accounts that have been written off, returned from a private collection agency, or have a delinquency exceeding 365 days.

In making this amendment, your Committee has stipulated that:

- (1) The proceeds of any collections by the Attorney General on these accounts be deposited into the Health Systems Special Fund;
- (2) The Corporation continue to pay for all current full-time state employee positions in the Collections Unit of the Attorney General;

- (3) The Corporation pay for the planning, design, construction, and acquisition of equipment, furnishings, and software necessary for the development of a modern collections computer system for the Attorney General;
- (4) The Corporation's fiscal responsibility to the Collections Unit of the Attorney General be capped at \$650,000 for FY 1998-99;
- (5) The Attorney General submit a report to the Legislature by March 31, 1999, detailing the identity and disposition of all delinquent accounts for which it is responsible through December 31, 1998; and
- (6) This measure be repealed on July 1, 1999.

Furthermore, it is the intent of your Committee that the Corporation have the option, after June 30, 1999, on whether to retain the services of the Collections Unit of the Attorney General. Your Committee acknowledges that the Corporation must base its decision on cost-effectiveness and whether a private collection agency would make more financial sense in dealing with older accounts. As such, your Committee believes that one year is a reasonable period of time for both parties to work out the details of any future agreement.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1824, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1824, H.D. 2, S.D. 2, C.D. 1.

Senators Levin, Chun Oakland, Kanno, Baker, Fukunaga, Anderson.
Managers on the part of the Senate.

Senator Fernandes Salling did not sign the report.

Representatives Santiago, Kawakami, Kahikina.
Managers on the part of the House.

Representative Ward did not sign the report.

Conf. Com. Rep. No. 147 on H.B. No. 2500

The purpose of this bill is to provide supplemental appropriations for the Executive branch by amending the General Appropriations Act of 1997 (Act 328, Session Laws of Hawaii (SLH) 1997).

OVERVIEW

It has never been more apparent that the economic well-being of Hawaii is heavily dependent on external factors. The continued financial instability occurring in Asia, particularly Japan, has greatly affected the state of our local economy.

As required by the State Constitution, the Council on Revenues (Council) estimates economic growth based on various factors such as tourism statistics, construction growth, and inflation on a quarterly basis. In September 1997, the Council projected a general fund growth rate of 2.8 percent for both fiscal years (FY) 1997-1998 and 1998-1999. However, the March 1998 projection reduced growth rates to 1.2 and 1.0 percent, respectively. In its discussions, the Council acknowledged that the weak Asian economy has resulted in fewer visitors from Asian countries, and this is one of the major factors inhibiting Hawaii's economic recovery. The Council also found that mandated changes in personal income tax withholding rates has adversely impacted the collection of general fund revenues.

While such economic conditions are daunting, your Committee believes that there has never been a better time, or a greater opportunity, for the Legislature to make the structural changes necessary to reverse existing downward trends and drive the economy forward. Your Committee understands that such changes are essential if Hawaii is to successfully compete in the global marketplace.

To begin this change your Committee has provided for and ensured the continuation of services to meet the basic needs of residents and businesses in the State. Your Committee is cognizant that the executive budget bill is a critical component of the financial health of the State. It is the blueprint by which state government operates. Your Committee is also aware that other measures under consideration during the 1998 legislative session are essential to the acceleration of economic diversification and financial stability. Your Committee has, therefore, developed a supplemental budget that maintains government services while allowing for the passage of measures that will make a positive impact on the economy.

SUMMARY OF APPROPRIATIONS FOR FISCAL BIENNIUM 1997-1999

General Overview

Your Committee recognizes that the cost of government must be reduced to achieve a sound fiscal foundation. Your Committee has reviewed the executive budget to determine which program areas are considered "core" to government operations. Priority was given to those programs that provide health, safety, and basic education; generate revenue; support economic development, provide for the indigent, or are mandated at the federal or state levels.

Your Committee took the necessary steps to generate immediate savings to balance the budget in the current fiscal year while striving to establish a permanent reduction to the budget base. Funding for direct services was preserved to the greatest extent possible.

The general fund appropriations authorized in the operating budget consists of \$3,100,439,724 for FY 1997-1998 and \$2,989,716,409 for FY 1998-1999. The general fund appropriation for FY 1998-1999 represents a 3.4 percent decrease over the current fiscal year. Including other means of financing, the total operating budget consists of \$5,779,542,381 for FY 1997-1998 and \$5,730,944,043 for FY 1998-1999.

Capital improvement funds authorized in this bill consist of \$1,281,951,000 for FY 1997-1998 and \$1,471,189,000 for FY 1998-1999. Of these sums, \$581,651,000 in FY 1997-1998 and \$475,910,000 for FY 1998-1999 would be financed through the issuance of general obligation bonds.

To reduce the level of general fund support to governmental operations, your Committee has converted \$5 million from general funds to special funds in various program areas. It is your Committee's intention to encourage the trend toward self-sufficiency when warranted, without adversely affecting program operations.

Economic Development

Tourism continues to be the primary industry in Hawaii. After years of being unchallenged as the destination of choice, the State faces serious competition for visitor industry dollars. Emerging worldwide markets have forced serious reconsideration regarding the level of support provided to the tourism industry. As such, the Economic Revitalization Task Force proposed a dedicated source of funding for tourism promotion and marketing. Through this measure, funds will be earmarked and used to attract a greater number of visitors and to recapture Hawaii's portion of the visitor industry.

Your Committee has advocated the creation of a Tourism Authority that will be responsible for establishing statewide policies relating to tourism and will develop a comprehensive plan to ensure that tourism remains a viable industry. The centralization of services, functions, and funding of tourism under a single entity will improve accountability, efficiency, and effectiveness and the overall marketing efforts of the State.

Recognizing the need to stimulate the economy by diversifying the tourism base, your Committee secured \$1.1 million to ensure that the NFL Pro Bowl will be held in Hawaii through 2001, with an option for an added year. In addition, your Committee provided funds to promote the 1999 Sony Hawaiian Open and other sporting events in recognition that Hawaii will gain invaluable exposure through worldwide media coverage.

In keeping with its effort to utilize existing resources more efficiently and effectively, your Committee supported the Department of Agriculture's efforts to become more self-sufficient. The Animal Quarantine and Milk Control programs were converted from being supported by general funds to special funds, which will result in a savings of \$1.2 million. In recognizing the importance of the State's beef industry, your Committee appropriated \$20,000 to investigate the cause of bovine tuberculosis on Molokai. Your Committee also provided over \$450,000 for various agriculture research programs that are essential to the success and future development of the industry.

Transportation

The impact transportation plays on the quality of life is indisputable. Transportation strategies must remain progressive, yet sensitive to the communities involved and the affected areas to have an accepted, integrated system. With this in mind, your Committee supported statewide improvements to transportation facilities and infrastructure for airports, highways and harbors.

In reviewing the Department of Transportation's capital improvement program, your Committee supported the construction of a commercial fishing village at Honolulu Harbor to consolidate commercial fishing activities and promote economic development endeavors in the area. Funds were also appropriated for a ferry service system to be matched by 80 percent federal funds, upon receipt of federal approval. The Department of Transportation has also been authorized to develop and implement an intra-island ferry system to increase transportation options within the State.

Environmental Protection

Hawaii's natural environment is one of the State's most valuable resources. To protect and sustain the environment, your Committee addressed the issue of alien species. Funds were provided to continue eradication efforts against the damaging effects of miconia, the invasive weed currently spreading throughout the State. In addition, funds were appropriated to continue efforts in preventing the entrance of the brown tree snake into Hawaii.

Health

The appropriations authorized by your Committee in the area of health will protect the physical and psychological well-being of the people of Hawaii through sustaining core public health functions, including maintaining the current level of funding for purchases of services.

Your Committee continues to have concerns regarding the State's compliance with the Felix v. Cayetano Consent Decree and the United States Department of Justice Settlement Agreement. Your Committee is particularly concerned that while funding obligations continue to increase, noncompliance issues remain at the forefront.

However, your Committee is encouraged by the recent progress made by the Departments of Health and Education. For the first time, all stakeholder agencies appear to be working collaboratively to ensure special education services are provided more efficiently, effectively, and appropriately. Your Committee finds that a delineation of services has been seriously lacking, resulting in the failure to adequately address services at the school and the residential in-patient levels. Your Committee strongly recommends that the Departments of Health and Education cooperate and expeditiously resolve their differences, and satisfy the terms of the Decree.

To move toward compliance status, your Committee has appropriated \$15.6 million for outpatient, residential, and respite services needs of the child and adolescent mental health population. The funding will also provide for a management information system for client care in compliance with the Felix decree.

Your Committee provided funding in the amount of \$8 million to the Hawaii Health Systems Corporation (Corporation) to offset projected operating losses. However, your Committee continues to be concerned with the inability of the Corporation to attain self-sufficiency and its continued reliance on general fund appropriations. Of primary concern to your Committee is the Corporation's

inability to collect receivables to offset its cash and operating shortages. Accordingly, your Committee strongly encourages the Corporation to aggressively pursue and collect more than \$45 million in accounts receivable estimated to be collectible.

Lastly for funding was authorized for emergency ambulance services for Maui County, specifically in the remote area of Hana. Your Committee also appropriated \$800,000 to the Hana Medical Center to offset operating losses as it continues to strive towards self-sufficiency.

Human Services

The human services budget authorized by your Committee was based on actual caseload projections and reflects current expenditures. As a result, financial assistance to qualified recipients has been maintained at current levels, including the Welfare to Work Program. Your Committee continues to support the community health services safety net by funding the primary health care centers, as well as a host of services for victims of domestic violence, abuse, and the frail and vulnerable in our State.

Education

Education has been and will continue to be the cornerstone of a qualified, skilled workforce and the basis for economic growth. In setting higher standards in education, we challenge our children to achieve. The State can then expect more and will receive more from its students.

Your Committee recognizes that it is the responsibility of the Board of Education (BOE) to develop policy and the obligation of the Department of Education (DOE) to implement these policies. Your Committee is aware of the transition period that will occur with the selection of a new School Superintendent. Your Committee encourages the BOE and DOE to use this rare opportunity to further evaluate and reshape the direction of the Department to maximize available resources, and improve direct services to the classrooms to develop an educated, prepared workforce.

Higher Education

Your Committee continues the Legislature's commitment to make the University of Hawaii a preeminent institution of higher learning. As such, your Committee has supported measures that will assist the University in achieving this goal by allowing the University greater discretion to set its own priorities, manage its own resources, and develop stronger entrepreneurial approaches. It is the intent of your Committee to empower the Board of Regents and the University administration with increased decision-making authority and to enhance the framework for decentralized decision-making to the lower levels of the University system. This structure is appropriate for the dynamic environment in which the University finds itself and is the only way in which the University will be able to effectively create and implement programs that have economic and academic impact and benefits. With these tools, your Committee believes that the University can attain increased national and international recognition, and a distinguished level of excellence in an increasingly competitive environment.

Public Safety

For years, the lack of prison bed space has been the most significant problem facing Hawaii's criminal justice system, as overcrowded conditions continue to obstruct compliance with the Spear Consent Decree. As such, your Committee has provided \$5.4 million to transfer 300 inmates to out-of-state correctional facilities. Your Committee acknowledges that this means of alleviating prison overcrowding is not the ideal solution and has also provided funding for the planning of a new medium security prison.

Emergency Appropriations

In addition to providing for the State's future needs, your Committee also had the difficult challenge of providing emergency funding for this current fiscal year. Your Committee approved several measures making emergency appropriations to address shortfalls in the current fiscal year as follows:

- (1) \$9,663,442 for the Department of Health to meet its obligations to provide services to certain emotionally disturbed children and adolescents. Under the *Felix v. Cayetano* consent decree, the State is mandated to fully implement a new system of care for these children and adolescents by June 30, 2000, pursuant to their entitlements under the Individual Disabilities Education Act and section 504 of the Vocational Rehabilitation Act. This emergency appropriation responded to the increase in case referrals and court-ordered placements (H.B. No. 2854 enacted as Act 7, SLH 1998);
- (2) \$3,300,000 to host the 1998 Miss Universe Pageant. As one of the most watched programming in the world, the live, two-hour, prime time special will bring Hawaii into the homes of millions of American viewers and hundreds of millions of people in more than 75 countries. Hosting this pageant will add luster and depth to Hawaii's appeal as a world-class destination for leisure and business travelers (H.B. No. 2997 enacted as Act 15, SLH 1998);
- (3) \$2,151,800 for the Department of Public Safety to transfer an additional 300 inmates to out-of-state correctional facilities to avoid overcrowding. Currently, some criminal offenders are either avoiding incarceration altogether or prisoners are being released prior to the expiration of their sentences due to the lack of bed space (H.B. No. 3032 enacted as Act 8, SLH 1998);
- (4) \$1,000,000 to pay judgements and claims under the Unclaimed Property Program (H.B. No. 2802 enacted as Act 14, SLH 1998);
- (5) \$455,045 for the Department of Health to provide community-based services for adults with serious mental illnesses, namely, discharged patients of the Hawaii State Hospital. This emergency funding is necessary to implement the November 1997 findings of a federal report regarding the development of an expanded outpatient community mental health infrastructure (H.B. No. 2859 enacted as Act 6, SLH 1998);

- (6) \$200,000 for the Clean Hawaii Center to support local recycling or remanufacturing businesses that manufacture products from waste such as paper, glass, plastics, green waste and construction demolition materials (H.B. 2788 enacted as Act 9, SLH 1998); and
- (7) \$100,000 to enable the University of Hawaii to meet its responsibilities for funding the workers' compensation costs of its employees (H.B. No. 2901 enacted as Act 16, SLH 1998).

CONCLUSION

Your Committee has crafted a budget that maintains fiscal integrity within the constraints of the current economic condition of the State. While financial resources were limited, your Committee found ways to reduce the general fund operating budget while sustaining the core functions of state government.

Your Committee notes that there must be a commitment to correct weaknesses in our economic structure and that sound fiscal policies must continue to be developed. Through a prudent fiscal approach, your Committee is confident that this amended budget is the first step toward economic recovery. Your Committee believes that this budget, coupled with other measures, will boost Hawaii's economy and substantially improve the quality of life in Hawaii.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2500, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2500, H.D. 1, S.D. 1, C.D. 1.

Senators Baker, Fukunaga, Chun Oakland, Fernandes Salling, Ige, M., Ihara, Iwase, Kawamoto, Levin, McCartney, Tam, Taniguchi, Anderson.
Managers on the part of the Senate.

Representatives Say, Abinsay, Ahu Isa, Goodenow, Hamakawa, Ito, Kahikina, Kanoho, Kawakami, Nakasone, Suzuki, White, Fox, Marumoto, Meyer.
Managers on the part of the House.

Representatives Chang did not sign the report.

Conf. Com. Rep. No. 148 on H.B. No. 2710

The purpose of this bill is to provide the supplemental appropriations for the Judiciary by amending the Judiciary Appropriations Act of 1997 (Act 155, Session Laws of Hawaii 1997).

The Judiciary has the monumental task of ensuring civil justice, adjudicating those who violate the law, and upholding the constitutions of both the United States and the State of Hawaii. This responsibility must be balanced with the State's resources. The current fiscal crisis makes it imperative to reduce the Judiciary budget but, because the majority of the Judiciary's expenses are fixed costs, this task becomes onerous.

The Judiciary is aware of the State's monetary shortfall and has made substantial efforts to reduce its own budget while maintaining its current level of services. Through the combined efforts of your Committee on Conference and the Judiciary, several reductions have been made in the Judiciary's budget.

The Judiciary's 1999 supplemental budget totalled \$1,618,479 when it was initially submitted to the Legislature. The request was primarily to add two judgeships and security improvements on Oahu and the Big Island.

Cognizant of the State's financial crisis, the Judiciary submitted a letter via the Chief justice on February 2, 1998, which reduced the initial request by \$508,704. In addition, your Committee on Conference asked the Judiciary to provide suggestions for a 5 percent reduction to the supplemental budget. Your Committee has used many of these suggestions, incorporating the Judiciary's program priorities, in formulating the Judiciary's budget.

To offset the need for greater budget reductions and at the request of the Judiciary, the Legislature has agreed to a bill allowing for increases in many of the Judiciary fees. In addition to this offset which will pass off many of the costs to the end users, this measure is expected to generate over \$2.9 million in added revenue to the State general fund.

Your Committee on Conference addressed the Judiciary's and the public's most pressing needs by:

- (1) Providing security services for the first circuit district courts of Ewa, Waianae, Wahiawa, and Kaneohe; the third circuit district courts of Hilo, Kona, and South Kohala;
- (2) Providing a camera surveillance system for Kauikeaouli Hale District Court in Honolulu; and
- (3) Providing for utilities and janitors for the First Circuit Court of Appeals when it moves to the Kapuawai building in August 1998.

In addition, based on the growing public intolerance of domestic violence and child abuse, your Committee on Conference has:

- (1) Raised the ceiling for the Spouse and Child Abuse Special fund; and
- (2) Continued funding for a domestic violence drop-in center.

Continued funding for the drop-in center will allow additional resources to be used to address the recent rash of high-profile domestic violence and child abuse cases.

Your Committee on Conference expresses its gratitude to the Judiciary for its efforts to reduce its own budget in response to the State's fiscal crisis.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2710, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2710, H.D. 1, S.D. 1, C.D. 1.

Senators Baker, Fukunaga, Chun Oakland, Fernandes Salling, Ige, M., Ihara, Iwase, Kawamoto, Levin, McCartney, Tam, Taniguchi, Anderson.
Managers on the part of the Senate.

Representatives Say, Ito, Kanoho, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 149 on H.B. No. 1800

The purpose of this bill is to authorize the allocation of investment earnings to the respective general, special, bond, trust, or agency fund when the investments from these funds are pooled.

This bill has been amended by repealing section 38-9, Hawaii Revised Statutes, which requires interest earned on moneys from a special fund to be paid into the special fund.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1800, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1800, S.D. 1, C.D. 1.

Senators Baker, Kawamoto, Anderson.
Managers on the part of the Senate.

Representatives Suzuki, White, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 150 on H.B. No. 2800

The purpose of this bill is to enhance the State Treasury income by authorizing the Director of Finance to:

- (1) Invest in commercial paper and bankers' acceptances, two widely-used short-term securities, provided these securities have an A1/P1 or equivalent rating by any national securities rating service; and
- (2) Invest no more than ten percent of any moneys of the State available for deposit in linked investments through agreements with eligible lending institutions.

Your Committee on Conference has amended this bill by deleting the provision that authorizes the Director of Finance to invest moneys of the State in linked investments through agreements with eligible lending institutions.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2800, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2800, S.D. 1, C.D. 1.

Senators Baker, Fukunaga, Chun Oakland, Levin, Taniguchi, Anderson.
Managers on the part of the Senate.

Representatives Suzuki, Kanoho, White, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 151 on H.B. No. 2803

The purpose of this bill is to improve the administration of the Employees' Retirement System (ERS). Among other things, this measure would:

- (1) Revise the annual salary assumption for actuarial valuations of the Employees' Retirement System (ERS) to ensure that it is consistent with the State's current financial plan;
- (2) Establish a single service-connected disability retirement benefit, provide a benefit based on 50 percent of the member's average final compensation for individuals retiring for service-connected disabilities, and refund all accumulated contributions to a member retiring for a service-connected disability;
- (3) Eliminate partial cash and reduced annuity payment to simplify benefit calculation and reduce the number of semimonthly annuity payments;
- (4) Make contributory and noncontributory plan provisions consistent by enabling retirants who return to service before July 1, 1998, work for at least three years, and retire again, to have their pensions recomputed as if they are retiring for the first time;
- (5) Grant the ERS greater flexibility in making investments;
- (6) Allow elected officials to retire on paper upon attaining the maximum pension benefit ceiling of 75 percent; and
- (7) Merge the Minimum Pension Fund with the Pension Accumulation Fund to enact housekeeping measures for the Pension Bonus Fund.

Your Committee on Conference has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2803, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2803, S.D. 2, C.D. 1.

Senators Kanno, Chun Oakland, Baker, Fukunaga, Metcalf, Taniguchi, Anderson.
Managers on the part of the Senate.

Representatives Yonamine, Say, Nakasone, Suzuki, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 152 on S.B. No. 2386

The purpose of this bill is to allow the creation of coordinated care organizations (CCO) to provide workers' compensation medical benefits to injured workers.

This measure introduces managed care into the workers' compensation system by providing the required medical and rehabilitation services. Managed care is a term that describes health care systems that integrate the financing and delivery of appropriate health care services to covered individuals by arrangements with selected providers to furnish health care services. However, your Committee has deliberately refrained from characterizing this bill as managed care, preferring to allow a CCO the latitude to determine its own method for delivery of services.

Your Committee believes that this bill will reduce the costs of delivering health care services to injured workers, lower workers' compensation premiums, ensure high quality health care for injured workers, and assure adequate protection to injured workers' rights within a CCO system. Your Committee envisions that cost savings will also be realized through appropriate and timely return to work, requiring workplace health and safety programs, and minimizing the adversarial nature of the workers' compensation system.

As to reducing workers' compensation claims and insurance premiums, your Committee is cautiously optimistic that this bill will lower those costs. Actuarially defensible projections are not feasible because of the lack of claims experience in Hawaii under a CCO system. Therefore, your Committee has deliberately refrained from mandating a rate reduction, but has provided that the task force will also compare workers' compensation insurance premiums paid by employers before and after utilizing CCO.

As to quality of care and related issues, the study by the Legislative Reference Bureau will evaluate the effectiveness of treatment, quality of care, accessibility of medical specialists on all islands, timeliness of receiving care, and extent of implementation of workplace health and safety. The study is intended to provide feedback to the legislature on the medical care issues in order for the legislature to adequately evaluate the CCO system to assure that workers are receiving quality care. The priority of your Committee is that CCO attain and maintain a quality level of care for the injured worker. Without proper medical treatment, this bill is meaningless regardless of any cost savings.

The primary concern of the legislature is that injured workers continue to have a choice of providers, as currently provided under section 386-21(b), Hawaii Revised Statutes, regardless of whether the employer is enrolled in a coordinated care organization. The legislature finds that the health and well-being of injured workers should take precedence over the form of delivery of workers' compensation medical benefits.

Your Committee finds that employers who are subject to negotiated collective bargaining agreements for benefits coverage under section 386-3.5, Hawaii Revised Statutes, should not unilaterally enter into a coordinated care organization system, but instead do so through collective bargaining. The focus of this bill is for employers who are not subject to collective bargaining, to have access to coordinated care organization.

This measure represents a determined and successful effort by the Senate and the House to reach agreement on this important and controversial issue. This measure is the product of many months of work in the legislature to craft a bill that is equitable, effective, and workable for everyone concerned, including labor, management, medical providers, insurers, and the Department of Labor and Industrial Relations. Your Committee is satisfied that this measure is a balanced approach to preserving the rights and interests of labor and management. The legislature will revisit this issue before the sunset date to evaluate the effectiveness of CCO and to decide whether to continue with the program. Your Committee has expectations for the success of CCO to fulfill its purposes as stated in the measure.

Your Committee upon further consideration has amended S.B. No. 2386, S.D. 2, H.D. 2, by deleting its contents and inserting provisions from H.B. No. 2624, H.D. 2, S.D. 1, with the addition of the following amendments:

- (1) Adding that coordinated care shall apply only with the mutual authorization of a collective bargaining unit, if applicable, and the employer;
- (2) Changing the terminology from "medical and rehabilitative benefits" to "medical and rehabilitative services" to avoid confusion with insurance, since CCO are not insurers;
- (3) Allowing as the formation of a CCO by an association, partnership, or professional corporation of physicians, hospitals, rehabilitation services, and emergency care providers and requiring them to post bond with the Insurance Commissioner for solvency purposes;
- (4) Requiring an employer to offer at least two CCOs to employees who may select one or none;
- (5) Requiring the employer to provide information to the employee prior to the employee's selection of a CCO;

- (6) Allowing an employee to disenroll from a CCO after a definitive diagnosis or three visits, whichever occurs first, and clarifying that the employee's right to a choice of provider under current law is not affected;
- (7) Requiring the employer's workers compensation insurer or the self-insured to pay for emergency care for a work injury;
- (8) Requiring a "study" rather than a "closed claims study" to be conducted by the Legislative Reference Bureau rather than the Insurance Commissioner, and adding that the study include an evaluation of timeliness of receiving care and extent of implementation of workplace health and safety programs; the requirements of the study;
- (9) Changing the repeal date from June 30, 2001, to June 30, 2002, to give adequate time for demonstration of the coordinated care system, and changing the reporting dates for the task force and the Legislative Reference Bureau reports to twenty days prior to the Regular Session of 2002; and
- (10) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2386, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2386, S.D. 2, H.D. 2, C.D. 1.

Senators Kanno, Chun Oakland, Fukunaga, Metcalf, Ige, D., McCartney, Sakamoto, Anderson.
Managers on the part of the Senate.

Representatives Yonamine, Menor, Say, Nakasone, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 153 on S.B. No. 2689

The purpose of this bill is to add certain state and county officials to Class A membership in the Employees Retirement System.

Your Committee upon further consideration has amended S.B. No. 2689, S.D. 2, H.D. 2, by adding to Class A membership managing directors or administrative assistant to the mayor.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2689, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2689, S.D. 2, H.D. 2, C.D. 1.

Senators Kanno, Chun Oakland, Fukunaga, Baker, Anderson.
Managers on the part of the Senate.

Representatives Yonamine, Say, Nakasone, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 154 on H.B. No. 3625 (Majority)

The purpose of this bill is to reorganize government by:

- (1) Reorganizing the Department of Agriculture (DOA) to ensure that DOA is equipped with adequate powers and resources to provide for the current and future needs of agriculture by:
 - (a) Establishing the Hawaii Aquaculture Advisory Council under DOA, thereby repealing the Aquaculture Advisory Council, which is currently under the Department of Land and Natural Resources (DLNR);
 - (b) Transferring the Aquaculture Program and all related employees, equipment, property, and other resources, which are currently under DLNR, to DOA;
 - (c) Requiring DOA to identify problems related to agriculture and the appropriate state agencies and departments needed to solve the problems, and with the Governor's approval, requiring the designated agencies to provide any necessary assistance to the Chairperson of the Board of Agriculture (BOA) until the problems are resolved;
 - (d) Exempting lands to which the Agribusiness Development Corporation (ADC) holds title from the definition of "public lands" under Chapter 171, Hawaii Revised Statutes (HRS) (Public Lands, Management and Disposition of);
 - (e) Repealing the agricultural development function under the Department of Business, Economic Development, and Tourism (DBEDT); and
 - (f) Appropriating funds for the Aquaculture Program and for ADC;
- (2) Transferring certain programs under Chapter 329, HRS (Uniform Controlled Substances Act), from the Department of Public Safety (PSD) to the Department of Health (DOH) and eliminating one deputy director position within PSD;
- (3) Transferring the Business Action Center from DBEDT to the Department of Commerce and Consumer Affairs (DCCA);
- (4) Transferring the State Health Planning and Development Agency from DOH to DBEDT;
- (5) Transferring the Office of Environmental Quality Control from DOH to DBEDT;
- (6) Repealing various positions within the Department of the Attorney General and the Interdepartmental Cluster for Services to Children Program of DOH;

- (7) Expanding the uses of the Aina Hoomalu Special Fund;
- (8) Amending the funding mechanism for DBEDT's Financial Services Assistance Program (Program) by making the Capital Loan Revolving Fund the primary source of revenue for the Program; and
- (9) Allowing for the elimination of school health aide floater positions with DOH.

After careful consideration, your Committee has amended this measure by:

- (1) Changing the composition of the ADC Board of Directors to consist of members of the BOA, effective July 1, 1999;
- (2) Eliminating the appropriations for the Aquaculture Program and the ADC;
- (3) Eliminating the transfer of:
 - (a) Certain programs under Chapter 329, HRS (Uniform Controlled Substances Act), from PSD to DOH and retaining the deputy director position within PSD;
 - (b) The Business Action Center from DBEDT to DCCA;
 - (c) The State Health Planning and Development Agency from DOH to DBEDT; and
 - (d) The Office of Environmental Quality Control from DOH to DBEDT;
- (4) Retaining:
 - (a) Various positions within the Department of the Attorney General; and
 - (b) The Interdepartmental Cluster for Services to Children Program of DOH;
- (5) Eliminating the provision expanding the uses of the Aina Hoomalu Special Fund;
- (6) Retaining school health aide floater positions with DOH; and
- (7) Making technical, nonsubstantive amendments.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3625, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3625, H.D. 3, S.D. 2, C.D. 1.

Senators Taniguchi, Baker, Fukunaga, Ihara, Kawamoto, Levin, McCartney, Anderson.
Managers on the part of the Senate.

Representatives Say, Jones, Santiago, Kanoho, Whalen.
Managers on the part of the House.

Representative Chang did not sign the report.

Representative Meyer did not concur.

Conf. Com. Rep. No. 155 on S.B. No. 2254

The purpose of this bill, as received by your Committee, is to provide prostitution intervention services to persons who are convicted of prostitution offenses as a condition of their probation.

Your Committee finds that prostitution is a multi-facted problem which requires efforts to encourage persons involved in the sex industry to seek alternative lifestyles and employment options. Your Committee further finds that persons involved in prostitution are often not capable of exploring these options, and thus they need assistance in finding educational and employment opportunities that will support their desire to leave prostitution.

Upon further consideration, your Committee has amended this measure by:

- (1) Providing that any offense for which a person is convicted of prostitution is probationable;
- (2) Providing that the court may impose prostitution intervention classes for only one term of probation; and
- (3) Deleting the appropriation section.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2254, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2254, S.D. 2, H.D. 2, C.D. 1.

Senators Matsunaga, Chumbley, Fukunaga, Ihara.
Managers on the part of the Senate.

Senator Anderson did not sign the report.

Representatives Tom, Ito, White.
Managers on the part of the House.

Representatives Yamane and Fox did not sign the report.

Conf. Com. Rep. No. 156 on S.B. No. 2966

The purpose of this bill is to allow the monetary assessment of convicted criminal defendants to fund disbursements made by the Criminal Injuries Compensation Commission.

This bill was recommitted to your Committee on Conference to allow the Co-Chair of a fiscal committee to sign the committee report. Accordingly, this committee report resubmits the contents of Conference Committee Report No. 123.

Your Committee finds that the state compensation of victims of criminal acts is well founded in public policy and is the law in every state of the Union. Your Committee also finds that thirty-four states administer compensation programs that are financially self-sufficient and funded from fees, fines, penalties, civil recoveries and/or restitution. Considering the State's economic situation, adoption of such a program here would be prudent and consistent with the Legislature's objective of cutting government costs.

S.B. No. 2966, S.D. 2, H.D. 2, allows the assessment of a fee against convicted criminals based on the severity of their crime. Fees would range from not less than \$25 nor more than \$100 for a petty misdemeanor conviction, not less than \$50 nor more than \$500 for a misdemeanor conviction, and not less than \$100 nor more than \$5,000 for a felony conviction. The bill also provides criteria for imposing the fee, replaces the Director of Finance with the Director of Public Safety as the administrator of the Criminal Injuries Compensation Fund which serves as the repository for the assessed fees, provides criteria for the uses of the fees, and allows the courts to impose the fee on convicted criminals. The bill also provides an unspecified appropriation.

Your Committee has amended S.B. No. 2966, S.D. 2, H.D. 2, by:

- (1) Requiring instead of allowing the imposition of the fee;
- (2) Reducing the maximum fee that may be assessed for a felony conviction from \$5,000 to \$500;
- (3) Setting the fee for a misdemeanor conviction at \$50;
- (4) Setting the fee for a petty misdemeanor conviction at \$25;
- (5) Requiring instead of allowing the court to waive the imposition of the fee if a defendant is unable to pay the fee;
- (6) Increasing the proposed percentage of funds in the Criminal Injuries Compensation Fund that may be used for operating expenses and positions from twenty to thirty per cent;
- (7) Removing the appropriation section of the bill; and
- (8) Making technical non-substantive amendments.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2966, S.D. 2, H.D. 2, C.D. 1, as recommitted, and recommends that it pass Final Reading in the form attached hereto.

Senators Matsunaga, Chumbley, Baker, Ihara, Anderson.
Managers on the part of the Senate.

Representatives Tom, White, Abinsay.
Managers on the part of the House.

Representatives Herkes and Fox did not sign the report.

Conf. Com. Rep. No. 157 on S.B. No. 3220

The purpose of this bill is to reduce the conveyance tax allocation to the Rental Housing Trust Fund from twenty-five per cent to twelve and one-half per cent and to appropriate \$600,000 out of the general revenues of the State to provide homeless assistance pursuant to chapter 201G, part IV, Hawaii Revised Statutes.

Your Committee has amended this bill by requiring the executive director to submit a report to the 1999 legislature that:

- (1) Details the current expenditures of the housing and community development corporation for providing homeless assistance; and
- (2) Assesses and identifies the funding needs for providing homeless assistance during the fiscal years 1999-2000 and 2000-2001.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3220, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3220, S.D. 1, H.D. 2, C.D. 1.

Senators Bunda, Ige, M., Baker, Fukunaga, Chun Oakland, Kawamoto, Anderson.
Managers on the part of the Senate.

Representatives Arakaki, Kawakami, Abinsay, Santiago.

Managers on the part of the House.

Representative Ward did not sign the report.

Conf. Com. Rep. No. 158 on S.B. No. 2092

The purpose of this bill is to encourage energy conservation by:

- (1) Extending the duration of energy conservation income tax credits presently in effect to July 1, 2003, provided that if similar federal energy tax credits are established, then the state tax credits will be commensurably reduced;
- (2) Eliminating design requirements for solar energy systems for multiunit residential buildings; and
- (3) Creating a task force to study alternative cost-effective means to support increased energy efficiency and sustainability.

Your Committee upon further consideration has made the following amendments to the measure:

- (1) Specifying that state energy tax credits referred to in Section 2 of the measure, shall be reduced by the amount of the applicable federal energy tax credits established after June 30, 1998 but before July 1, 2003; and
- (2) Changing the effective date to July 1, 1998.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2092, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2092, S.D. 1, H.D. 1, C.D. 1.

Senators Taniguchi, Fukunaga, Baker, Kawamoto, Slom.
Managers on the part of the Senate.

Representatives Yoshinaga, Say, Goodenow, Kanohe, Thielen.
Managers on the part of the House.

Conf. Com. Rep. No. 159 on H.B. No. 2750 (Majority)

The purpose of this bill is to authorize the issuance of general obligation bonds and to declare findings that the total amount of principal and interest, estimated for such bonds authorized but unissued and calculated for all bonds issued and outstanding, will not cause the debt limit to be exceeded at the time of issuance.

Article VII, section 13, of the Constitution of the State of Hawaii requires the Legislature to include a declaration of findings in every general law authorizing the issuance of general obligation bonds, which shall declare the issuance of state bonds authorized will not cause the debt limit to be exceeded at the time of issuance.

Your Committee on Conference has amended this bill by:

- (1) Inserting the appropriate amounts provided by the Department of Budget and Finance; and
- (2) Making technical, nonsubstantive revisions for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2750, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2750, H.D. 1, S.D. 1, C.D. 1.

Senators Baker, Fukunaga.
Managers on the part of the Senate.

Senator Anderson did not sign the report.

Representatives Say, Abinsay, Goodenow, Hamakawa, Ito, Kanohe, Kawakami, Nakasone, Suzuki, White, Marumoto.
Managers on the part of the House.

Representatives Ahu Isa, Chang, Kahikina, Fox, Ward did not sign the report.

Representative Meyer did not concur.

Conf. Com. Rep. No. 160 on H.B. No. 1533

The purpose of this bill is to assist the State in the provision of essential services to the community by:

- (1) Transferring excess moneys from one hundred eighty-six special and revolving funds into the state general fund;
- (2) Providing that costs related to the acquisition of works of art under the Works of Art Special Fund include managing or acquiring consultant or staff services to carry out the Art in Public Places and Relocatable Works of Art Programs;
- (3) Extending the moratorium on assessments to the Employment and Training Fund for two additional years, until July 1, 2000, and lapsing the balance into the Special Unemployment Insurance Administration Fund;

- (4) Providing alternative funding for the State Civil Identification Program through the establishment of a revolving fund for the deposit of all fees received by the Attorney General through the processing and issuance of certificates of identification, and making an appropriation from this revolving fund; and
- (5) Appropriating funds out of the state general fund to cover startup personnel and operating costs relating to the State Civil Identification Program.

After careful consideration, your Committee on Conference has deleted its substance and retained only those provisions that:

- (1) Transfer excess moneys from the following seven special and revolving funds into the state general fund: the Agricultural Loan Revolving Fund, the Hawaii Capital Loan Revolving Fund, the Dwelling Unit Revolving Fund, the Homes Revolving Fund, the Industrial Park Special Fund, the State Parking Revolving Fund, and the Special Land and Development Fund;
- (2) Increase the maximum balance of the Environmental Response Revolving Fund from \$7,000,000 to \$20,000,000 when the Department of Health gives notification to the Department of Taxation of this fact;
- (3) Provide alternative funding for the State Civil Identification Program through the establishment of a revolving fund for the deposit of all fees received by the Attorney General through the processing and issuance of certificates of identification, and make an appropriation from this revolving fund;
- (4) Require that the Public Employees Health Fund return moneys representing the State's and the counties' respective shares of insurance carrier refunds, rate credits, and any accrued interest, to their respective general funds; and
- (5) Appropriate moneys from the Compliance Resolution Fund to be expended by the Professional and Vocational Licensing Division of the Department of Commerce and Consumer Affairs to fund an administrative assistant position, a secretary position, and other current expenses.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1533, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1533, H.D. 2, S.D. 1, C.D. 1.

Senators Baker, Fukunaga, Ihara, Kawamoto, Levin.
Managers on the part of the Senate.

Senator Anderson did not sign the report.

Representatives Say, Kawakami, Suzuki, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 161 on S.B. No. 2213

The purpose of this bill is to allow authorized state or county officials to contract with a private entity to provide goods, services, or construction notwithstanding civil service laws, merit principles, and collective bargaining laws. The further purpose of this bill is to create a committee to develop a managed process and another committee to develop and implement plans to transform the state's budgeting, accounting and procurement systems. In addition, the bill amends the workers compensation law to deal with stress related injuries and establishes a five-year pilot project on performance partnership for youth.

Your Committee has amended this bill by replacing its contents with the contents of House Bill No. 3199, H.D. 2, S.D. 1, with new amendments (hereinafter "this bill" shall refer to Senate Bill No. 2213, S.D. 2, H.D. 2, C.D. 1).

This bill authorizes the privatization of government services for the purposes of efficiency and cost-effectiveness, and ensures that at the time of deciding whether to privatize, the contracting government agency relies on accurate assessments of the government's finances and makes an informed and responsible comparison of the costs of privatizing as opposed to the costs of employing available government resources.

This bill provides for the development and implementation of a transformation of the state government's budgeting, accounting, and procurement systems to provide for the efficient use of public funds and assets, and a managed process to enable the state and county governments to implement public-private competition for government services. During the transformation of the budgeting and procurement systems, and development of managed competitive process, this bill provides a temporary but broad exemption from the civil service and collective bargaining laws for all existing and new state and county contracts, subject to legal proceedings that commence prior to the enactment of this measure. This exemption is effective upon and continues after the effective date of this Act, except as to rights matured or legal proceedings initiated prior to the effective date of this Act.

Your Committee finds that the performance-based budgeting system provided in this bill will more accurately assess the cost of government services and the status of the State's finances, and be a reliable informational resource for making privatization and other budget-related decisions.

Employees in the public services are provided protection from being terminated from their jobs because of the outsourcing of government functions. Public employees who are transferred to another position because their functions are contracted out to private entities are provided retraining rights and other assistance to enable the transferred employee to maintain a similar, comparable, or better position in the civil service.

Your Committee further finds that this bill:

- (1) Provides for a thirteen member committee that is representative of the State and county governments, private-sector businesses, public and private unions, and non-profit organizations, to develop a managed competitive process for

outsourcing of government services, and provides that the department of accounting and general services shall provide administrative support for the committee;

- (2) Provides that contracts that are entered into prior to the effective date of this Act are exempt from civil service and collective bargaining laws after the effective date of this Act and shall not be subject to the managed process review;
- (3) Provides that proceedings that are begun prior to the effective date of this Act are not affected by the Act;
- (4) Requires that all new contracts offered after the effective date of this Act and prior to July 1, 2001, include a provision giving notice to all prospective contractors that the contract will be subject to a single managed process review by the State or county;
- (5) Requires all contracts entered into after the effective date of this Act and prior to July 1, 2001, which extend beyond June 30, 2001, to be subject to a single managed process review, and provides that these contracts shall continue to be exempt from civil service laws, merit principles, and collective bargaining laws for the duration of the contract even if a managed process is not implemented; and
- (6) Makes technical, nonsubstantive amendments.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2213, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2213, S.D. 2, H.D. 2, C.D. 1.

Senators Kanno, Chun Oakland, Fukunaga, Baker, Bunda, Metcalf, Sakamoto.
Managers on the part of the Senate.

Senators Ige, M. and Anderson did not sign the report.

Representatives Yonamine, Menor, Say, Nakasone, Suzuki, Marumoto.
Managers on the part of the House.

Representative Ward did not sign the report.

Conf. Com. Rep. No. 162 on H.B. No. 2648

The purpose of this bill is to deny workers' compensation for mental injuries caused by stress that is a direct consequence of a disciplinary action for just cause.

Your Committee has amended this bill by clarifying that a claim for mental stress resulting solely from disciplinary action taken in good faith by the employer shall not be allowed, but any collective bargaining agreement or other employment agreement setting a different standard than good faith shall apply instead.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2648, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2648, H.D. 2, S.D. 1, C.D. 1.

Senators Kanno, Chun Oakland, Baker, Fukunaga, Ihara, Metcalf.
Managers on the part of the Senate.

Representatives Yonamine, Menor, Say, Nakasone, Suzuki, Marumoto.
Managers on the part of the House.

Representative Ward did not sign the report.

Conf. Com. Rep. No. 163 on H.B. No. 2563

The purpose of this bill is to provide additional guidelines to ensure implementation of school-based budgeting beginning with the fiscal biennium 1999-2001.

Specifically, this bill requires the generation of information about the efficiency of individual schools by requiring the Governor to submit to the Legislature a budget that specifies the amount of funding allocated to each individual school.

It is the intention of your respective houses not to burden our schools with additional administrative duties. This measure is intended to make full use of the financial expertise and technological advances that exist within the State and district offices in the Department of Education to support the individual schools in preparing and executing their own budgets.

Your Committee finds that the Legislature approved Act 272, Session Laws of Hawaii 1994, which required the Department of Education to implement school-based budget flexibility. School-based budget flexibility is an operating budget preparation and allocation process that provides substantial flexibility for individual schools to prepare and execute their operating budgets.

Accordingly, your Committee on Conference has amended this bill as follows:

- (1) Restoring the contents of the bill as introduced;
- (2) Including a new section for chapter 302A that requires all schools to engage in school-by-school budgeting; and
- (3) Requiring the department of education to specifically identify the amount the department will allocate for school lump sum funding in their annual allotment and expenditure plan to the governor.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2563, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2563, S.D. 2, C.D. 1.

Senators Tam, Aki, Baker, Fukunaga, Ige, M., McCartney, Slom.
Managers on the part of the Senate.

Representatives Stegmaier, Kawakami, Kanohe, Morihara.
Managers on the part of the House.

Representative Halford did not sign the report.

Conf. Com. Rep. No. 164 on H.B. No. 2564

The purpose of this bill is to do the following:

- (1) Establish a Temporary Commission on Educational Accountability, which shall be responsible for developing a process and protocols for a comprehensive evaluation of all public schools that shall be conducted every four years. The evaluation process shall include the inspection of records and on-site review of every aspect of the school's operation. The Commission shall be administratively attached to the Office of the Auditor, in keeping with the responsibility of the State Auditor to conduct postaudits of all state programs and to undertake fiscal accountability analyses of educational expenditures;
- (2) Authorize the department to employ retired teachers and educational officers at part-time or less than one hundred per cent full-time equivalents for one school year; and
- (3) Authorize the board to assess a deposit fee for all school books, which shall be returned upon return of the school book, and applying the deposit fees to costs in the case of restitution or replacement.

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

- (1) By deleting its purpose section;
- (2) By making the temporary commission on education accountability a pilot project and providing for the pilot comprehensive evaluation in ten schools;
- (3) By adding language from H.B. No. 3167, H.D. 1, regarding longitudinal assessments; and
- (4) By adding a section establishing a comprehensive student support system to build relationships among teachers, other school professionals, and students, and requiring the Department of Education to submit a detailed implementation plan to the Legislature prior to the 1999 Regular Session.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2564, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2564, H.D. 1, S.D. 2, C.D. 1.

Senators Tam, Baker, Fukunaga, Ige, D., McCartney.
Managers on the part of the Senate.

Senator Aki and Slom did not sign the report.

Representatives Stegmaier, Say, Kawakami Morita.
Managers on the part of the House.

Representative Fox did not sign the report.

Conf. Com. Rep. No. 165 on H.B. No. 2749

The purpose of this bill is to reduce income taxes to a top rate of nine per cent in two stages, to provide for the exemption of exported services and to tax imported services, to allow for the filing of composite returns; to increase the deduction for entertainment expenses, to clarify the corporate dividend deduction, to extend energy credits, to disallow the use of chapter 420, Hawaii Revised Statutes (HRS), concerning business development corporations and to reduce the credits and exemptions under chapter 420, HRS, to zero over a four-year period.

Your Committee has deleted all the provisions of the bill, except for the personal income tax brackets and rates and the provisions relating to chapter 420, HRS.

Your Committee has spent many hours discussing the best economic development package for the State of Hawaii in the area of taxation. Your Committee finds that the provisions of this bill, as amended, will assist Hawaii to be competitive and will boost the economy.

Your Committee has amended the income tax brackets and rates to phase them in over a four-year period so that the top income tax rate will be 8.25 per cent in the year 2002 with the top income bracket for joint returns set at \$80,000, for head of household returns set at \$60,000, and for single returns set at \$40,000. Your Committee finds that expanding the brackets will address, to a certain extent the effect of inflation on income. By lowering the top rate to 8.25 per cent, Hawaii will be competitive with other states in the income tax arena.

In addition, the food tax credit has been repealed and a new low income refundable tax credit has been added starting with \$35 for individuals under \$10,000 gross income and ending at \$20,000.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2749, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2749, H.D. 1, S.D. 1, C.D. 1.

Senators Baker, Fukunaga, Ihara, McCartney.
Managers on the part of the Senate.

Senator Anderson did not sign the report.

Representatives Say, Goodenow, Kawakami, Suzuki, Meyer.
Managers on the part of the House.

Conf. Com. Rep. No. 166 on H.B. No. 2909

The purpose of this bill is to appropriate funds for agricultural research and development to be performed by the Hawaii Agriculture Research Center.

Your Committee on Conference has amended this bill by:

- (1) Inserting the appropriation sum of \$750,000 for agricultural research and development; and
- (2) Providing that \$200,000 of the appropriation may be released unmatched for nonsugarcane-related agricultural research, development, and services.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2909, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2909, H.D. 2, S.D. 1, C.D. 1.

Senators Taniguchi, Baker, Fukunaga, Levin.
Managers on the part of the Senate.

Senators Iwase and Slom did not sign the report.

Representatives Jones, Kanofo, Herkes.
Managers on the part of the House.

Representatives Chang and Halford did not sign the report.

Conf. Com. Rep. No. 167 on S.B. No. 2259

The purpose of this bill, as received, is to:

- (1) Reduce personal income tax rates;
- (2) Establish a new refundable low-income tax credit;
- (3) Provide for a new GET rate of 4.5 percent;
- (4) Increase the use tax to 4.5 percent;
- (5) Exempt the general excise tax on exported services;
- (6) Impose the use tax on imported services;
- (7) Exempt hotel room rentals from the general excise tax;
- (8) Increase the transient accommodations tax to 11.5 percent;
- (9) Create a Tourism Special Fund as a dedicated funding source for tourism promotion;
- (10) Establish a Tourism Board to oversee the special fund;
- (11) Require the Department of Business, Economic Development, and Tourism to assist the Tourism Board in data collection;
- (12) Repeal the sunset date of the Convention Center Authority;
- (13) Provide a general excise tax exemption for amounts received by an aviation training facility or a cargo facility, or from the construction of an aviation training facility or a cargo facility;
- (14) Provide a use tax exemption for material, parts, or tools imported by an aviation training facility for a certified training program or cargo facility, or the construction of an aviation training facility;
- (15) Provide a general excise tax exemption for real estate investment trusts;

- (16) Provide for income splitting of tourism related services for purposes of the general excise tax, and expand the exemption to include destination managers;
- (17) Exempt wholesalers from the 0.5 percent general excise tax assessment on goods contained in their original package that are transferred from one wholesaler to another;
- (18) Provide a general excise tax exemption for amounts received by a management company from related entities engaged in the business of selling interstate or foreign common carrier telecommunications services;
- (19) Provide a general excise tax exemption for employee leasing companies;
- (20) Redefine cooler beverage to mean any liquor containing less than seven percent of alcohol by volume and blending material; and
- (21) Exempt from the conveyance tax transfers of real property from an individual to a corporation, limited liability company, or partnership that is wholly owned by the individual.

Your Committee has spent many hours reviewing the suggestions of the Economic Revitalization Task Force in the area of tourism. Your Committee finds that the provisions of this bill, as amended, will assist Hawaii to be competitive with other destination areas.

Your Committee has deleted all provisions of the bill, except those relating to the tourism board and the increase in the transient accommodations tax (TAT) and related amendments. The transfer of transient accommodations from the general excise tax to the TAT is also deleted.

Your Committee has amended the tourism board provisions to provide for the Hawaii Tourism Authority headed by an executive board consisting of ten public voting members, one public nonvoting member, one ex officio voting member (the director of business, economic development, and tourism), and one ex officio nonvoting member (the director of transportation). The members shall be appointed by the governor; provided that two members shall be appointed from a list of three names submitted by the president of the senate and two members shall be appointed from a list of three names submitted by the speaker of the house of representatives.

Your Committee has provided that the Hawaii Visitors and Convention Bureau shall be the designated agency to conduct marketing and promotion for fiscal year 1998-1999 or until another date specified by the executive board. The tourism special fund has been amended to allow up to three per cent of the moneys to be used for administrative expenses. In addition, instead of transferring the staff of the tourism office to the authority, your Committee has provided that the salaries and expenses of the office shall be paid out of the tourism special fund beginning January 1, 1999.

Your Committee has further amended the bill to provide that instead of repealing the sunset of the Convention Center Authority, it is extended for one year. In addition, a provision has been added to require the auditor to audit and monitor the progress made by the Convention Center Authority in resolving traffic, noise, and other outstanding claims against the authority and to report to the legislature.

The TAT has been increased to 7.25 per cent and vacation time shares have been placed under TAT effective January 1, 1999. The distribution of the TAT has been amended to provide that of the TAT revenues, 17.3 per cent shall be deposited to the convention center capital special fund to pay for debt service of the bonds, 37.9 per cent shall be deposited to the tourism special fund, and 44.8 per cent shall be distributed to the counties.

Your Committee notes that this reduces the amount transferred to the counties, but finds that changes in other bills will offset this reduction. For example, the excess reserves of the health fund are being returned to the employers and the counties will receive about \$11.4 million due to this return. In addition, the employee salary assumption on which employees retirement system contributions are based is being changed which will produce savings to the counties.

Your Committee has also made technical amendments as necessary.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2259, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2259, S.D. 1, H.D. 1, C.D. 1.

Senators Baker, Fukunaga, Chun Oakland, Ihara, Levin, Taniguchi.
Managers on the part of the Senate.

Senator Anderson did not sign the report.

Representatives Say, Cachola, Kanoho, Kawakami, Suzuki.
Managers on the part of the House.

Representative Chang did not sign the report.

Conf. Com. Rep. No. 168 on S.B. No. 3004

The purpose of this bill is to adopt the amendments made to the federal Internal Revenue Code by Congress during the calendar year 1997.

Your Committee finds that this bill adopts the appropriate provisions of the Balanced Budget Act of 1997, Public Law 105-33, the Taxpayer Relief Act of 1997, Public Law 105-34, and the Taxpayer Browsing Act of 1997, Public Law 105-35 enacted by Congress during 1997.

Your Committee notes the following changes made to the Internal Revenue Code that are adopted by this bill.

- (1) Section 1 of the bill adopts the Code for Hawaii as of December 31, 1997, and adopts Code section 1(h)(3) relating to the reduction of net capital gain for investment income taken into account;
- (2) Some of the Code provisions that are adopted include:
 - (A) Expanded individual retirement accounts for active pension plan participants;
 - (B) Elimination of the ten per cent early withdrawal penalty on individual retirement account funds if the proceeds are used to purchase homes for first time buyers;
 - (C) Nondeductible Roth individual retirement accounts which allow the tax free accumulation and distribution of income;
 - (D) Expansion of the definition of activities for home offices;
 - (E) Deduction before adjusted gross income for interest expense on higher education loans up to \$1,000;
 - (F) Recognition of gifts of computers from corporations to elementary and secondary schools to be treated similarly to charitable contributions of inventory for the care of the ill, needy, and infants; and
 - (G) Increasing the percentage of health care insurance expenses to be deducted by the self-employed to one hundred per cent by 2007;
- (3) Section 2 of the bill adopts:
 - (A) Code section 72 with regard to annuities, except that it is made clear that the ten per cent penalty on the early distribution from retirement plans is not operative in this State;
 - (B) Code section 121 which allows the exclusion of \$500,000 (\$250,000 if single) of capital gain upon the sale of a house. In addition Code section 1034 allowing roll-overs of capital gain by purchasing a new house is repealed;
 - (C) Code section 685 which allows pre-need funeral trusts to file tax returns on behalf of the beneficiary and to pay the income tax on the income earned during the taxable year;
 - (D) Repeal of Code sections 6241 to 6245 for state purposes as they were repealed by Congress; and
 - (E) Code sections 6240 to 6255 to be operative and relate to simplified audit procedures for electing large partnerships;
- (4) Section 3 of the proposed draft amends section 235-71.5, Hawaii Revised Statutes (HRS), to make it clear that the alternative tax for corporations in Hawaii remains the same and the Code amendments allowing the use of the lesser of net capital gain or taxable income do not apply; and
- (5) Section 4 of the proposed draft adopts Code provisions establishing a safe harbor for the underpayment of estimated income taxes similar to the Code.

Your Committee has amended this bill by making technical, nonsubstantive amendments.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3004, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3004, S.D. 1, H.D. 1, C.D. 1.

Senators Baker, Fukunaga, McCartney, Tam, Anderson.
Managers on the part of the Senate.

Representatives Say, Goodenow, Suzuki, Marumoto.
Managers on the part of the House.

Conf. Com. Rep. No. 169 on S.B. No. 2338

The purpose of this bill is to establish a hoisting machine operators' certification board and a hoisting machine operators' certification special fund.

Your Committee finds that hoisting machine operators should be regulated in the interests of the public health and safety.

Your Committee after careful consideration has amended S.B. No. 2338, S.D. 2, H.D. 2, as follows:

- (1) Deleting the hoisting machine operators' certification board and inserting the hoisting machine operators advisory board;
- (2) Clarifying that the hoisting machine operators advisory board shall:
 - (a) Be composed of five members to be appointed by the governor;
 - (b) Serve without compensation and without reimbursement for expenses; and
 - (c) Adopt rules for the certification of hoisting machine operators;

- (3) Changing the name of the hoisting machine operators' certification special fund to the hoisting machine operators' revolving fund; and
- (4) Changing the appropriation amount from \$1 to \$50,000 for the expenses of one part-time executive director and one part-time secretary for the hoisting machine operators advisory board, and requiring the reimbursement to the general fund of the same amount on July 1, 2000.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2338, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2338, S.D. 2, H.D. 2, C.D. 1.

Senators Kanno, Chun Oakland, Fukunaga, Baker, Metcalf, Ige, D.
Managers on the part of the Senate.

Senators Kawamoto and Anderson did not sign the report.

Representatives Menor, Say, Goodenow.
Managers on the part of the House.

Representatives Lee and Fox did not sign the report.

Conf. Com. Rep. No. 170 on H.B. No. 2222

The purpose of this bill is to appropriate funds to establish manufacturing extension programs in Hawaii, provided that the Department of Business, Economic Development, and Tourism provides a dollar-for-dollar match of federal funds for this purpose.

Your Committee on Conference has amended this bill by inserting the appropriation sum of \$100,000 for the establishment of the manufacturing extension programs.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2222, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2222, H.D. 2, S.D. 2, C.D. 1.

Senators Taniguchi, Baker, Fukunaga, Chun Oakland, Anderson.
Managers on the part of the Senate.

Representatives Herkes, Ahu Isa, Ito, Fox.
Managers on the part of the House.

Conf. Com. Rep. No. 171 on S.B. No. 2922

The purpose of this bill is to effect various reforms in state government including:

- (1) Making changes affecting the Office of the Legislative Analyst;
- (2) Repealing the tax credit to facilitate regulatory oversight of insurance companies;
- (3) Abolishing the State Health Planning and Development Agency and transferring functions of the Office of Environmental Quality Control to the Department of Health;
- (4) Enabling the Notaries Public Program to become self-sufficient;
- (5) Providing alternative funding for the Civil Identification Program; and
- (6) Allowing Hawaii Election Campaign Fund moneys to be used for the operating expenses of the Campaign Spending Commission.

Upon careful consideration, your Committee has amended this bill by deleting its substance and inserting provisions that would:

- (1) Allow the Ombudsman to facilitate resolution of disputes on issues involving agencies; and
- (2) Provide for first deputies or assistants for the Ombudsman, Legislative Reference Bureau, Legislative Auditor, and Legislative Analyst, subject to the advice and consent of the Joint Legislative Management Committee.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2922, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2922, S.D. 1, H.D. 2, C.D. 1.

Senators Baker, Fukunaga, Chun Oakland, Ihara, Levin.
Managers on the part of the Senate.

Senator Kawamoto did not sign the report.

Representatives Say, Menor, Kanofo, Meyer.
Managers on the part of the House.

Representative Nakasone did not sign the report.

Conf. Com. Rep. No. 172 on H.B. No. 2552

The purpose of this bill is to:

- (1) Establish a Civil Rights Commission Special Fund;
- (2) Authorize the Department of Health to establish and implement a Lead Abatement Program;
- (3) Require that all departmental fees adopted through administrative rules be approved by the Legislature;
- (4) Make numerous changes to the laws relating to the Office of Environmental Quality Control, Coastal Zone Management Program, Commission on Persons with Disabilities, Clean Air Special Fund, Environmental Response Revolving Fund, and the Environmental Health Program Enhancement and Education Fund;
- (5) Reduce the Public Utilities Special Fund ceiling;
- (6) Increase the amount of bonds authorized to be issued by the Hawaii Community Development Authority from \$60,000,000 to \$100,000,000 to construct a public parking garage in Kakaako; and
- (7) Require private developers to pay the relocation expenses of affected entities.

Upon further consideration, your Committee on Conference has amended this bill. As amended this bill:

- (1) Authorizes the Historic Preservation Program to charge fees to help defray administration costs;
- (2) Establishes a fee for copies of certified divorce certificates and raises various other fees;
- (3) Renames the Environmental Health Program Enhancement and Education Fund to the Environmental Health Education Fund, amends its funding, and makes it permanent; and
- (4) Establishes the Noise, Radiation, and Indoor Air Quality Special Fund consisting of various fees relating to noise pollution, asbestos, radiation therapists, radiographers, and nuclear medicine technologists.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2552, H.D. 1, S.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2552, H.D. 1, S.D. 3, C.D. 1.

Senators Kanno, Chun Oakland, Baker, Fukunaga, McCartney.
Managers on the part of the Senate.

Senator Metcalf did not sign the report.

Representatives Say, Kawakami, Marumoto.
Managers on the part of the House.

Representatives Nakasone and Suzuki did not sign the report.

Conf. Com. Rep. No. 173 on H.B. No. 1624

The purpose of this bill is to establish a boiler and elevator safety revolving fund and to clarify the safety inspection procedures.

Your Committee upon careful consideration has amended H.B. No. 1624, H.D. 1, S.D. 2, by:

- (1) Specifying that the balance of moneys in the boiler and elevator safety revolving fund shall not exceed \$1,200,000, with any excess to be deposited into the state general fund;
- (2) Exempting the revolving fund from central services expense deductions;
- (3) Clarifying that the Department of Labor and Industrial Relations (DLIR) shall not issue a permit to operate unless it finds the boiler or elevator to be safe in accordance with rules adopted by the DLIR;
- (4) Clarifying that the required interval of safety inspections begin July 1, 2000;
- (5) Requiring that the number of DLIR inspectors remain the same from the effective date of the Act until repeal of the Act;
- (6) Making an appropriation of \$158,000, out of the revolving fund for fiscal year 1998-1999, to fund nine elevator inspector positions which were restricted by the administration's budget; and
- (7) Adding a sunset date of July 31, 2003, for the revolving fund and a reenactment provision applied to the amendments to sections 36-27 and 397-5(b), Hawaii Revised Statutes, regarding the addition to those sections of revolving fund language.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1624, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1624, H.D. 1, S.D. 2, C.D. 1.

Senators Kanno, Chun Oakland, Baker, Fukunaga, Levin.
Managers on the part of the Senate.

Senator Anderson did not sign the report.

Representatives Yonamine, Say, Nakasone.
Managers on the part of the House.

Representatives Case and Moses did not sign the report.

Conf. Com. Rep. No. 174 on S.B. No. 2618

The purpose of this bill is to make two appropriations for medically underserved populations, one to support primary health care and one to support health care.

This bill also provides:

- (1) That whenever the Department of Human Services (DHS) contracts with a federally qualified health center or rural health center for the provision of QUEST services to enrollees, payment by DHS to the health center shall be comparable to and no less than the amount paid by the DHS to its other providers in the same geographic area for comparable services;
- (2) That at least quarterly, the DHS shall pay health centers under contract the difference between the payment received by the health center and the reasonable cost of the health center in providing services to QUEST enrollees; and
- (3) That the DHS shall provide financial resources to nonprofit, community-based providers to care for the uninsured, including community health centers, school-based clinics, and the Care-A-Van program for the homeless.

Your Committee after careful consideration has amended S.B. No. 2618, S.D. 1, H.D. 1, by changing the appropriation amounts from \$1 to \$500,000 each for the Department of Human Services and Department of Health.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2618, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2618, S.D. 1, H.D. 1, C.D. 1.

Senators Chun Oakland, Kanno, Levin, Baker, Fukunaga.
Managers on the part of the Senate.

Senators Fernandes Salling, Sakamoto, Anderson did not sign the report.

Representatives Arakaki, Kawakami, Kanoho.
Managers on the part of the House.

Representative McDermott did not sign the report.

STANDING COMMITTEE REPORTS

SCRep. 2001 Economic Development on S.B. No. 1008

The purpose of this bill is to appropriate funds for agricultural research and development through the Hawaii Agricultural Research Center.

Your Committee received testimony in support of the bill from the Department of Agriculture, the Hawaii Agricultural Research Center, the Hawaii Farm Bureau, six agricultural producers and other concerned citizens.

Your Committee finds that agriculture is one of the State's most important industries, is a vital component of the State's economic base, and that agricultural research and development is important for improving current crops and developing new crops grown across the State. Leveraging state funds with private funds as required in this bill maximizes the returns to the State and presents a model of public-private cost-sharing for agricultural research and development.

Your Committee has amended the effective date of the bill to July 1, 1998, and made two technical non-substantive amendments.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1008, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1008, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Matsunaga, McCartney, Tanaka).

SCRep. 2002 Economic Development on S.B. No. 2070

The purpose of this bill is to provide additional agricultural inspectors and x-ray machines and other inspection equipment for use at inspection stations at the State's ports of entry.

Your Committee received testimony in support of this bill from the Department of Agriculture, the Hawaii Agriculture Research Center, the County Council of Maui, the Hawaii State Association of Counties, Maui Hotel Association, Hawaii Chapter of the Sierra Club, the Hawaii Farm Bureau, the Maui Farmers Cooperative Exchange, and six concerned citizens.

Your Committee finds that detection and interdiction of alien pests at the State's ports of entry is vital to protect the environment and economic interests of the State.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2070 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Matsunaga, McCartney, Tanaka).

SCRep. 2003 Economic Development on S.B. No. 2085

The purpose of this bill is to appropriate funds to the Department of Agriculture for the replacement of equipment at the vacuum cooling plant, Kula, Maui.

Your Committee received testimony in support of this bill from the Department of Agriculture, the Hawaii Farm Bureau, Maui County Farm Bureau, Maui Farmers Cooperative Exchange, and Maui Produce Processing Cooperative.

Your Committee finds that the vacuum cooling plant is critical to the packing process for Maui produce farmers, who contribute significantly to the fresh produce market of the State. Appropriated funds will be used to replace parts and extend the useful life of the existing unit.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2085 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Matsunaga, McCartney, Tanaka).

SCRep. 2004 Economic Development on S.B. No. 2093

The purpose of this bill is to appropriate funds for agricultural research and development for the taro, banana, papaya, landscape plant, and cut flower industries.

Your Committee received testimony in support of this bill from the Department of Agriculture, the Office of Economic Development of the County of Kauai, a Maui County Councilmember, the Hawaii Farm Bureau, the Big Island Farm Bureau, nine organizations, and sixteen individuals.

Your Committee finds that this appropriation will support high priority research projects that will contribute to increasing agricultural production in the State.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2093 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Matsunaga, McCartney, Tanaka).

SCRep. 2005 Economic Development on S.B. No. 2094

The purpose of this bill is to reduce the prerequisites that farmers and ranchers must comply with prior to prosecuting the theft of their crops or livestock as a class C felony.

Current law requires that a farmer's or rancher's property be fenced or enclosed in a manner designed to exclude intruders and display a warning sign indicating that it is a crime to take or remove products or property. This bill requires only one of these prerequisites and, if the display of a sign is employed, requires that it only state "Private Property."

Your Committee received testimony in support of this bill from the Department of Agriculture, the Hawaii Farm Bureau, the Big Island Farm Bureau, the Kona County Farm Bureau, East Oahu County Farmers Association, the Kona Farmers Alliance, the Hawaii Macadamia Nut Association, Dole Food Company, Del Monte Fresh Produce (Hawaii), Inc., Brewer Environmental Industries, Inc., and Green Acres Estate.

Your Committee finds that this bill will assist farmers in deterring on-going theft on their farms.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2094 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Matsunaga, McCartney, Tanaka).

SCRep. 2006 Ways and Means on H.B. No. 2352

The purpose of this bill is to appropriate funds to provide for the expenses of the Legislature, the Auditor, the Legislative Reference Bureau, the Ombudsman, and the State Ethics Commission during the 1998 regular session and through the remainder of the 1998-1999 fiscal year.

In addition, this bill authorizes the Auditor, the Director of the Legislative Reference Bureau, and the Ombudsman to adjust the salaries and other cost items for their employees retroactive to fiscal year 1996-1997; and to use the funds appropriated to them by this bill, together with such funds as they may be able to derive through savings from Act 1, Session Laws of Hawaii 1997, for the purpose of making these adjustments.

Testimony was submitted in favor of this bill by the Office of the Auditor, the Office of the Legislative Reference Bureau, the Office of the Ombudsman, and the State Ethics Commission.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2352, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Kawamoto, Tam, Anderson).

SCRep. 2007 (Majority) Education on S.B. No. 2003

The purpose of this bill is to appropriate \$400,000 to the University of Hawaii to fill eight faculty positions in the college of education that focus on preparing students to teach in the shortage areas.

Your Committee received testimony in support of this bill from the University of Hawaii, the Department of Education, and the Chamber of Commerce of Hawaii.

Your Committee finds that the Board of Regents and the Board of Education both have expressed the need for preparation of teachers in the critical shortage fields of math, science, special education, vocational or technology education, and for teachers in outlying schools with high teacher turnover.

Your Committee further finds that the Department of Education has had to recruit teachers from the mainland to teach in these fields. Additionally, over the past five years, approximately 26% to 47% of the mainland hires left at the end of the first year citing the high cost of living, poor working conditions, difficulty adjusting to local cultural values and traditions, and feelings of isolation from the mainland.

Your Committee is especially cognizant of the need to prepare teachers to fill special education positions in the wake of the Felix v. Waihee Consent Decree. Briefly, the Decree is based on the federal Individuals with Disabilities Education Act. The district court in the Felix case required the Department of Education and the Department of Health to (1) identify Felix children, and (2) devise an implementation plan to provide improved services to Felix children by the end of 1999.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2003 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, 1 (Ige, M.). Excused, 2 (Iwase, Solomon).

SCRep. 2008 Education on S.B. No. 2218

The purpose of this bill is to allow children of divorced parents to qualify resident tuition at the University of Hawaii if:

- (1) The student and the student's parents lived in the State at the time of the divorce;
- (2) The non-custodial parent was obligated to pay child support by the divorce decree; and
- (3) The non-custodial parent has been a state resident continuously since the divorce.

Your Committee received testimony in support of this measure from the State Senator from the fifth district who introduced the bill. Testimony opposing this bill was received from the University of Hawaii.

Your Committee believes this bill will protect the resident status of Hawaii residents whose parents divorce and whose custodial parent chooses to reside in another state. Your Committee also believes this bill will protect the financial position of the non-custodial Hawaii resident parent responsible for providing for the student's higher education.

Your Committee amended this bill by deleting the language in paragraph (C) which required the non-custodial parent to have been a state resident continuously since the divorce, and replacing it with the requirement that the non-custodial parent, by divorce decree, is required to pay for the student's higher education.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2218, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2218, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Solomon).

SCRep. 2009 Education on S.B. No. 2775

The purpose of this bill is to reduce the number of required members on the King Kamehameha Celebration Commission from 18 to 13. The bill also repeals defunct organizations and corrects the use of Hawaiian words in the statute establishing the Commission by adding the 'okina and kahakō accent marks.

Your Committee received testimony in support of this bill from the Office of Hawaiian Affairs and the King Kamehameha Celebration Commission.

Your Committee finds that King Kamehameha V issued a proclamation on December 22, 1871, making June 11 of each year a holiday in honor of his grandfather, Kamehameha the Great.

Your Committee further finds that the King Kamehameha Celebration Commission (Commission) was created in 1939 to plan and implement activities to honor the memory, life, and deeds of Kamehameha the Great.

Your Committee agrees that reducing the number of required members on the King Kamehameha Celebration Commission will make planning, decisionmaking, and implementation of celebration activities more efficient.

Your Committee amended the bill by adding the 'okina to the word 'Ahahui.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2775, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2775, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Iwase, Solomon).

SCRep. 2010 Judiciary on Jud. Com. No. 1

Recommending that the Senate advise and consent to the nomination of the following:

GEORGE Y. KIMURA, Chief Justice nominee to the District Court of the First Circuit, for a term of Six Years.

Upon review of the background information submitted by the nominee, your Committee finds that George Y. Kimura holds an AB and LLB degree from Tulane University. Mr. Kimura has served as a Per Diem District Court Judge for the First Circuit for the past thirteen years. In addition, Mr. Kimura has served as a lecturer for Small Claims Court and as an Adjunct Professor in Criminal Justice at Chaminade University.

Testimony in support of the nominee was submitted to your Committee by Hina Mauka, Emmanuel Episcopal Church, Honolulu Police Department, Hawaii State Bar Association, and eight members of the legal community. All testimony in support of the nominee indicates that during his tenure as a Per Diem Judge, Mr. Kimura has consistently demonstrated a keen knowledge of the law, but more importantly, has applied the law in a just and equitable manner. Further, testifiers acknowledged that Mr. Kimura is notable for his ability to communicate well with a wide variety of people -- rich and poor, of every ethnicity and background.

Testimony in opposition to the nominee was submitted to your Committee by a member of the legal community who felt that Mr. Kimura lacked the temperament to be a District Court Judge.

Your Committee members diligently questioned the nominee regarding the concerns about his lack of judicial temperament, his experiences as a Per Diem Judge, and his qualifications to serve. Your Committee believes that the nominee adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, McCartney).

SCRep. 2011 Economic Development on S.B. No. 2092

The purpose of this bill is to extend the expiration date of the energy conservation income tax credits from January 1, 1999 to January 1, 2004.

Testimony in support of this bill was presented at the hearing by representatives of Hawaiian Electric Company, the Sierra Club, Hawaii Chapter, the Associated Builders and Contractors, Inc., Building Industry Association of Hawaii, and the Environmental Center. Though not present at the hearing, testimony in support of this bill was received from PowerLight Hawaii. Testimony in support of the bill with suggested amendments was presented at the hearing by representatives of Hawaii Renewable Energy Alliance, Hawaii Solar Energy Association, and Inter-Island Solar Supply.

Testimony in opposition to the bill was presented at the hearing by the Department of Taxation and, though not present at the hearing, the Tax Foundation offered written testimony but stated no position.

Your Committee has amended the bill to extend the income tax credit for four and one-half years, eliminate design requirements for multi-residential buildings, and create a task force to explore cost-effective means for supporting increased energy efficiency.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2092, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2092, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 4 (Levin, Matsunaga, McCartney, Tanaka).

SCRep. 2012 Economic Development on S.B. No. 2186

The purpose of this bill is to establish the construction industry program within the department of business, economic development, and tourism ("DBEDT"), to assist the construction industry by serving as a resource center, coordinating construction-related inquiries, monitoring economic trends that may affect the industry, and carrying out the consolidated application process.

Testimony was presented at the hearing by DBEDT supporting the intent of this bill but expressing concerns regarding the need and the department's ability to provide adequate resources for the program. Testimony was also presented at the hearing supporting the bill by representatives of the Subcontractors Association of Hawaii, Building Industry Association of Hawaii, and Plumbers and Fitters United Association Local 675 and two individuals. Though not present at the hearing, written testimony was received in support of the bill from the Construction Industry Legislative Organization, Inc. and Gentry Homes, Ltd. Testimony in opposition to the bill was presented at the hearing by a representative of the Associated Builders and Contractors, Inc.

Your Committee finds that there is a need for a coordinated efforts program for the construction industry within the DBEDT, to streamline matters affecting the industry and to facilitate and stimulate economic growth in the State.

After considering all pertinent issues and testimony presented, your Committee amended this bill by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2186, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2186, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 4 (Levin, Matsunaga, McCartney, Tanaka).

SCRep. 2013 Economic Development on S.B. No. 2304

The purpose of this bill is to identify and protect the Kona Coffee Belt as "unique" agricultural lands of importance to the State.

Testimony in support of the bill was presented at the hearing by the following: the Kona Farmers Alliance, the Kona Community Action Group to Address Flooding, and a coffee farmer. Though not present at the hearing, written testimony in support of the bill was received from the Kona County Farm Bureau, the Kona Conservation Group, Plan to Protect, and nine individuals.

Testimony supporting the intent of the bill but expressing reservations concerning the bill was presented at the hearing by the following: the Office of Planning and the Land Use Commission of the Department of Business, Economic Development, and Tourism, the Department of Agriculture, and the Hawaii Farm Bureau. Though not present at the hearing, written testimony

supporting the intent of the bill but expressing reservations concerning the bill was received from the Big Island Farm Bureau. Written testimony in opposition to the bill was received from Oceanside 1250.

Your Committee finds that the Kona Coffee Belt is deserving of designation as "unique" agricultural lands which are important to the State. However, your Committee has amended the bill to clarify the boundary designations of the Kona Coffee Belt.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2304, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2304, S.D. 1, and be referred to the Committee on Water, Land, and Hawaiian Affairs.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 3 (Matsunaga, McCartney, Tanaka).

SCRep. 2014 Economic Development on S.B. No. 2343

The purpose of this bill is to increase the cost of a duplicate hunting license from the current fee of \$.50 to fifty per cent of the cost of the license.

Testimony regarding this bill was presented at the hearing by the Department of Land and Natural Resources. The Department supports the intent of this bill to increase the cost of duplicate hunting licenses. However, it is the Department's position that requiring nonresidents to pay fifty per cent of the cost of an original nonresident hunting license (which would amount to \$47.50) seems excessive.

Your Committee agrees with the Department's position that the fee for a duplicate hunting license should be fifty per cent of the resident hunting license fee (which would amount to \$5), and has amended the bill accordingly.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2343, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2343, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Levin, Matsunaga, McCartney, Tanaka).

SCRep. 2015 Economic Development on S.B. No. 2800

The purpose of this bill is to authorize the Department of Business, Economic Development, and Tourism (DBEDT) to issue grants to qualified new and emerging industries.

Testimony in support of this bill was presented by the DBEDT at the hearing.

Your Committee finds that new and emerging industries with good growth potential or prospects in jobs, exports, and new products offer the greatest potential for economic development and diversification.

Your Committee further finds that these new and emerging industries are usually small fledgling businesses which often lack the financial and professional expertise necessary to develop good proposals, business plans, and marketing strategies. This puts them at a disadvantage when competing for state economic development initiatives through the requests for proposal system required under chapter 103D, Hawaii Revised Statutes, and Title 3 of the Hawaii Administrative Rules.

Your Committee also finds that allowing the DBEDT to issue grants rather than competitive awards would enable the DBEDT to consider proposals year round and permit the DBEDT staff to assist applicants in preparing their proposals, thus enhancing their propensity for success.

Your Committee has amended the bill by making technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2800, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2800, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Levin, Matsunaga, McCartney, Tanaka).

SCRep. 2016 Economic Development on S.B. No. 2901

The purpose of this bill is to abolish the Aina Ho'omalulu Special Fund and to require that all future costs for the Aina Ho'omalulu state park program be paid from the general revenues of the State.

Testimony in favor of the bill was presented at the hearing by the Department of Land and Natural Resources. Testimony in opposition to the bill was presented at the hearing by the Sierra Club, Hawaii Chapter. Though not present at the hearing, the Hawaii Nature Center submitted written testimony urging that in the event that the Legislature abolishes the Aina Ho'omalulu Special Fund, the Aina Ho'omalulu Program should still be continued.

Your Committee finds that the Aina Ho'omalulu Program provides a park visitor with an awareness and understanding of a park's natural resources and through that awareness and understanding, the promotion of respect and protection of the natural resource is fostered.

Your Committee also finds that due to the State's current fiscal constraints, although the Aina Ho'omalua Program is necessary, maintaining a special fund dedicated solely to the program is not.

Your Committee has amended the bill by adding a section as recommended by the Attorney General through the testimony of the Department of Land and Natural Resources, that from July 1, 1998 all proceeds from the user fees or leases or concessions be deposited into the general fund.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2901, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2901, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 3 (Levin, Matsunaga, Tanaka).

SCRep. 2017 Economic Development on S.B. No. 2931

The purpose of this bill is to allow limited liability companies to qualify as agricultural park applicants.

Testimony in support of the bill was presented at the hearing by the Department of Agriculture and the Hawaii Farm Bureau Federation. Though not present at the hearing, your Committee also received written testimony in support of the bill from the Big Island Farm Bureau and the Kona County Farm Bureau.

Your Committee is in agreement with the testimony and finds that allowing limited liability companies to apply for agricultural park leases will contribute to the State's economic development.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2931 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 3 (Matsunaga, McCartney, Tanaka).

SCRep. 2018 Economic Development on S.B. No. 3024

The purpose of this bill is to establish an Animal Quarantine Special Fund to be administered by the board of agriculture to cover all costs of operating the rabies prevention program.

Testimony in support of this bill was presented at the hearing by the Department of Agriculture.

Your Committee finds that creation of this special fund will establish a clear link between the benefits and the charges made to the users of the rabies quarantine program.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3024 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 3 (Matsunaga, McCartney, Tanaka).

SCRep. 2019 Economic Development on S.B. No. 3025

The purpose of this bill is to establish a milk control special fund to be administered by the board of agriculture.

Testimony in support of the bill was presented at the hearing by the Department of Agriculture and Hawaii Fresh Milk Industry. Though not present at the hearing, Foremost Dairies submitted written testimony in support of the bill.

Your Committee finds that the special fund will receive all moneys generated from license and application fees collected from the milk industry and this special fund will be used to administer the Milk Control Program.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3025 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 3 (Matsunaga, McCartney, Tanaka).

SCRep. 2020 Economic Development on S.B. No. 3139

The purpose of this bill is to allow the Stadium Authority to adopt a policy on granting of discretionary privileges in order to promote and market the use of the stadium.

Testimony in support of the bill was presented at the hearing by the Stadium Authority.

Your Committee finds that granting discretionary privileges by the Stadium Authority to selected individuals will enhance the promotion and marketing of the stadium and achieve optimum use of the facility.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3139 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 3 (Matsunaga, McCartney, Tanaka).

SCRep. 2021 Education on S.B. No. 2107

The purpose of this bill is to appropriate \$200,000 to the State Foundation on Culture and the Arts to establish an historical Chinese center.

Your Committee received testimony in support of this bill from three officers from the Hawaiian Chinese Multicultural Museum and Archives. Testimony opposing the bill was received from the Department of Business, Economic Development & Tourism, and the State Foundation on Culture and the Arts.

Your Committee finds that a quality that makes Hawaii a unique destination for visitors is Hawaii's multi-cultural society. Cultural events and attractions educate both visitors and residents about Hawaii's multi-cultures. These cultural attractions provide visitors with opportunities that enhance their island experience and deepen their respect for Hawaii's cultures and customs.

Your Committee further finds that the Hawaiian Chinese Multicultural Museum and Archives is a newly created organization, approved by the Internal Revenue Service as a publicly supported organization, and exempt from federal income tax under section 501(a) of the Internal Revenue Code.

Your Committee amended this bill by specifying that the Hawaiian Chinese Multicultural Museum and Archives through the State Foundation on Culture and the Arts will be the recipient of state funds.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2107, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2107, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Iwase, Solomon).

SCRep. 2022 Economic Development on S.B. No. 3130

The purpose of this bill is to establish a revolving film fund to assist independent filmmakers in Hawaii as well as provide funds to assist Hawaii film companies in producing documentary films relating to the Pacific region.

Testimony in support of the bill was presented at the hearing by the Director of Business, Economic Development, and Tourism, a representative of the Screen Actors Guild, and three individuals. Though not present at the hearing, written testimony was submitted by County of Kauai Office of Economic Development, IATSE, Local No. 665, Hawaii State AFL-CIO, and three individuals.

Your Committee is in agreement with the testimony presented that the availability of financial capital for production is a barrier to developing motion pictures and television programs financed and produced in Hawaii for distribution nationally and internationally.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3130 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Chumbley, Levin, McCartney).

SCRep. 2023 Economic Development on S.B. No. 3064

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist the Natural Energy Laboratory of Hawaii Authority (NELHA) in the construction and installation of new seawater pipelines and distribution infrastructure.

Testimony was presented at the hearing in support of the bill by the Director of Business, Economic Development, and Tourism, a representative of the NELHA, and a representative of Common Heritage Corporation. Though not present at the hearing, written testimony in support of the bill was received from Virginia Isbell, and ten NELHA vendors.

Your Committee finds that this bill supports the type of economic development that is consistent with the goals of diversifying the State's economic base, capitalizing on the State's unique ocean resources in a sustainable manner, and developing a strong science and technology base.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3064 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Chumbley, Levin, McCartney).

SCRep. 2024 Human Resources on S.B. No. 2934

The purpose of this bill is to amend Chapter 386, Hawaii Revised Statutes (HRS), by excluding mental injury claims which are a direct consequence of disciplinary actions for "just cause." The measure is designed to address concerns raised in the aftermath of Mitchell v. State Department of Education, 85 Haw. 250, 942 P.2d 514 (1997).

In Mitchell, the Hawaii Supreme Court (Court) held that a stress related injury caused by disciplinary action for misconduct within "the course of employment" is compensable. The Court has made a distinction between cases in which "misconduct involves a prohibited overstepping of the boundaries defining the ultimate work" and cases in which misconduct is related to the "method of accomplishing that ultimate work." 85 Haw. at 255. In the former category of cases, claims are disallowed, while in the latter category, claims are allowed.

The Mitchell decision was highly publicized and your Committee is concerned that the decision may result in an increase in claims for stress. Your Committee believes that the situation should be monitored. Furthermore, your Committee reiterates its commitment to continue to provide workers' compensation benefits to those with legitimate work injuries. Royal State Nat'l Ins. Co. v. Labor & Indus. Relations Appeals Bd., 53 Haw. 32, 487 P.2d 278 (1971) (section 386-3, HRS, reflects the policy of the workers' compensation law that an employee should be indemnified for all infirmities resulting from employment).

Your Committee finds that those who sustain stress related injuries by reason of disciplinary actions should be entitled to compensation under Chapter 386, HRS, if the disciplinary action was not for "just cause." The term "just cause" has a well recognized and established meaning within the employment relations field. Roberts' Dictionary of Industrial Relations (1971, Ed.) p. 241. The standard takes into account all relevant factors to determine whether the disciplinary measure was for proper or sufficient reason and basis. See also, Grief Bros. Cooperate Corp., 42 LA 555; Enterprise Wire Co., 46 LA 359; Moore Seafood Products, 50 LA 83.

Your Committee has made certain amendments to the bill to clarify its intent to exclude only mental stress related claims relating solely to disciplinary actions which are for "just cause."

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2934, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2934, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 2025 Education on S.B. No. 2100

The purpose of this bill is to allow certain military veterans to qualify for resident tuition at the University of Hawaii. Specifically, a military veteran will qualify for resident tuition if:

- (1) The veteran is a high school graduate of a state high school;
- (2) The veteran entered military active duty less than three months after graduation;
- (3) The veteran declared Hawaii as the veteran's official state of residence during the veteran's entire period of military service;
- (4) The veteran is admitted to a University of Hawaii campus; and
- (5) The veteran enrolls in the fall or spring semester immediately after discharge from active military service.

Your Committee received testimony in support of this measure from the State Senator from the fifth district who introduced the bill. Testimony opposing this bill was received from the University of Hawaii.

Your Committee believes that military veterans should not be penalized for rescinding their Hawaii residency status, and subsequently changing their mind prior to returning home to pursue their higher education. Your Committee also believes that by giving such military veterans resident status at the university, veterans would be encouraged to return home to study thus avoiding the "brain drain" syndrome.

Your Committee has amended this bill by deleting the requirement that veteran students must have declared Hawaii as their state of residence during their entire period of active military service in order to qualify for resident tuition.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2100, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2100, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Iwase, Solomon).

SCRep. 2026 Education on S.B. No. 2277

The purpose of this short form bill is to make amendments to the Hawaii Revised Statutes related to education.

Your Committee finds that in an increasingly competitive world economy, innovative educational models must be created to meet the needs of students and to promote partnerships among educational organizations and the business sector.

Your Committee has amended this bill to provide for such an alliance involving the University of Hawaii community colleges and the Department of Education by establishing and funding a three-year pilot project to be known as the University of Hawaii Technology Institute. The goals of the project are to:

- (1) Establish office and classroom sites using Honolulu Community College as a base;
- (2) Establish objectives for student and employment related activities;
- (3) Study innovative programs available elsewhere;
- (4) Establish a successful working model and develop procedures to establish the technology institute;
- (5) Develop and implement staff development workshops on applied technologies in the classroom for department of education and community college employment training center personnel; and
- (6) Conduct and evaluate pilot classes for secondary students enrolled in the technology institute, including counseling services and School-to-Work Opportunities options.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the action to report out S.B. No. 2277, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2277, S.D. 1, and be recommitted to the Committee on Education for further consideration.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Solomon).

SCRep. 2027 Economic Development on S.B. No. 2724

The purpose of this bill is to prohibit misrepresentation that an aquatic food originated in Hawaiian waters.

Testimony was presented at the hearing in support of the bill by a representative of the Big Island Fishermen's Association. Though not present at the hearing, written testimony was also received in support of the bill from Ka Lahui Hawaii and two individuals.

Testimony was presented at the hearing in opposition to the bill by representatives of the Department of Agriculture, the Hawaii Food Industry Association, and the Hawaii Restaurant Association.

Your Committee finds that the Hawaiian names of fish should only be used only for fish caught in Hawaiian waters. After considering all pertinent issues and testimony presented, your Committee amended this bill to remove the provisions allowing sale of imported aquatic food as long as a label or statement that the aquatic food is imported is provided, thereby reflecting that only fish caught and landed in Hawaiian waters be named or labeled with Hawaiian names.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2724, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2724, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Chumbley, Levin, McCartney).

SCRep. 2028 Economic Development on S.B. No. 2802

The purpose of this bill is to change the name of the Business Permits Service Center to the Business Action Center, augment the duties and activities of the Center, and eliminate obsolete functions.

Testimony was presented at the hearing in support of the bill by the Director of Business, Economic Development, and Tourism. Testimony was also presented at the hearing by the Acting Commissioner of Securities for the Business Registration Division, Department of Commerce and Consumer Affairs which stated that while agreeing with the intent of the bill, the Department opposes the section which requires the acceptance of facsimile or digitized signatures.

Your Committee finds that the bill does update the functions of the Business Action Center to provide convenient one-stop resource centers by allowing for use of emerging technologies that make these resources more easily accessible throughout the State.

After considering all pertinent issues and testimony, your Committee amended this bill by clarifying that the Business Action Center may accept credit card payments with the authorization of issuing agency. Technical, nonsubstantive amendments were also made to this bill.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2802, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2802, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Chumbley, Levin, McCartney).

SCRep. 2029 (Joint) Human Resources and Commerce, Consumer Protection, and Information Technology on S.B. No. 2386

The purpose of this bill is to allow the creation of coordinated care organizations to provide workers' compensation medical benefits to injured workers.

Your Committees received testimony in support of this bill from United Public Workers, the Big Island Business Council, Kona County Farm Bureau, National Federation of Independent Business, and Hawaii Island Chamber of Commerce.

Your Committees received testimony with concerns about this bill from the Department of Labor and Industrial Relations, Department of Commerce and Consumer Affairs, ILWU Local 142, Consumer Lawyers of Hawaii, HMSA, Kaiser Permanente, Hawaii Medical Association, Hawaii Federation of Physicians & Dentists, Hawaii Nurses' Association, Hawaii Chapter American Association of Occupational Health Nurses, Hawaii Insurers Council, Community Counseling Resources, Orthopedic Rehabilitation Specialists, Island Physical Therapy, Haku Alliance, Hawaii Center for Business Health, Healthcare Association of Hawaii, The Anesthesia Medical Group, Inc., Sestak Rehabilitation Services, American Physical Therapy Association, Hawaii Rehabilitation Counseling Association, David S. De Luz Sr. Enterprises, Inc., Career Development Center of Hawaii, Inc., RSM, Inc., a number of individuals from Willocks Construction Corporation, a vocational rehabilitation counselor, a physical therapist, and a chiropractor.

Your Committees received testimony in opposition to this bill from the Hawaii State AFL-CIO, Hawaii State Teachers Association, Hawaii Association of Medical Management Nurses, and a vocational rehabilitation counselor.

Your Committees received information during the summer of 1997 on all states with managed care systems in workers' compensation. Your Committees held several meetings and forums during the fall of 1997 with stakeholders who were fairly representative of all affected parties on the issues surrounding coordinated care organizations. For this purpose, the Center for Alternative Dispute Resolution, a part of the Judiciary, provided valuable assistance. Descriptions of other state's programs and questionnaires on preferences were sent to stakeholders, with the goal of obtaining input and reaching consensus as to the elements to be included in the bill. This bill represents the culmination of seven months of effort by your Committees.

This bill introduces managed care into the workers' compensation system of providing the required medical and rehabilitation services. Managed care is a term that describes health care systems that integrate the financing and delivery of appropriate health care services to covered individuals by arrangements with selected providers to furnish health care services. According to the National Council on Compensation Insurance, Inc., thirty-one states had a managed care system for workers' compensation as of 1997.

Your Committees have deliberately refrained from characterizing this bill as managed care, preferring to allow a coordinated care organization the latitude to determine its own method for delivery of services. However, your Committees have included definitive guidelines in the bill for coordinated care organizations to follow to fulfill the legislative intent of this bill. The intent of your Committees is to reduce the costs of delivering health care services to injured workers, lower workers' compensation premiums, ensure high quality health care for injured workers, and to assure adequate protection to injured workers' rights within a coordinated care system. Your Committees caution that this bill is a pilot project, with a repeal date of 2001. The bill creates a task force to evaluate the functioning of coordinated care organizations and to report to the legislature before the Regular Session of 2001 with recommendations.

Your Committees are aware that two major issues were raised at a hearing on this bill that remain unresolved, but your Committees wish to continue discussions on these issues. First, the inclusion of "provider sponsored organizations" in the section on who may form a coordinated care organization needs more input from the Insurance Commissioner as to safeguards for solvency. Also, the inclusion of "employer organizations" is of concern to your Committees due to possible serious conflicts of interest in having the employer essentially provide the medical treatment, even in working through a workers' compensation insurer as required in the bill for all coordinated care organizations. However, your Committees remain open to further discussions on including these groups. Your Committees are aware of the combined "buying power" of employer groups to form a coordinated care organization, but are also concerned about the health and well-being of injured workers.

As to lowering the cost of workers' compensation claims and premiums, your Committees are cautiously optimistic that this bill will lower those costs. Actuarially defensible projections are not feasible because of a lack of claims experience in Hawaii under a coordinated care system. Therefore, your Committees have refrained from mandating a rate reduction. However, your Committees have added that the task force is to compare workers' compensation insurance premiums before and after utilizing a coordinated care organization.

Your Committees have amended this bill based on the testimony, as follows:

- (1) Under the purpose section (§386-A):
 - (A) Deleted reference to treatment and utilization guidelines (paragraph (3));
 - (B) Deleted reference to reaching maximum medical improvement (paragraph (7));
 - (C) Deleted reference to employees who cannot resume their work and inserted appropriate statutory reference to vocational rehabilitation (paragraph (8)); and
 - (D) Clarified the language in paragraph (9) to reflect a reference to a new section created for internal dispute resolution.
- (2) Under the registration fee section (§386-E), changed "will" to "may" and deleted "significant" in reference to realizing significant cost savings;
- (3) Under the treatment and utilization protocols section (§386-G), deleted reference to an ad hoc advisory committee and inserted a health care provider advisory committee;
- (4) Deleted language for procedures for independent medical treatment (§386-I) and inserted language for more specific procedures;
- (5) Clarified the language for case management (§386-J)
- (6) Added a new section for workplace safety and health programs (§386-K); and

- (7) Added a duty for the task force to compare workers' compensation insurance premiums paid before and after utilization of a coordinated care organization.

Your Committees have also made technical, nonsubstantive amendments for clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Resources and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2386, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2386, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 6. Noes, none. Excused, 5 (Fukunaga, Levin, Solomon, Tanaka, Anderson).

SCRep. 2030 Water, Land, and Hawaiian Affairs on S.B. No. 2091

The purpose of this bill is to appropriate \$100,000 to perform a drainage study of the Makiki drainage ditch flooding program.

The funds appropriated are to be used as the State's share of funding to be matched by the Federal Flood Mitigation Assistance Program.

Your Committee finds that in order for the Department of Land and Natural Resources to qualify for matching federal funding, state funds must be made available. Your Committee believes that due to past occurrences in which significant property damage was incurred due to flooding, the drainage study is necessary to ascertain methods of mitigating future damage and injury.

Your Committee notes that it is aware of an ongoing lawsuit regarding the Makiki drainage ditch in which the State and the City and County of Honolulu are adverse parties. In passing this bill to the Committee on Ways and Means for further consideration, your Committee wishes to make clear that it is not the intent of this Committee to in any way infer that the bill's passage is to be considered as the Legislature's acknowledgement of the State's responsibility over the Makiki drainage ditch and any damage caused to property pursuant thereto. It is the understanding of this Committee that the Department of Land and Natural Resources will submit the necessary amendatory legal language to be inserted into the bill when it comes before the Committee on Ways and Means for consideration.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2091, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Ige, D., Anderson).

SCRep. 2031 Water, Land, and Hawaiian Affairs on S.B. No. 2098

The purpose of this bill is to appropriate funds for a master storm water drainage plan to determine mitigative measures for erosion and flood control caused by the Paukauila Stream and its tributaries.

Your Committee finds that the erosion caused by the Paukauila Stream and its tributaries has progressed to the point where significant property damage is impending if mitigative measures are not implemented soon. Your Committee also finds that the Department of Land and Natural Resources is in the planning and design phase of a capital improvement project to dredge the mouth of the Paukauila Stream to alleviate the immediate problem. However, your Committee believes that there is a need for a long term solution so as to avoid the future reoccurrence of this problem and therefore recommends that a master plan be developed.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2098 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Ige, D., Anderson).

SCRep. 2032 Water, Land, and Hawaiian Affairs on S.B. No. 2497

The purpose of this bill is to appropriate funds to remove the water pipe connection at Waimano Home reservoir and reroute the pipes to a pipe connection between the Pearl City Cultural Center and Pearl City High School.

The appropriation also authorizes the installation of a water meter at Pearl City High School, if necessary.

Your Committee finds that rerouting the existing water pipe system would result in a more efficient means of providing water to the affected consumers.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2497 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Ige, D., Anderson).

SCRep. 2033 Judiciary on S.B. No. 2123

The purpose of this bill is to allow the chief election officer to authorize compensation for the members of the Board of Registration under a uniform pay-schedule established in rule.

Your Committee finds that compensation for the Board of Registration is currently set forth in statute, and thus in order to raise board stipends, the chief election officer must request that the statute be amended even to make a slight adjustment. Your Committee further finds that allowing the chief election officer to establish a compensation schedule by rule provides more flexibility to address changing compensation requirements and ensures fair remuneration to the board.

Testimony in support of this bill was submitted by the State of Hawaii Office of Elections.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2123 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2034 Judiciary on S.B. No. 2314

The purpose of this bill is to include the Judiciary in the definition of "agency" within Chapter 37D, Hawaii Revised Statutes, to allow the Judiciary to enter into financing agreements for capital improvement projects. This bill further provides that amounts due on these agreements will be included as part of the Judiciary budget.

Your Committee finds that the provisions of Chapter 37D presently exclude the Judiciary from entering into such alternative financing arrangements as lease purchase agreements or private funding of public construction projects. Thus, under present law, the only option available to the Judiciary for the financing of capital improvement projects is the use of general obligation bonds. However, because of the constitutional ceiling placed on the amount of general obligation bonds which the State is allowed to offer for sale, the number of capital improvement projects which can be funded through this means is limited. Thus, your Committee believes that extending this authority will allow the Judiciary to explore alternative financing options for the construction of court facilities.

Testimony in support of this bill was submitted by the Judiciary.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2314 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2035 Judiciary on S.B. No. 2467

The purpose of the bill is to fund the Campaign Spending Commission's operating expenses with the monies contained in the Hawaii Election Campaign Fund established within the state treasury.

Your Committee finds that the Campaign Spending Commission's operating expenses are currently appropriated from the state general funds. Your Committee further finds that based upon the expenditure history of the trust fund, sufficient revenues should be available to support the operation of the Commission while also providing sufficient funding for eligible political candidates. Additionally, your Committee notes that providing funding for the Commission from the trust fund will allow the reallocation of the general funds presently appropriated to support the Commission.

Testimony in support of the bill was submitted by the State of Hawaii Campaign Spending Commission, Hawaii Clean Elections, and Common Cause Hawaii.

Upon further consideration, your Committee has amended the bill by:

- (1) repealing the \$100,000 cap on the annual appropriation for administration of the program; and
- (2) inserting a provision to allow an unspecified annual appropriation for operating expenses, including staff salaries and fringe benefits, of the Commission,

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2467, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2467, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2036 Judiciary on S.B. No. 2739

The purpose of the bill, as received by your Committee, is to establish a tax refund intercept program for the collection of delinquent fines or other debts owed to the State and collectible as designated by the Judiciary.

Your Committee finds that section 231-53, Hawaii Revised Statutes, currently provides that, "The State, through the Department of Accounting and General Services, upon request of a claimant agency, shall set off any valid debt due and owing a claimant agency by the debtor against any debtor's refund." Your Committee further finds that the Judiciary should be considered a "claimant agency"

for purposes of the recovery of money owed to the State and, therefore, clarifying section 231-53 should accomplish the purpose of this proposed measure.

Testimony supporting the intent of the bill was submitted by the Judiciary and State Auditor. Testimony in opposition to the bill was submitted by the Department of Taxation and Tax Foundation of Hawaii, questioning whether the bill was necessary.

Upon further consideration, your Committee has amended the bill by deleting its substance and substituting therefor an amended definition of "claimant agency" which specifically includes the Judiciary. In addition, your Committee has made non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2739, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2739, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2037 Judiciary on S.B. No. 2782

The purpose of the bill is to appropriate funds from the general revenues of the State to satisfy claims for legislative relief, judgments against the State, settlements, and other miscellaneous claims.

Your Committee finds that this bill in its present form contains thirty claims totaling \$4,200,803.40. Your Committee further finds that these claims should be paid in order to compensate the injured. The Department of the Attorney General assures your Committee that it diligently advises State agencies on how to mitigate actions by their agency which could result in future claims of the same type contained in this bill. The Department has also worked to ensure that policies and procedures are modified in order to avoid repetition of similar claims.

Testimony in support of this bill was submitted by the Department of the Attorney General.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2782 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2038 Judiciary on S.B. No. 3029

The purpose of this bill is to provide alternative funding for the civil identification program through the establishment of a revolving fund for the deposit of all fees received for the processing and issuance of state identification cards.

Your Committee finds that the Hawaii Criminal Justice Data Center issues over 40,000 identification cards each year. The demand for this service continues to rise, although budgetary restrictions in recent years have resulted in cutbacks in resources available to support this program. Your Committee further finds that this civil identification program generates revenues in excess of its budgeted operational costs each year.

Testimony in support of this bill was submitted by the Department of the Attorney General.

Upon further consideration, your Committee has amended the bill by making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3029, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3029, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2039 Judiciary on S.B. No. 2317

The purpose of this bill is to provide additional security personnel in the courts of the State.

Your Committee finds that during the last few years there have been numerous breaches of security around our court buildings, suggesting that the existing security staffing is inadequate. Your Committee further finds that, despite their best efforts, the Sheriff's Division has not been able to provide needed security services for our courts due to a severe lack of sheriffs positions assigned to the Judiciary. This lack of adequate security elevates to unacceptable levels the risk of physical harm to court staff and officers who appear in court and to citizens who participate in court proceedings.

Your Committee has been advised that the optimum ratio of security personnel assigned to the courts in a given circuit should be two deputies per courtroom. This ratio is used within the federal court system as well as in other state court systems. However, the present security staffing in Hawaii courts is approximately 1.43 deputies per courtroom. The additional positions provided in this bill will increase the ratio to 1.75 in 1999 and 2.07 in 2000.

positions provided in this bill will increase the ratio to 1.75 in 1999 and 2.07 in 2000.

Testimony in support of the bill was submitted by the Judiciary and the Department of Public Safety.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2317 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2040 Economic Development on S.B. No. 2236

The purpose of this bill is to authorize the issuance of special revenue bonds for the planning, design, and construction of a new slaughterhouse facility.

Testimony was presented in support of the bill by the President of the Farmers' Livestock Cooperative, and the Chairman of Palama Meat Company. Though not present at the hearing, written testimony in support of the bill was received from the Big Island Farm Bureau.

Testimony was also presented in support of the bill with suggested amendments by the chairperson of the Board of Agriculture, a representative of the Hawaii Farm Bureau, and the Executive Director of the Hawaii Association of Conservation Districts. Though not present at the hearing, written testimony in opposition to the bill was received from Animal Rights Hawaii.

Your Committee finds that there is a need for a new slaughterhouse facility and that this facility needs to provide for the processing of slaughtered animals as well as a waste management system to protect the water resources of the area. After considering all pertinent issues and testimony presented, your Committee amended this bill by defining "slaughterhouse" and specifying \$10,000,000 as the total amount of bonds.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2236, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2236, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 3 (Matsunaga, McCartney, Tanaka).

SCRep. 2041 (Joint) Economic Development and Water, Land, and Hawaiian Affairs on S.B. No. 2769

The purpose of this bill is to allow the Department of Agriculture to plan, construct, operate, and maintain the State irrigation water systems.

Testimony was presented in support of this bill by a representative of the Department of Agriculture. Testimony was presented in opposition to the bill by representatives of the Office of Hawaiian Affairs, Hawaii's Thousand Friends, and the Ahupua'a Action Alliance.

After considering all pertinent issues and testimony presented, your Committees find that planning for the conversion of existing plantation irrigation systems by the Department of Agriculture is critical to assure the availability of irrigation water for individual farms.

As affirmed by the records of votes of the members of your Committees on Economic Development and Water, Land, and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2769 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 12. Noes, none. Excused, 3 (Ige, D., Matsunaga, McCartney).

SCRep. 2042 Economic Development on S.B. No. 2791

The purpose of this bill is to improve and clarify amendments to the Hawaii Revised Statutes that were enacted pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Welfare Reform Act) which authorized state licensing authorities to suspend or deny licenses of persons not in compliance with child support enforcement provisions. This bill among other things, adds authorization of the Department of Land and Natural Resources to suspend or deny commercial marine licenses.

Testimony was presented at the hearing in support of the bill by a representative of the State Attorney General. Though not present at the hearing, written testimony in support of the bill was received from the Director of Human Services. Oral testimony in opposition to the bill was heard from a representative of BOATS/HAWAII.

Your Committee finds that the attorney general's power to recoup costs of genetic testing from the father only does not take into consideration cases where the mother is contesting paternity.

After considering all pertinent issues and testimony presented, your Committee amended this bill so that the attorney general may recoup costs of genetic testing from the father or mother. Technical, nonsubstantive changes were also made to the bill.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2791, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2791, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 4 (Bunda, Chumbley, Levin, McCartney).

SCRep. 2043 Economic Development on S.B. No. 3033

The purpose of this bill is to appropriate emergency funds for fiscal year 1997-1998 for tourism marketing.

Testimony was presented at the hearing by the Department of Business, Economic Development, and Tourism (DBEDT) and the Hawaii Visitors and Convention Bureau (HVCB) requesting that the appropriation be used as a vehicle to host the Miss Universe Pageant to be held in Honolulu in mid-May, 1998.

Your Committee finds that hosting the Miss Universe Pageant presents a valuable marketing opportunity for Hawaii. Accordingly, your Committee amended this bill by adding language specifying that the appropriation is to be used for hosting the 1998 Miss Universe Pageant. The sum appropriated shall be expended by DBEDT through a contract with HVCB.

The amount of the appropriation is unspecified in the attached draft of this bill because there was insufficient information available at the time of the hearing. Your Committee has agreed to pass this bill to the Committee on Ways and Means for further discussion on the appropriation amount.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3033, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3033, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 3 (Bunda, Levin, Matsunaga).

SCRep. 2044 Transportation and Intergovernmental Affairs on S.B. No. 2553

The purpose of this bill is to clarify what constitutes reckless driving of a vehicle and to delete references to reckless riding of an animal.

Your Committee received testimony in support of the bill from the Department of Transportation.

Your Committee finds that the intent of the bill is to curb the proliferation of aggressive driving habits among motorists. Under existing law, courts have ruled that unless an immediate danger to life or property exists, the reckless driving of a vehicle penalty cannot be invoked. By clarifying the interpretation of this term, your Committee believes that law enforcement officers will be better able to enforce traffic safety on the State's roads and highways.

Your Committee has made technical amendments to conform the bill to recommended drafting procedures.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2553, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2553, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2045 Transportation and Intergovernmental Affairs on S.B. No. 2549

The purpose of this bill is to impose a penalty for driving a moped without a valid driver's license. Specifically, this bill imposes a maximum fine of \$1,000 or up to thirty days of imprisonment for a violation.

Your Committee received testimony in support of this measure from the Department of Transportation.

Your Committee finds that imposing a penalty for violations of the current moped licensing law will enable enforcement of the law.

Your Committee made technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2549, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2549, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2046 Transportation and Intergovernmental Affairs on S.B. No. 2074

The purpose of this bill is to replace references to the "County Board of Supervisors" with "County Council".

Your Committee received testimony in support of this measure from the County Council of the County of Maui.

Your Committee is in agreement that these changes to references in the Hawaii Revised Statutes, are appropriate to more accurately reflect that all counties have been replaced with a council and are no longer the County Board of Supervisors.

Your Committee has deleted the amendment to section 26-12, Hawaii Revised Statutes, which is unnecessary. The amendment would have deleted a historical reference to the board of supervisors which, at the time, was accurate. Your Committee has made

technical, nonsubstantive amendments to replace gender specific terms with gender neutral terms in section 88-185, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2074, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2074, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fernandes Salling, Kanno).

SCRep. 2047 Transportation and Intergovernmental Affairs on S.B. No. 2339

The purpose of this bill is to require the registration and licensing of mopeds.

The police department of the city and county of Honolulu submitted testimony in support of this bill.

Your Committee finds that the vehicle identification numbers of mopeds are being defaced, destroyed, or altered for the purpose of concealing the fact that the moped is stolen. There is also a concern that many mopeds are not legally registered and are equipped with improperly working safety devices. This bill would allow the police a wider range of inspection powers for the purpose of identifying mopeds that are stolen, not legally registered, and unsafe.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2339 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2048 Transportation and Intergovernmental Affairs on S.B. No. 2660

The purpose of this bill is to restore the tax exemption mechanism for the storage of vehicles and the junking of nonrepairable vehicles.

Your Committee received testimony in support of this bill from the City and County of Honolulu.

Your Committee finds that Act 164, Session Laws of Hawaii 1995, repealed the statutory provisions of tax refunds for stored and junked vehicles. Since the Act also eliminated the procedures for storing and junking vehicles, new statutory language is required so that a person may store a vehicle or junk a nonrepairable vehicle without the accumulation of taxes.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2660 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2049 Transportation and Intergovernmental Affairs on S.B. No. 2911

The purpose of this bill is to allow persons to operate a bicycle on the shoulder of a roadway.

The Department of Transportation submitted written testimony in support of this bill.

Your Committee received testimony from the Department of Transportation indicating bicycle safety is enhanced by allowing for bicycle operation along roadway shoulders.

After considering all the pertinent issues and the testimony presented, your Committee concurred with the testimony of the Department of Transportation.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2911 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2050 Health and Environment on S.B. No. 2302

The purpose of this bill is to appropriate an undetermined sum for fiscal year 1998-1999 for the University of Hawaii's area health education centers program to attract additional federal funds.

The interim dean of the John A. Burns School of Medicine, Ke Ola O Hawai'i, Inc., Ka Anuenue area Health Education Center, Inc., and Friends of the Future submitted written testimony supporting this bill. The interim dean's support was conditioned on the passage of this bill not adversely affecting the budgetary priorities of the university.

After considering all pertinent issues and testimony presented, your Committee believes that the area health education centers program should be preserved. Your Committee has amended the bill by inserting \$75,000 as the appropriation amount for the measure.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2302, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2302, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Chun Oakland, Metcalf).

SCRep. 2051 Health and Environment on S.B. No. 2862

The purpose of this bill is to increase the expenditure limit for the mental health and substance abuse special fund for fiscal year 1997-1998 and to make an emergency appropriation of \$961,482 for that fiscal year for community-based services for adults with serious mental illness.

The director of health submitted written testimony supporting this bill and recommended reducing the appropriation amount to \$455,045 due to a re-analysis of the costs for implementing those services.

After considering all pertinent issues and testimony presented, your Committee adopted the recommendation of the director of health and amended the bill by reducing the appropriation amount to \$455,045.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2862, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2862, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Chun Oakland, Metcalf).

SCRep. 2052 Human Resources on S.B. No. 2964

The purpose of this bill is to require the Employees' Retirement System to assume the obligation of the Public Employees Health Fund to pay health benefit costs for retirees.

Your Committee received testimony in support of the bill from the City and County of Honolulu's Departments of Personnel and Budget, the United Public Workers, the Hawaii Government Employees Association, and the Hawaii State Teachers Association. The State Director of Finance and the Employees' Retirement System testified in opposition to the bill. The Public Employees Health Fund submitted comments on the measure but reserved taking an official position until its board of trustees is able to vote on the matter.

Your Committee finds that by shifting the financial burden of paying for the health benefits of retirees from the Public Employees Health Fund to the Employees' Retirement System is logical in that it separates the financial responsibilities for state and county governments between active public employees and retirees. Additionally, the shifting of health benefit costs to the Employees' Retirement System would reduce the operating costs of both state and county governments, a reduction that is greatly needed in these financially austere times.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2964 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 2053 Human Resources on S.B. No. 2408

The purpose of this bill is to require health insurance companies to provide coverage for at least eighty per cent of the cost of medical foods required in the therapeutic treatment of inherited metabolic diseases.

Your Committee received testimony in support of this bill from the Hawaii Medical Service Association, Hawaii Dietetic Association, Hawaii PKU Parent Support Group, and several dietitians and parents of affected children. Testimony in opposition to this bill was received from Kaiser Foundation Health Plan, Inc. Informational testimony was provided by the Department of Health.

Your Committee finds that medical foods are required in the medical treatment of phenylketonuria and related metabolic disorders to prevent irreversible mental retardation and health complications such as strokes, seizures, coma, and death in some cases. Your Committee further finds that the cost of medical foods varies based on the individual's disorder, age, and physical and clinical indices. For example, an infant would need \$2,000 for the first year of life, while a child with maple syrup urine disease would need \$12,000 annually for medical food. Your Committee further finds that these costs are unaffordable to the average family without payment from insurance companies.

Your Committee has been informed that there are currently eighteen individuals in Hawaii with inherited metabolic disorders and that ten states have passed similar legislation as of December 1997.

Your Committee has amended this bill to clarify the language to correctly reference the coverages under the applicable insurance chapters.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2408, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2408, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 2054 Transportation and Intergovernmental Affairs on S.B. No. 676

The purpose of this bill is to require the sum of all airport landing fees, nonexclusive joint use premises charges, exclusive use premises charges, and airports system support charges applicable to inbound, out-of-state air cargo flights which were in effect on June 30, 1997, to be reduced by an unstated percentage each fiscal year from July 1, 1997, to June 30, 2001.

Your Committee received testimony in support of the intent of this measure from the Hawaiian Political Action Council of Hawaii. Testimony in opposition to this measure was received from the Department of Transportation, Airlines Committee of Hawaii, and the Office of Hawaiian Affairs.

Your Committee has amended this measure by replacing its contents with language to appropriate \$6,000,000 out of the airport special fund for fiscal year 1998 to 1999, to refurbish Hilo International Airport; provided that a portion of the refurbished facility may be used for an aviation training center which, upon its establishment, is required to generate revenues to be deposited into the airport special fund.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 676, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 676, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ihara, Kanno).

SCRep. 2055 Transportation and Intergovernmental Affairs on S.B. No. 2002

The purpose of this bill is to preclude persons under the age of twenty-one who are convicted of the act of graffiti and other similar property damage, and who do not have a driver's license, from obtaining one for at least one year or until age twenty-one, whichever is greater. If a person under age of twenty-one already has a license, the license will be suspended for one year or until the age of twenty-one, whichever is greater. In addition, the act of graffiti is amended to include etching and use of sharp objects.

Your Committee received testimony in support of this measure from the State Department of Transportation, Mililani High School, Pearl City High School, and a resident of West Loch Fairways.

Your Committee agrees with the merits of this bill and finds that strengthening the penalties for persons under the age of twenty-one who are convicted of committing property damage will be a deterrent, and sends a strong message to the community that acts of graffiti and similar crimes will not be tolerated.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2002 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fernandes Salling, Kanno).

SCRep. 2056 Transportation and Intergovernmental Affairs on S.B. No. 2020

The purpose of this bill is to require mandatory use of seat belts for passengers under age eighteen in the front and back seats of vehicles, and for those over age eighteen in the front seat of vehicles.

Your Committee received testimony in support of this measure from the Department of Transportation, Department of Health, Commission on Persons with Disabilities, Hawaii Nurses Association, Keiki Injury Prevention Coalition, Hawaii Insurers Council, and State Farm Insurance Companies.

Your Committee finds that passengers in the back seat of a vehicle can be subjected to the same or similar forces in an accident as passengers in the front seat and that, on average, hospital costs for unbelted crash victims are fifty-five per cent higher than for a belted victim.

Your Committee agrees that the effectiveness of safety belts in reducing the number and severity of injuries and fatalities is well established and that this measure will further protect older children not covered under current law.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2020 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ihara, Kanno).

SCRep. 2057 Transportation and Intergovernmental Affairs on S.B. No. 2021

The purpose of this bill is to eliminate the requirement that commercial drivers pass a knowledge test when renewing their licenses.

Your Committee received testimony in support of this measure from the State Department of Transportation, the Department of Finance of the City and County of Honolulu, and Hawaii Transportation Association.

Your Committee finds that commercial driver's licenses were overlooked when the legislature passed legislation in 1997 that eliminated the need for persons with Hawaii driver's licenses to take the knowledge test to renew their licenses. Persons with commercial driver's licenses are considered professional drivers and are required to pass special road and written tests to obtain their licenses. Commercial drivers are also required to comply with the State's Driver Improvement Program which includes road evaluations, safety incentives, and education that is specially tailored to driving commercial vehicles.

A representative from the Hawaii Transportation Association testified that drivers with commercial driver's licenses spend their work time on the roads and are more cognizant of driver safety and driving regulations than most people.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2021 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fernandes Salling, Kanno).

SCRep. 2058 Transportation and Intergovernmental Affairs on S.B. No. 2054

The purpose of this bill is to establish the offense of aggressive driving with penalties to include assessment of points against the driving record of any person convicted for this offense. It requires the court to suspend the persons' driver's license upon accumulation of between five to fifteen points.

Your Committee received testimony in support of this measure from the State Department of Transportation and Mothers Against Drunk Driving. Testimony in opposition to the bill was received from the State Judiciary.

Your Committee finds that aggressive driving appears to be on the increase in our community, and this behavior while driving a motor vehicle can have a serious impact on highway safety.

Upon further consideration, your Committee agrees with the intent of this measure, but also agrees with the testifiers who believe that rather than assessing points, aggressive driving penalties should be consistent with those imposed for driving under the influence of intoxicating liquor and drugs.

Therefore, your Committee has amended this measure by:

- (1) Adding a new definition for "aggressive driving";
- (2) Requiring a person who is convicted of "aggressive driving" to maintain proof of financial responsibility; and
- (3) Replacing the point system with penalties similar to driving under the influence of intoxicating liquor and drugs, to include:
 - (A) For the first offense, a fourteen-hour minimum anger management or traffic safety program approved by the court;
 - (B) Ninety-day suspension of license with absolute prohibition from operating a motor vehicle during the suspension period;
 - (C) Any one or more of the following: seventy-two hours of community service; imprisonment of not less than forty-eight hours and not more than five days; or a fine not less than \$150 and not more than \$1,000; and
 - (D) Similar, but increased, penalties for the second and third offenses.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2054, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2054, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fernandes Salling, Kanno).

SCRep. 2059 Transportation and Intergovernmental Affairs on S.B. No. 2080

The purpose of this bill is to appropriate \$3,800,000 for fiscal year 1998-1999, to upgrade the County of Maui Police Department's telecommunications system, including the mobile data terminals, County of Maui Civil Defense siren system, and the County of Maui Fire Department.

Your Committee received testimony in support of this bill from the State Department of Public Safety and the County of Maui Police Department.

Your Committee finds that the County of Maui Police Department's current telecommunications system is antiquated, experiences mechanical failures, and lacks adequate radio coverage. Prior appropriations from the Legislature and the County of Maui were designated only for the design, construction, and installation of basic infrastructure for the new 800 MHz trunked radio system.

Installation of the new radio system is scheduled for completion by July 31, 1998. The system will serve as the backbone for other public safety agencies throughout the County of Maui.

Your Committee further finds that the County of Maui Fire Department and the County of Maui Civil Defense remain on the old VHF radio system, causing a hardship for the fire department, civil defense and primarily the police department. The police department must maintain two separate radio systems to perform its responsibilities as dispatcher for the police, fire department and ambulance services. In addition, the police department's system is utilized to conduct the monthly siren and safety procedures of the civil defense. The 800 MHz radio system will be able to reach areas where the VHF radio system cannot.

Your Committee is in agreement that the moneys appropriated in this bill are necessary to upgrade the civil defense siren system, provide compatible radio equipment to the fire department, and install mobile data terminals for the police department, to ensure the safety and welfare of the public and law enforcement officers.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2080 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fernandes Salling, Kanno).

SCRep. 2060 Transportation and Intergovernmental Affairs on S.B. No. 2180

The purpose of this bill is to remove the word "in" from the phrase "engages in" and the word "thereof" from the motor carriers law relating to unlawful operation. The bill also removes from the description of an officer, agent, employee, or representative subject to assessment of the civil penalty under the motor carrier law, the phrase "of any shipper or consignee".

Your Committee received testimony in support of this measure from the Department of Transportation, the Public Utilities Commission, the Hawaii Transportation Association, and the Hawaii Operating Engineers Industry Stabilization Fund.

Your Committee finds that several of the words and phrases amended by this bill were either inadvertently left in by Act 120, Session Laws of Hawaii 1997. Upon further consideration, your Committee has amended the bill to delete the amendments to the word "thereof" and the phrase "of any shipper or consignee" and to remove the word "in" from the phrase "engages in" in section 271-27(j).

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2180, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2180, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2061 Transportation and Intergovernmental Affairs on S.B. No. 2185

The purpose of this bill is to increase towing fees and add a towing surcharge of \$35 for difficult hookups. The bill allows counties to establish a different fee structure for towing vehicles from public property.

Your Committee received testimony in support of this measure from the Hawaii State Towing Association and a private owner of a service station and towing company in the County of Maui. The Department of Commerce and Consumer Affairs submitted testimony in opposition to this measure.

Your Committee finds that the increases in the authorized towing fees are significant and may cause a hardship for some consumers. Therefore, your Committee recommends lowering the towing fees to:

- (1) \$50 instead of \$60 for a tow;
- (2) \$60 instead of \$70 for a tow using a dolly;
- (3) A mileage charge of \$5 instead of \$8 per mile towed;
- (4) \$15 instead of \$20 per day or fraction thereof for storage for the first seven days;
- (5) \$15 instead of \$20 for overtime charges between the hours of six o'clock p.m. and six o'clock a.m.;
- (6) \$50 instead of \$60 for the unhooking fee; and
- (7) \$25 instead of \$35 for difficult hookup towing surcharge.

Your Committee also has made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2185, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2185, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2062 Transportation and Intergovernmental Affairs on S.B. No. 2328

The purpose of this bill is to allow the mailing of a summons or citation to the registered owner of a motor vehicle for resisting an order to stop the vehicle by a law enforcement officer if a summons or citation cannot be issued safely to the vehicle operator at the scene of the violation because pursuit could endanger the lives of others.

Your Committee received testimony in support of this bill from the Senator from the 20th District who introduced the bill. The Police Department of the City and County of Honolulu provided comments. There was no testimony in opposition to this bill.

Your Committee agrees with the intent of the bill and finds that the option to mail a summons or citation to the registered owner of a motor vehicle for violations is a fair alternative to ensure the safety of the public and law enforcement officers.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2328 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2063 Transportation and Intergovernmental Affairs on S.B. No. 2332

The purpose of this bill is to exempt the Police Activities League's youth boxing program from the jurisdiction of the Hawaii State Boxing Commission.

Your Committee received testimony in support of this measure from the Police Department of the City and County of Honolulu and six concerned citizens of Hawaii. The Hawaii State Boxing Commission submitted testimony stating no objection to this measure.

Your Committee finds that on January 22, 1998, the Hawaii State Boxing Commission unanimously agreed to officially exempt the Police Activities League program from mandatory membership with the United States Amateur Boxing, Inc., and to permit the Police Activities League to continue the independent operation of its program. Retaining the Police Activities League as an independent organization will allow youth of all economic and social backgrounds to participate in the League's activities.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2332 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ihara, Sakamoto).

SCRep. 2064 Transportation and Intergovernmental Affairs on S.B. No. 2396

The purpose of this bill is to strengthen the school bus safety law by:

- (1) Requiring vehicles to remain stopped not less than twenty feet from school buses that are stopped with its lights flashing;
- (2) Imposing a fine on violators of \$500;
- (3) Encouraging any person observing drivers in violation to report the license plate number and pertinent information to the Department of Transportation; and
- (4) Directing the Department of Transportation to notify the registered owner of the vehicle of the violation and penalty.

Your Committee received testimony in support of this measure from the Department of Accounting and General Services, County Council of the County of Kauai, Parents For School Bus Pedestrian Safety, and three concerned citizens of Hawaii. Your Committee also received testimony in support of the intent of this measure from the Department of Transportation and the Department of Education.

Your Committee finds that accidents continue to occur and safety is jeopardized when school bus drivers are not able to clearly see school bus pedestrians and motor vehicles, particularly when pedestrians cross in front of school buses.

Your Committee has amended the bill to further enhance school bus safety measures by:

- (1) Requiring all vehicles in all adjacent lanes on the same road, regardless of the direction of traffic, to stop not less than twenty feet from a school bus that is stopped and has lights flashing, and specifying that the law applies only to residential areas; and
- (2) Requiring the installation of seat belts in all school buses and appropriating moneys for the installation.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2396, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2396, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2065 Transportation and Intergovernmental Affairs on S.B. No. 2405

The purpose of this bill is to appropriate \$400,000 for the installation of a traffic light at the intersection of Kamehameha Highway and Leilehua Golf Course Road.

Your Committee received testimony in support of this measure from The Ridge at Launani Valley Condominium Association, Hawaii Army National Guard, and three concerned citizens of Hawaii. The Department of Transportation submitted testimony in support of the intent of this measure.

Your Committee finds that the increase in development of homes and businesses at Mililani Tech Park have also increased traffic, particularly during peak morning and evening commuting hours. The intersection of Kamehameha Highway and Leilehua Golf Course Road is a high traffic area and has been the site of several fatalities and near misses.

Your Committee agrees that the installation of a traffic light at the intersection of Kamehameha Highway and Leilehua Golf Course Road will ensure safety for pedestrians and persons in motor vehicles in the area. Based upon the cost estimate provided by the Department of Transportation, your Committee has increased the appropriation from \$400,000 to \$700,000, of which \$70,000 will be used for the design and \$630,000 for the construction of the traffic light. Your Committee also has changed the source of funding to the highway special fund.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2405, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2405, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2066 Transportation and Intergovernmental Affairs on S.B. No. 2483

The purpose of this bill is to require forfeiture of motor vehicles driven at the time a third offense occurs for driving under the influence of intoxicating liquor or an offense of habitually driving under the influence of intoxicating liquor or drugs.

Your Committee received testimony in support of this measure from the Police Department of the City and County of Honolulu, Mothers Against Drunk Driving, Consumer Lawyers of Hawaii, and a concerned citizen of Hawaii. Testimony in support of the intent of this measure was received from the Department of Transportation, the Governor's Highway Safety Council Impaired Driving Task Force, and the Hawaii Transportation Association. The Office of the Public Defender submitted comments.

Your Committee finds that repeat offenders of driving under the influence of intoxicating liquor present a grave threat to the safety of all who drive, bicycle, or walk on Hawaii's roads and highways. According to the Governor's Highway Safety Council Impaired Driving Task Force, national statistics indicate that the fatal crash risk increases with the number of offenses for driving under the influence of intoxicating liquor. One previous arrest increases the risk of a fatal crash by four.

Therefore, your Committee has amended this measure to send a loud and clear message that drinking and driving in Hawaii is a serious offense and will not be tolerated. Specifically, the bill has been amended to:

- (1) Require suspension of vehicle registration and license plates for one year;
- (2) Prohibit the violator from registering any vehicle during the period of suspension, but allow other registered owners or members of the violator's household to apply for a temporary permit to use the surrendered vehicle during the suspension period;
- (3) Require impoundment of vehicle registration and license plates; and
- (4) Remove duplicative language relating to forfeiture of motor vehicles.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2483, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2483, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2067 Transportation and Intergovernmental Affairs on S.B. No. 2492

The purpose of this bill is to suspend for one year or longer the driver's license of a minor who violates the laws relating to the purchase and use of alcohol.

Your Committee heard testimony in support of this bill from the Department of Transportation, the Honolulu Police Department, Mothers Against Drunk Driving, and three members of Youth in Action. Testimony was heard in opposition to the bill from the Office of the Public Defender, State of Hawaii.

After considering all pertinent issues and testimony presented, your Committee finds that stringent deterrents against violating laws relating to the purchase and use of alcohol are needed.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2492 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2068 Transportation and Intergovernmental Affairs on S.B. No. 2493

The purpose of this bill is to require notification of law enforcement officers by health care providers when a driver under age twenty-one involved in a motor vehicle accident has a measurable amount of alcohol in the driver's blood. The bill also allows collection of a blood or urine sample from persons under the age of 21 involved in an accident if there is probable cause to believe that the person has a measurable amount of alcohol in the person's blood.

Your Committee received testimony in support of this measure from the Department of Transportation, the Maui County Police Department, the Honolulu Police Department, the Consumer Lawyers of Hawaii, and Mothers Against Drunk Driving.

Your Committee finds that through Act 101, Session Laws of Hawaii 1997, health care providers were required to notify police when an injured motor vehicle operator was found to have a blood alcohol content that met or exceeded the legal limit.

Your Committee also finds that through Act 102, Session Laws of Hawaii 1997, persons under the age of 21 could be arrested for operating a motor vehicle with a measurable amount of alcohol concentration.

Your Committee further finds that many fatal crashes involve persons under the age of 21 who were impaired by drugs or alcohol. These persons are transported to hospitals to receive medical care and escape detection by law enforcement officers. Your Committee believes this measure will enable law enforcement officers to hold all persons accountable for their actions while driving under the influence.

Your Committee amended this bill by adding a conforming reference to section 291-4.3, Hawaii Revised Statutes, in the amendment to section 286-163(c) and making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2493, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2493, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2069 (Joint) Transportation and Intergovernmental Affairs and Commerce, Consumer Protection, and Information Technology on S.B. No. 2512

The purpose of this bill is to appropriate funds to upgrade the Honolulu Police Department's telecommunications system.

Your Committees received testimony in support of the bill from the Department of Public Safety, the Honolulu Police Department, and the State of Hawaii Organization of Police Officers.

Your Committees find that the upgrade of the Honolulu Police Department's telecommunications system is necessary to ensure that adequate communication channels are available for law enforcement and public safety activities.

Your Committees have amended the measure by inserting \$1 as the amount appropriated for the requested telecommunications project and by making numerous technical, nonsubstantive amendments for the purpose of style.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2512, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2512, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 10. Noes, none. Excused, 3 (Fernandes Salling, Levin, Solomon).

SCRep. 2070 Transportation and Intergovernmental Affairs on S.B. No. 2556

The purpose of this bill is to allow county police officers to inspect vehicles, vehicle components, title, or registration of vehicles on highways and specified facilities and inspect other equipment to establish rightful ownership.

The captain of the criminal investigation division of the city and county of Honolulu submitted written testimony supporting this bill. The captain testified that this measure is needed to facilitate the enforcement of the State's vehicle theft laws.

After considering all pertinent issues and testimony presented, your Committee finds that enforcement of the State's vehicle theft laws would be enhanced by the passage of this measure. Your Committee amended this bill by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2556, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2556, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2071 (Majority) Transportation and Intergovernmental Affairs on S.B. No. 2647

The purpose of this bill is to exempt the sales and gross proceeds of sales to the counties from payment of general excise tax.

Your Committee received testimony in support of this measure from the Department of Budget of the City and County of Honolulu and a member of the Maui County Council. Testimony in opposition to this measure was received from the Department of Taxation. The Tax Foundation of Hawaii submitted comments.

Your Committee finds that exempting the counties from the general excise tax on sales and gross proceeds of sales will result in savings that can be used to fund various projects, including upgrading of the telecommunications system for the police departments, fire departments, and civil defense agencies.

Therefore, your Committee has amended this measure to designate fifty per cent of the savings from the county general excise tax exemptions to be used for public safety.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2647, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2647, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Chumbley). Excused, 3 (Fernandes Salling, Ihara, Kanno).

SCRep. 2072 Transportation and Intergovernmental Affairs on S.B. No. 2657

The purpose of this bill is to allow the counties to make short term investments in agencies of the federal government such as the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association, as well as in repurchase agreements such as AAA rated student loan securities that are either insured or over-collateralized by the U.S. Department of Education.

Your Committee received testimony in support of this measure from the Department of Finance of the City and County of Honolulu and from Salomon-Smith Barney.

Your Committee finds that this measure would give to the counties the same provisions governing short term investments currently allowed for state moneys. The provisions would give the counties the opportunity to earn larger returns than are available through current investments, while providing safety and security of county funds. Given Hawaii's weak economy and declining tax revenues, such revenue enhancing measures are vital to county financial interests.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2657 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2073 Transportation and Intergovernmental Affairs on S.B. No. 2666

The purpose of this bill is to appropriate from the State's general revenues \$430,000 to the Department of Transportation for preparation plans to realign Farrington Highway.

Your Committee received testimony in support of this measure from the Department of Transportation, the City & County of Honolulu, the Waianae Coast Neighborhood Board, the Sierra Club, and two interested citizens.

Your Committee finds that in February 1983, high waves eroded Makaha Beach Park, destroyed the comfort station, and washed out the parking lot and road shoulder along Farrington Highway. Following this incident, the Corps of Engineers completed a reconnaissance study and concluded that Farrington Highway should be realigned inland to protect it from storms and large wave damage.

Your Committee further finds that a recent City & County Makaha Beach master plan locates a comfort station and parking lot on the mauka side of the highway to protect the facilities from storm and wave damage.

Your Committee notes the concerns expressed by the community of the danger of crossing Farrington Highway to travel to and from the parking lot and to use the comfort station.

Your Committee amended this bill by authorizing the expenditure of highway special fund moneys for the purpose of preparing plans to realign Farrington Highway.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2666, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2666, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2074 Transportation and Intergovernmental Affairs on S.B. No. 2692

The purpose of this bill is to clarify that operation of any vehicle is prohibited after a person's driver's license is suspended or revoked for driving under the influence of intoxicating liquor.

Your Committee received testimony in support of this bill from the Department of Transportation, the Department of the Prosecuting Attorney of the City and County of Honolulu, and State Farm Insurance Companies.

Your Committee finds that under current law, the offense of driving after license is suspended or revoked for driving under the influence of intoxicating liquor only prohibits the operation of a motor vehicle. This bill amends the statute to include in the prohibition vehicles other than motor vehicles.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2692 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2075 Transportation and Intergovernmental Affairs on S.B. No. 2702

The purpose of this bill is to delete the time restrictions in the offense of habitual DUI and repeat offender requirements.

Your Committee heard testimony in support of the bill from the Department of the Prosecuting Attorney of the City and County of Honolulu and Consumer Lawyers of Hawaii. Testimony was heard in opposition to the bill from the Office of the Public Defender, State of Hawaii.

After considering all pertinent issues and testimony presented, your Committee finds that there is a need to impose a strict sentence on a person who engages in repeat, continual, or habitual criminal behavior. These sentencing requirements should be imposed without reference to artificial time restrictions.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2702 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2076 Transportation and Intergovernmental Affairs on S.B. No. 2761

The purpose of this bill is to require persons seeking motorcycle liability coverage to have enrolled in and passed an motorcycle education course approved by the State Department of Transportation or any branch of the armed services of the United States that meets the Motorcycle Safety Foundation standards.

Your Committee received testimony in support of this measure from Street Bikers United, Carr's Insurance Agency, Cycle City, and eight concerned citizens of Hawaii, including an instructor of the Motorcycle Safety Foundation program conducted on Kaneohe Marine Corps Base Hawaii. Testimony in opposition of this measure was submitted from the State Department of Transportation and two concerned citizens of Hawaii, including a certified chief instructor for the Hawaii Motorcycle Safety Education Program. The State Department of Commerce and Consumer Affairs submitted testimony taking no position on this measure.

Your Committee has reviewed the merits of this bill and amended the bill to specify that the installation commander of any branch of the armed services of the United States may approve a motorcycle education program.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2761, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2761, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2077 Transportation and Intergovernmental Affairs on S.B. No. 2908

The purpose of this bill is to require indemnification of special facility leases under the jurisdiction of the Department of Transportation by requiring lessees to:

- (1) Insure the special facility under the builder's risk insurance in the amount of the construction of the special facility to be financed by the proceeds of revenue bonds;
- (2) Procure and maintain a comprehensive insurance policy providing protection and insurance for the department and its officers, agents, servants, employees, and trustees for loss or personal injury or death or property damage;
- (3) Provide all risk casualty insurance, and insurance for workers' compensation, employer's liability, aircraft liability; and

- (4) Hold harmless the department, trustee, agents, officers, members and employees against all claims, actions, costs and expenses, and investigation arising from any condition of the special facility, any breach or default by other party, any fault or act of negligence of other party, and any accident, injury, death or loss occurring in or about the special facility.

Your Committee received testimony in support of this measure from the Department of Transportation.

Your Committee concurs with the merits of this bill and has made technical, nonsubstantive amendments for purposes of clarity.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2908, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2908, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ihara, Sakamoto).

SCRep. 2078 Transportation and Intergovernmental Affairs on S.B. No. 2909

The purposes of this bill are to:

- (1) Give the Department of Transportation (DOT), with the governor's approval, the discretion to issue refunding special facility revenue bonds;
- (2) Clarify the minimum requirements of a special facility lease;
- (3) Add to those minimum requirements the need for various insurance coverage and the indemnification of the DOT and its agents.

Your Committee received testimony in support of this measure from the Department of Transportation.

Your Committee finds that allowing the DOT the flexibility to issue refunding special revenue bonds will benefit lessees who will be able to take advantage of market conditions and lower interest rates to reduce their operating costs.

Your Committee further finds that this flexibility will assist the State in attracting new aeronautical industries and enhance the marketability of its bonds.

Your Committee amended this bill by making technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2909, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2909, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2079 Transportation and Intergovernmental Affairs on S.B. No. 2913

The purpose of this bill is to require every moped to be equipped with a motor having a maximum power of two horsepower. The bill also changes the maximum speed limitation from thirty-five miles per hour to thirty miles per hour, but allows mopeds registered prior to the effective date of this bill to operate up to the thirty-five miles per hour speed limit.

Your Committee received testimony in support of this measure from the Department of Transportation.

Your Committee has amended the bill to grandfather modified mopeds registered prior to the effective date of this bill in the application of the thirty-five miles per hour speed limit.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2913, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2913, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2080 Transportation and Intergovernmental Affairs on S.B. No. 2914

The purposes of this bill are to amend the commercial driver's licensing laws by:

- (1) Establishing a procedure for the reactivation of expired commercial driver's (CDLs) which allows reactivation of CDLs within one year of expiration; waives the driving skills test; and sets a fee of \$5;
- (2) Extending the validity of initial and renewal commercial driver's licenses from not more than 4 years to not more than 6 years, except that for licensees who are 72 years of age or older, the license expires on the licensee's second birthday following the issuance; and
- (3) Removing the requirement of passing a knowledge test for applicants applying for renewal of a CDL.

Your Committee received testimony in support of this measure from the Department of Transportation, the City & County of Honolulu, and the Hawaii Transportation Association.

Your Committee finds that the provisions of this bill will conform the commercial driver's licensing requirements with those of non-commercial drivers which were amended and passed into law as Act 330 in 1997.

Your Committee amended this bill by making technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2914, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2914, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2081 Transportation and Intergovernmental Affairs on S.B. No. 2950

The purpose of this bill is to appropriate \$25,000 to the state department of defense for the construction of the Women in Military Service for America Memorial in Washington, D.C.

Your Committee received testimony in support of this measure from the Office of Veterans' Services, Advisory Board on Veterans' Services, and a concerned citizen of Hawaii.

Your Committee finds that Hawaii has a long history of women who proudly served their country in the armed services. Of the 1.2 million women veterans, approximately 6,900 women veterans currently reside in Hawaii and are recognized in the national memorial. Committee members expressed disappointment that the Legislature was not earlier made aware of the memorial and efforts to raise funds for its construction.

Your Committee concurred that it is not too late to show appreciation and support for all women who served in the United States armed services, especially those from Hawaii.

Your Committee notes that despite oral testimony to the contrary, your Committee verified numbers and statistics with the Office of Veterans' Services and found that the numbers and statistics as reported in S.B. No. 2950, as received, are correct. However, your Committee agreed to amend this measure by updating and clarifying information on the Women in Military Service for America Memorial and requiring that the appropriation be expended to equip and furnish the education center and for general maintenance.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2950, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2950, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ihara, Sakamoto).

SCRep. 2082 Transportation and Intergovernmental Affairs on S.B. No. 2957

The purpose of this bill is to prohibit posting signs on utility or light posts, and replaces the penalty of imprisonment with community service.

Your Committee received testimony in support of this measure from the Department of Transportation, GTE Hawaiian Telephone, the Legislative Information Services of Hawaii, and Na Leo Pohai (public policy affiliate of The Outdoor Circle). The Citizens Utilities Company, Kauai Electric Division submitted testimony in support of the intent of the bill.

Your Committee finds that the Public Utilities Commission currently has the authority to issue general orders prohibiting unlawful posting on public utility posts and poles. Your Committee has amended the bill to codify this practice by adding conforming language in statutes.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2957, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2957, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ihara, Sakamoto).

SCRep. 2083 Transportation and Intergovernmental Affairs on S.B. No. 2963

The purpose of this bill is to designate the respective managers and directors of the county boards of water supply as the chief procurement officers for the county departments of water supply.

Your Committee received testimony in support of this measure from the City and County of Honolulu Board of Water Supply, and supportive testimony with recommended amendments from the State Procurement Office and County of Kauai Department of Water.

Your Committee finds that each county board of water supply serves as a semi-autonomous agency, with specified powers and duties, including jurisdiction over its procurement activities.

Your Committee is in support of the recommended changes to clarify this authority and has amended the bill to designate as chief procurement officers the respective managers and chief engineers of the boards of water supply for the counties of Honolulu, Kauai, and Maui, and the manager of the board of water supply for the County of Hawaii, or as designated by charter for all counties.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2963, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2963, S.D. 1, and be referred to the Committee on Government Operations and Housing.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ihara, Kanno).

SCRep. 2084 Transportation and Intergovernmental Affairs on S.B. No. 3060

The purpose of this bill is to create a class C felony offense for a person driving under the influence of intoxicating liquor or drugs while that person's license has been suspended or revoked due to previous offenses of driving under the influence of intoxicating liquor or drugs. The bill also requires that any vehicle used in a felony driving offense be forfeited to the State.

Your Committee received testimony in support of this measure from the Department of the Prosecuting Attorney of the County of Maui, Governor's Highway Safety Council Impaired Driving Task Force, Mothers Against Drunk Driving, the Police Department of the City and County of Honolulu, and Consumer Lawyers of Hawaii. The Department of Transportation submitted testimony in support of the intent of the bill and deferred to the Governor's Highway Safety Council Impaired Driving Task Force. The Office of the Public Defender submitted comments.

Your Committee finds that it is a petty misdemeanor when a person drives under the influence of alcohol or drugs when properly licensed, and it is a misdemeanor when a person drives in a sober condition with a suspended or revoked license for driving under the influence of alcohol or drugs.

Upon further consideration, your Committee agrees that if a person drives while under the influence of alcohol or drugs and with a suspended or revoked license, it is an aggravated offense and should be treated as a class C felony.

Your Committee has rewritten the bill for clarity.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3060, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3060, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2085 Transportation and Intergovernmental Affairs on S.B. No. 3063

The purpose of this bill is to add as penalties the suspension of vehicle registration and license plates, and forfeiture of motor vehicles on persons who are convicted of driving under the influence of drugs more than once.

Your Committee received testimony in support of this measure from the Police Department of the City and County of Honolulu, the Department of Finance of the City and County of Honolulu, the Department of the Prosecuting Attorney of the County of Maui, the Governor's Highway Safety Council Impaired Driving Task Force, Mothers Against Drunk Driving, and Consumer Lawyers of Hawaii. The Department of Transportation submitted testimony in support of the intent of the bill, but deferred to the Governor's Highway Safety Council Impaired Driving Task Force. The Office of the Public Defender submitted comments.

Your Committee finds that 59 drivers in 1997 were arrested for repeat offenses of driving while under the influence of alcohol or drugs. Your Committee recognizes that this offense is on the increase and determining effective methods of deterring people from driving while under the influence of alcohol or drugs is very important to the safety of the public.

Therefore, your Committee has amended this bill to:

- (1) Require the courts to destroy all vehicle registration and license plates that are registered to the defendant at the time of surrender;
- (2) Require the courts to notify the appropriate county motor vehicle office of the suspension by providing the name of the defendant and the license plate numbers that were surrendered;
- (3) Allow other registered owners or members of the defendant's household to petition to the court for temporary permits to use the vehicle during the suspension period, and if the petition is approved, allow the court to issue temporary license plates;
- (4) Allow the court to renew a vehicle registration that expires during the suspension period; require the court to notify the appropriate county motor vehicle office, and the office to renew the vehicle registration without issuing any license plates or emblems; require the court to issue another temporary license plate for the appropriate time period;
- (5) Require the court to provide a clearance form to the defendant to renew a vehicle registration and to obtain new license plates and emblems; and
- (6) Have this Act take effect on January 1, 1999.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3063, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3063, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2086 (Joint) Transportation and Intergovernmental Affairs and Commerce, Consumer Protection, and Information Technology on S.B. No. 3118

The purpose of this bill is to authorize the issuance of general obligation bonds to fund the upgrade of the Hawaii County Police Department's telecommunications system.

Your Committees received testimony in support of the bill from the Hawaii County Police Department and the State of Hawaii Organization of Police Officers.

Your Committees find that the upgrade of the Hawaii County Police Department's telecommunications system is necessary to ensure that adequate communication channels are available for law enforcement and public safety activities.

Your Committees have amended the measure by inserting \$1 as the amount appropriated for each item listed in the requested telecommunication project.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3118, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3118, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 10. Noes, none. Excused, 3 (Fernandes Salling, Levin, Solomon).

SCRep. 2087 (Majority) Transportation and Intergovernmental Affairs on S.B. No. 3179

The purpose of this bill is to require a police officer to request in writing for a test to diagnose a disease whenever a police officer suspects having contracted an infectious disease while in the performance of duty at no cost to the officer.

Your Committee received testimony in support of this measure from the Police Department of the City and County of Honolulu and the State of Hawaii Organization of Police Officers.

Your Committee has agreed to a request by the State of Hawaii Organization of Police Officers to amend this measure by permitting a police officer to request a test only when a potentially life threatening or debilitating disease is suspected and allowing the testing of the potential carrier as well as the officer.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3179, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3179, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Chumbley). Excused, 3 (Fernandes Salling, Ihara, Kanno).

SCRep. 2088 (Majority) Transportation and Intergovernmental Affairs on S.B. No. 3180

The purpose of this bill is to establish an intermediate driver's license classification for persons at least fifteen and one-half years of age.

The bill also requires that a driver who possesses a learner's permit be accompanied by a licensed driver who is at least twenty-one years of age when operating a motor vehicle.

Your Committee received testimony in support of the bill from the Governor's Highway Safety Council, the City and County of Honolulu Department of Finance, the Keiki Injury Prevention Coalition, Mothers Against Drunk Driving, the National Association of Independent Insurers, the County of Maui Police Department, the Honolulu Police Department, and State Farm Insurance Companies. The Department of Transportation supported the intent of the bill but asked that amendments be inserted to improve the transition between grades of licensure. The City and County of Honolulu Department of Finance also submitted suggested amendments to clarify the bill's intent.

Your Committee finds that the bill establishes a comprehensive graduated framework for persons over fifteen years of age to obtain increased driving privileges over time.

The bill allows persons:

- (1) Who are at least fifteen years of age to obtain a learner's permit and drive with a twenty-one year old licensed driver in the vehicle; and
- (2) Who are at least fifteen and one-half years old to obtain an intermediate driver's license which allows the licensee to drive without supervision between the hours of 5:00 a.m. and 11:00 p.m.

Based on the testimony of the Department of Transportation and City and County of Honolulu Department of Finance, your Committee has amended the bill by:

- (1) Clarifying that in order to obtain an intermediate license, an applicant must first pass a road test;
- (2) Conforming the language regarding learner's permits in the proposed new section to that of section 286-110, Hawaii Revised Statutes;
- (3) Deleting references to instruction permits throughout;
- (4) Clarifying that persons age eighteen or older who wish to obtain a license and who have no previous driving experience must obtain a learner's permit;
- (5) Standardizing the validity of learner's permits at 270 days;
- (6) Requiring that the twenty-one year old, licensed driver required to be present in a car operated by an intermediate license holder between the hours of 11:00 p.m. and 5:00 a.m. be in a seat next to the driver; and
- (7) Making technical, nonsubstantive amendments for the purpose of style.

Your Committee believes that this graduated licensing system will enhance highway safety. Graduated licensing provides an opportunity for young people to gain skills through practice and repetition. It is a well-defined, positive reward program in which new drivers earn the privilege of driving while gaining the experience necessary to become responsible drivers.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3180, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3180, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Chumbley). Excused, 3 (Fernandes Salling, Ihara, Kanno).

SCRep. 2089 Transportation and Intergovernmental Affairs on S.B. No. 3204

The purpose of this bill is permit consensual installation of tracking devices in vehicles and to allow the police to install them in bait vehicles.

Your Committee received testimony in support of this measure from the Police Department of the City and County of Honolulu and comments from M&G Associates and one private citizen.

Your Committee finds that approximately 6,000 vehicles were reported stolen last year in the City and County of Honolulu, an estimated property loss of \$25,000,000. Often these vehicles are recovered damaged, stripped, or burned with no clues as to the suspects. Allowing the public the right to install geopositional satellite tracking devices, and the police the authority to install tracking devices in bait vehicles, will provide both a deterrent to theft and increased apprehension of suspects.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3204 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2090 Education on S.B. No. 536

The purpose of this short form bill is to make amendments to the Hawaii Revised Statutes related to education.

Your Committee finds that Act 328, Session Laws of Hawaii 1997, delegated budgetary responsibility to the University of Hawaii for workers' compensation costs of its employees and for unemployment insurance compensation costs of its former employees. This Act appropriated specific sums in general funds for these costs and claims, but did not authorize the establishment of revolving and special funds for these purposes, and did not authorize revolving and special fund expenditure ceiling adjustments for these purposes. Your Committee further finds that the lack of such authorization has created a funding emergency for the university in meeting these obligations.

Your Committee has amended this measure to add two new sections to chapter 304, Hawaii Revised Statutes, to establish:

- (1) University of Hawaii workers' compensation and unemployment insurance compensation special fund; and
- (2) University of Hawaii workers' compensation and unemployment insurance compensation revolving fund.

In addition, your Committee has authorized the transfer of funds appropriated under Act 328, and placed in UOH 900, systemwide support, in the amount of \$300,000 each to the special and revolving funds; and authorized subsequent appropriations from the special and revolving funds by the university.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the action to report out S.B. No. 536, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 536, S.D. 1, and be recommitted to the Committee on Education for further consideration.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Ige, M., Slom).

SCRep. 2091 Education on S.B. No. 2237

The purpose of this bill is to appropriate \$50,000 to the Hawaii Youth and Fitness Program at the University of Hawaii College of Education.

Your Committee received testimony in support of this measure from the University of Hawaii and six individuals.

Your Committee finds that this program is modeled on a nationally recognized institute at Michigan State University, and was established in Hawaii in 1989. Since that time, an estimated 8,000 coaches have attended workshops on a variety of subjects related to youth sports, and have influenced countless thousands of student athletes and their families.

Your Committee believes this program provides a valuable service in promoting youth sports and fitness and in enhancing Hawaii's designation as the health state. Your Committee has amended the contents of the bill to correct the program's name.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2237, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2237, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Iwase, Solomon).

SCRep. 2092 Education on S.B. No. 2278

The purpose of this short form bill is to make amendments to the Hawaii Revised Statutes related to education.

Your Committee finds that Hawaii post-secondary education institutions must establish a state refund policy to comply with Title IV federal aid for students. This policy is a requirement for post-secondary institutions if they are to be exempt from applying the federally mandated formula to federal financial aid recipients who totally withdraw.

Your Committee has amended this bill to add a new section to chapter 304, Hawaii Revised Statutes, to require the president of the university to establish a Title IV federal aid refund policy for credit and non-credit tuition and course fees and other institutional charges, and to require that the refund policy be published in the schedule of classes.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the action to report out S.B. No. 2278, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2278, S.D. 1, and be recommitted to the Committee on Education for further consideration.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Ige, D., Slom).

SCRep. 2093 Education on S.B. No. 2915

The purpose of this bill is to allow State boards and commissions to close meetings in order to consider matters relating to solicitation and acceptance of private donations.

Testimony in support of this bill was received by from the University of Hawaii stating that passage of this bill would allow the University to solicit and accept private donations that would support the University capital fund drive.

Your Committee finds that discussions concerning the solicitation of funds, as well as the acceptance of donations which may contain conditions, can be highly sensitive and may intrude upon the privacy of donors and potential donors, thus jeopardizing potential donations.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2915 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Ige, M.).

SCRep. 2094 Education on S.B. No. 2936

The purpose of this bill is to appropriate funds to establish a natural heritage data and training center at the University of Hawaii Center for Conservation Research and Training (CCRT).

Your Committee received testimony in support of this measure from the University of Hawaii and The Nature Conservancy of Hawai'i (TNCH).

Your Committee finds that the Hawai'i Natural Heritage Program data base is currently maintained and managed by TNCH, and is Hawai'i's largest computerized inventory of endangered, threatened, and rare plants, animals, and ecosystems. The data base includes detailed information on more than 700 native species and natural communities in nearly 10,000 locations across the State, and is translatable into geographic information system format. The Nature Conservancy would like to donate this data base to the university's CCRT where it would be an important asset as a research and training resource for students in conservation and environmental biology.

Your Committee further finds that the heritage program could be somewhat self supporting from contracts to inventory species, through data management, and from federal grants.

Your Committee is supportive of the establishment and development of this resource at the university, and has amended this bill to appropriate \$450,000 for fiscal year 1998-1999 to fund the program.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2936, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2936, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Iwase, Solomon).

SCRep. 2095 Education on S.B. No. 2968

The purpose of this bill is to appropriate funds to the University of Hawaii for the development of multi-disciplinary degree, certificate, or special programs at the university in joint partnership with the East-West Center that focus on the economic growth and integration of the Asia Pacific theme.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, the University of Hawaii, the East-West Center (EWC), the East-West Center Association, and one individual.

Your Committee finds that as part of its mission, the EWC has supported Asian, Pacific Island, and American students at the University of Hawaii through scholarships and research grants. Currently, many of these programs are threatened by cuts in federal appropriations. Your Committee understands, however, that the EWC and the university believe there are equally beneficial offerings that may be cooperatively developed, particularly in other than degree programs.

Your Committee supports the work of the EWC and its close working relationship with the university, which has benefited the more than 44,000 participants in EWC programs. As a result of the above discussion, your Committee has amended this measure by deleting the references to degree programs and inserting a broader reference to education and training programs to be developed jointly.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2968, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2968, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Iwase, Solomon).

SCRep. 2096 Education on S.B. No. 2976

The purpose of this bill is to amend chapter 37 by adding a new section to recognize the University of Hawaii at Hilo Small Business Development Center as a separate line item in the budget act.

Your Committee received testimony in support of this measure from the Hawai'i Small Business Development Center Network (SBDC) and comments from the University of Hawaii at Hilo. The Department of Budget and Finance submitted testimony in opposition.

Your Committee finds that the SBDC is a partnership program between the University and the United States Small Business Administration (SBA) in which federal dollars are matched by state dollars. The SBDC promotes economic development throughout the State through its five centers on the islands of Hawai'i, Kaula'i, Maui, and O'ahu, with two centers, and two specialty centers -- the Business Research Library located on Maui and the Rural Development Center in Hilo.

The SBDC has requested this legislation because the SBA, which requires a fifty per cent cash match from the State, has increased the federal budget in the current fiscal year to \$500,000, and Congress has authorized substantial increases for the next several years in the program. A separate line item is requested because these sums place a significant strain on the University of Hawaii at Hilo budget.

Your Committee recognizes the importance of the SBDC to the State's economy, above and beyond the federal funds received by the SBDC. Accordingly, your Committee has amended this measure to appropriate \$390,000 for fiscal year 1998-1999 and \$440,000 for fiscal year 1999-2000, for the SBDC and its Business Research Library; provided that these appropriations are outside the budget submitted by the Board of Regents for the University of Hawaii at Hilo.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2976, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2976, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Tam).

SCRep. 2097 Education on S.B. No. 3078

The purpose of this bill is to appropriate funds to expand the current basic teacher certification program at the University of Hawaii at Hilo education department.

Your Committee received testimony in support of this measure from the Department of Education, University of Hawaii, and one individual.

Your Committee finds that the University of Hawaii at Hilo produces fifty to sixty new teachers per year with basic certification as well as providing instruction in its other teacher education programs. Currently, there are specific needs for teachers in areas such as mathematics, science, special education, and in Hawaiian language immersion settings. The geographic areas with the most critical shortages and that experience the most difficulty in attracting or retaining teachers are the rural areas. Because the University of Hawaii at Hilo attracts students from these areas, it is strategically positioned to expand in these critical needs areas.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3078 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Tam).

SCRep. 2098 Education on S.B. No. 3079

The purpose of this bill is appropriate funds to expand the justice programs of the University of Hawaii Hilo and Hawaii Community College.

Testimony was received in support of the bill from the University of Hawaii at Hilo.

Your Committee finds that there is a need to expand the justice programs.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3079 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Tam).

SCRep. 2099 Education on S.B. No. 3169

The purpose of this bill is to appropriate funds to establish a summer program to recruit minority groups under represented in astronomy and related science fields to pursue careers in these areas.

Your Committee received testimony in support of this measure from the University of Hawaii. The Department of Education submitted comments.

Your Committee finds that in the last two decades astronomy has become an important part of Hawaii's economic and scientific development. The observatories on Mauna Kea contribute tens of millions of dollars a year to the local economy and the University of Hawaii's graduate and research programs attract quality faculty and students, and millions of dollars in research funds.

Your Committee further finds that despite the importance of this industry, few local students have been attracted to the field of study. Establishment of the new university undergraduate degree program in astronomy at the University of Hawaii at Hilo is one response to this situation, but many local students are still unaware of the opportunities available to them, or are not prepared to undertake such a program of study without assistance. The components of the program proposed by this legislation have been carefully selected to prepare Hawaii students to compete for the best jobs associated with astronomy.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3169 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Tam).

SCRep. 2100 Education on S.B. No. 3221

The purpose of this bill is to appropriate \$10,000 for the Haleiwa Arts Festival.

Your Committee received testimony in support of this measure from the Hale'iwa Arts Festival. The State Foundation on Culture and the Arts (SFCA) submitted comments.

Your Committee finds that the Hale'iwa Arts Festival seeks state funds primarily to promote art education by funding the appearance of established artists as adjunct faculty in seven schools in the north shore area (\$7,000), for print advertising of the festival (\$1,500), for community grants for artistic and visual improvements (\$1,000), and for art workshops and exhibit space (\$500).

While your Committee is supportive of the efforts of this organization, members also find merit in the suggestion by the SFCA that private funds should be solicited. Your Committee has amended the appropriation amount to \$1 in order to facilitate further discussion of the measure.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3221, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3221, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Iwase, Solomon).

SCRep. 2101 Education on S.B. No. 3255

The purpose of this bill is to establish an Okinawan Centennial Celebration Commission and a trust fund for the receipt of all moneys received by the Commission.

Your Committee received testimony in support of this measure from the State Foundation on Culture and the Arts and the Hawaii United Okinawan Association.

Your Committee finds that the Okinawan people have made and continue to make significant contributions to the rich cultural diversity of Hawaii and that it is important to recognize the centennial anniversary in order to celebrate these contributions. Through such celebrations come broader public awareness and information about Hawaii's ethnic groups and the perpetuation of traditions and cultural practices.

Your Committee supports the establishment of this Commission and has amended the bill by appropriating \$100 to encourage further discussion of the measure, and making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3255, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3255, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Iwase, Solomon).

SCRep. 2102 Transportation and Intergovernmental Affairs on S.B. No. 2099

The purpose of this bill is to conform child passenger safety laws to reflect the standards of the National Traffic Safety Administration by requiring children under four years of age to be properly restrained in a child passenger restraint system approved by the United States Department of Transportation. The bill also requires children between the ages of four and thirteen to be a passenger in the back seat of a motor vehicle on any public highway unless restrained by a seat belt.

Your Committee received testimony in support of this measure from the Department of Transportation, Department of Health, Commission on Persons with Disabilities, Police Department of the City and County of Honolulu, Keiki Injury Prevention Coalition, Hawaii Nurses' Association, and State Farm Insurance Companies.

Your Committee has amended the bill to accurately reflect the standards established by the National Traffic Safety Administration, by requiring children from age four through twelve, rather than between the ages of four to thirteen, to be passengers in the back seat of a motor vehicle being driven upon any public highway unless restrained by a seat belt.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2099, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2099, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ihara, Kanno).

SCRep. 2103 Transportation and Intergovernmental Affairs on S.B. No. 2132

The purpose of this bill is to allow educational or charitable nonprofit organizations registered under section 501(c)(3) of the Internal Revenue Code to sell liquor for off premises consumption with a one-day special license.

Your Committee received testimony in support of the bill from the City and County of Honolulu's Department of Finance, the County of Maui's Department of Liquor Control, the County of Hawaii's Department of Liquor Control, the County of Kauai's Department of Liquor Control, the Aloha Society of Association Executives, and the Hawaii Restaurant Association.

The Retail Liquor Dealers Association opposed the bill.

Your Committee finds that many individuals or organizations donate champagne or wine bottles from their private wine stock to educational or charitable not for profit organizations for silent auctions during fundraising events for these same not for profit organizations. Many of these not for profit organizations do not wish to have liquor consumed during their fundraising events, but wish to conduct a silent auction on the donated champagne or bottles of wine. However, silent auctions are not permitted under the class 10, special license, which specifies that: "under this license, the liquors therein specified shall be consumed on the premises" and does not permit or allow for retail sale of off premises consumption as requested by the not for profit organizations. This bill will enable not for profits to engage in silent auction activities that auction off alcoholic beverages.

Your Committee has amended the bill by expanding its applicability to all organizations registered under Internal Revenue Code section 501(c), rather than just 501(c)(3) registered organizations.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2132, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2132, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ihara, Kanno).

SCRep. 2104 Transportation and Intergovernmental Affairs on S.B. No. 2136

The purpose of this bill is to allow the establishment of a liquor control adjudication board by county charter to hear and determine complaints and violations of liquor laws and to impose penalties.

Your Committee received testimony in support of this measure from the Departments of Liquor Control of the counties of Hawaii, Kauai, and Maui and from Anheuser Busch Companies. The City and County of Honolulu Liquor Commission submitted proposed amendments.

Your Committee finds that the counties of Hawaii and Maui have established liquor control adjudication boards and support this legislation, which provides for an appeals body separate from the county liquor commission originating the action.

Your Committee supports the request by the City and County of Honolulu Liquor Commission that the bill be amended to make it clear that establishment of the adjudication boards is optional. Accordingly, your Committee has amended section 281-11(a), Hawaii Revised Statutes, to state that the counties may, rather than shall, create such boards, and make technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2136, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2136, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ihara, Kanno).

SCRep. 2105 Transportation and Intergovernmental Affairs on S.B. No. 2320

The purpose of this bill is to allow the courts to direct a licensing authority to deny or suspend a license for a default of payment of a fine or restitution, or to deny the application for renewal, reinstatement, or restoration of a license, to be administered by the Judiciary.

Your Committee received testimony in support of this measure from the Department of Finance of the City and County of Honolulu, and the Judiciary. A concerned citizen submitted testimony in opposition. The Department of Commerce and Consumer Affairs submitted testimony stating serious reservations with this measure. The Office of the Public Defender submitted comments.

Your Committee finds that the suspension or denial of licenses for delinquent fines or restitution will provide an effective alternative enforcement mechanism, and will raise the credibility of the courts' enforcement measures.

Your Committee further finds that this measure would be more appropriately placed in Section 706-644, Hawaii Revised Statutes (HRS), relating to "Consequences of nonpayment; imprisonment for contumacious nonpayment; and summary collection", rather than creating a new section in Chapter 651, HRS, relating to civil remedies and defenses for the suspension or denial of licenses for delinquent fines or restitution.

Therefore, your Committee has deleted the new section and instead added similar language to Section 706-644, HRS. The amended language also provides that the requirement to provide proof of financial responsibility for the offenses designated in Section 287-20, HRS, will not be based on any suspension related to this Act. The effective date has been changed to July 1, 1998.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2320, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2320, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2106 Transportation and Intergovernmental Affairs on S.B. No. 2358

The purpose of this bill is to amend the law relating to the utilization of child passenger restraints while operating a motor vehicle.

Specifically, the bill requires first time violators of the child passenger restraint law to attend a child passenger safety class. The bill also lowers the fine for a second offense from \$300 to \$200, but also removes the limitation that a violator can only be cited once per year for violation of this law.

Your Committee received testimony in support of the bill from the Department of Transportation, the Department of Health, the Keiki Injury Prevention Coalition, the Hawaii Nurses' Association, and the Honolulu Police Department.

Your Committee believes that the mandated class will more effectively communicate the message of the absolute necessity of child passenger restraints in motor vehicles, rather than simply fining a violator.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2358 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ihara, Kanno).

SCRep. 2107 Transportation and Intergovernmental Affairs on S.B. No. 2391

The purpose of this bill is to authorize the issuance of general obligation bonds for capital improvement projects for the County of Kauai.

Your Committee received testimony in support of this measure from the County of Kauai Police Department, Office of the County Clerk, Office of Prosecuting Attorney, and Civil Defense.

Your Committee finds that funds requested by this bill to upgrade the Police Department, Civil Defense emergency operating center, Prosecutor's Office, Kokee Road, and other facilities are necessary to ensure adequate law enforcement and public safety activities.

Your Committee has amended this measure by inserting \$1 as the amount appropriated for each item listed in the requested projects for capital improvements.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2391, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2391, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ihara, Kanno).

SCRep. 2108 Transportation and Intergovernmental Affairs on S.B. No. 2392

The purpose of this bill is to authorize the issuance of the general obligation bonds to fund various projects for the County of Kauai.

Your Committee received testimony in support of this measure from the Office of the County Clerk of the County of Kauai.

Your Committee finds that the after effects of the devastation of Hurricane Iniki to the County of Kauai has left the island's economy extremely depressed with many businesses struggling to survive. With the closing of numerous businesses unemployment has increased up to 10.1 per cent, as of December 1997, according to Kauai's Office of the County Clerk.

Your Committee further finds that efforts to improve the quality of facilities throughout the island are critical to emergency situations, public safety and services, and public health.

Your Committee has amended this measure by inserting \$1 as the amount appropriated for each item listed in the requested projects for the County of Kauai.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2392, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2392, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ihara, Kanno).

SCRep. 2109 Transportation and Intergovernmental Affairs on S.B. No. 2494

The purpose of this bill is to allow a blood test administered at a hospital after a motor vehicle accident into evidence for administrative revocation of a driver's license for drunk driving proceedings.

Your Committee received testimony in support of the bill from the Department of Transportation, the Honolulu Police Department, the Consumer Lawyers of Hawaii, and Mothers Against Drunk Driving.

Your Committee believes that the measure will augment Act 101, Session Laws of Hawaii 1997 (Act 101), which allowed emergency medical service providers to release blood/alcohol content to law enforcement officers when the patient was involved in a motor vehicle accident. However, Act 101 did not provide for the admissibility of such evidence into administrative revocation proceedings. As a consequence of this oversight, evidence obtained in this manner can only be used after criminal prosecution has been initiated. This process often takes months, even years to complete, thus allowing a potentially dangerous driver to remain on the streets until the case is finally adjudicated.

By closing this loophole and allowing the blood/alcohol content evidence to be admitted as evidence in administrative revocation proceedings, your Committee believes that the police will be able to get drunk drivers off the street quicker.

Your Committee has amended the bill by making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2494, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2494, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2110 Transportation and Intergovernmental Affairs on S.B. No. 2652

The purpose of this bill is to allow the counties to establish tax assessment districts for safety or security.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development and Tourism, City and County of Honolulu Office of Waikiki Development, and Waikiki Improvement Association.

Your Committee finds that counties are currently authorized to establish assessment districts for improvement or maintenance of districts. This measure would extend that authority to address the problem of crime, particularly in tourism areas such as Waikiki. Your Committee notes that Portland, Oregon, has successfully implemented a similar provision, and believes such public-private solutions can benefit all concerned.

Your Committee has amended the bill to properly set forth the whole of section 46-1.5, Hawaii Revised Statutes (HRS). The effective date of the bill has been changed to July 1, 1998, to properly coordinate the amendments in this bill with earlier amendments to section 46-1.5, HRS.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2652, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2652, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ihara, Kanno).

SCRep. 2111 Transportation and Intergovernmental Affairs on S.B. No. 2658

The purpose of this bill is to require the presentation of county checks for payment before the close of the fiscal year after being issued, and requires deposit of lapsed checks and warrants into a trust fund rather than the county general fund with a cap of \$500,000, provided that the excess shall be deposited into the county general fund.

Your Committee received testimony in support of this measure from the Department of Finance of the City and County of Honolulu.

Your Committee, upon the request of the City and County of Honolulu, has amended this measure to delete all references to "checks" and add "warrants" where appropriate. Technical, nonsubstantive amendments were also made.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2658, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2658, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2112 Transportation and Intergovernmental Affairs on S.B. No. 2912

The purpose of this bill is to require seat belts be worn in the front and back seats of a motor vehicle.

Your Committee received testimony in support of this measure from the Department of Transportation, Department of Health, Police Department of the City and County of Honolulu, Keiki Injury Prevention Coalition, Hawaii Nurses' Association, Hawaii Insurers Council, and State Farm Insurance Companies.

Your Committee finds that statistics of motor vehicle fatalities relating to passengers not wearing seat belts are staggering. The Department of Health reports that between 1992 and 1996, fifty-four people died as back seat passengers in motor vehicle accidents. Of these accidents, eighty-five per cent were not wearing seat belts. Further, the Department of Transportation foresees that stronger seat belt laws will reduce the number of incapacitating injuries by about twenty-eight per year, and the number of non-incapacitating injuries by about 232 per year.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2912 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ihara, Kanno).

SCRep. 2113 Human Resources on S.B. No. 1478

The purpose of this bill is to clarify the terms of the elected members of the Board of Trustees of the Employees' Retirement System (ERS) and establish guidelines as to when an elected trustee will no longer be able to serve.

Your Committee received testimony in support of this bill from the ERS. Testimony in opposition was received from the Hawaii State Teachers Association and the Hawaii Government Employees Association.

This bill:

- (1) Adds one more member to represent the general public, bringing the total board membership to nine;
- (2) Clarifies the expiration of the terms; and

- (3) Terminates a term of an elected member upon the change in status of the government employees.

The intent of this bill is to ensure that the best interests of the entire membership of the ERS is adequately represented at all times. Your Committee finds that the current membership composition of eight is sufficiently representative and adequate to carry on the ERS's duties.

Your Committee has amended this bill by reducing the number of appointed public members from four to three and by changing the effective date to July 1, 1998.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1478, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1478, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 2114 Human Resources on S.B. No. 1480

The purpose of this bill is to merge the minimum pension fund with the pension accumulation fund and to enact housekeeping measures for the pension bonus fund.

Your Committee received testimony in support of this bill from the Employees' Retirement System (ERS).

Your Committee finds that the merger of the minimum pension fund with the pension accumulation fund will reduce paperwork and improve efficiency for the ERS, without diminishment of assets of the ERS. Disbursements from the minimum pension fund are currently less than \$25,000 per year and are diminishing as a result of retiree attrition. Your Committee further finds that the pension bonus fund was created to pay bonuses to retirees as required by law. Since bonuses are currently paid from the pension accumulation fund as required by Act 276, Session Laws of Hawaii 1994, the pension bonus fund is no longer necessary.

Your Committee has amended this bill by changing the effective date to July 1, 1998, and by making a technical, nonsubstantive amendment to conform to proper drafting style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1480, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1480, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 2115 Human Resources on S.B. No. 2689

The purpose of this bill is to provide certain appointed county employees with the same retirement benefits as their state counterparts.

Your Committee received testimony in support of the bill from the Conference of Personnel Directors and the County of Kauai's Department of Personnel Services. The Hawaii State Teachers Association testified that it would support a bill that allowed all public employees to choose which class of membership they would like to subscribe to under the Employees' Retirement System's retirement programs. The Employees' Retirement System (ERS) submitted general financial comments on the measure.

Your Committee finds that the measure would allow county department heads and their deputies, agency heads appointed by the mayors of each county, the first deputies appointed by a county attorney and prosecuting attorney, and the county clerk and deputy county clerk of each county council to be classified as a class A contributory member of the ERS. Generally speaking, these positions are automatically classified as class C members of the ERS.

Class A membership provides its members with the ability to:

- (1) Vest with five years of credited service; provided that the member has attained age 55;
- (2) Obtain a 2 per cent per year pension accrual rate for each year of credited service; and
- (3) Retire with no penalty at age 55.

Class C membership provides its members with the ability to:

- (1) Retire with ten years of credited service; provided that the member has attained age 62;
- (2) Obtain a 1.25 per cent per year pension accrual rate for each year of credited service; and
- (3) Retire with no penalty at age 62.

Your Committee finds that the benefits provided in the bill are consistent with those of the affected county officials' state counterparts, thereby establishing parity with like employment positions.

Your Committee has amended the bill by adding a provision that allows affected county employees to buy back the years of previously credited service earned by the county employee served in the employment capacity reclassified by this bill.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2689, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2689, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Fukunaga).

SCRep. 2116 Human Resources on S.B. No. 2999

The purpose of this bill is to provide the Board of Trustees of the Employees' Retirement System with greater flexibility in making investments.

Your Committee received testimony in support of this bill from the Employees' Retirement System.

This bill:

- (1) Clarifies investments in global government bonds;
- (2) Deletes the earnings test for domestic corporate bonds and allows managers to invest in below grade investment bonds or non-rated debt instruments;
- (3) Expands preferred and common stock investments to include the global market;
- (4) Allows investment in real estate through title holding corporations;
- (5) Allows investment in private placements (usually venture capital); and
- (6) Deletes unnecessary language pertaining to the Member Home Loan program.

Your Committee finds that the Board of Trustees should have greater flexibility to make investments that are reflective of today's global market economy and that are in newly developed but recognized investment instruments.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2999 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 2117 Human Resources on S.B. No. 3000

The purpose of this bill is to facilitate the administration, calculation, and processing of pension payments to eventually reduce State and county appropriations to the Employees' Retirement System (ERS).

Your Committee received testimony in support of this administration bill from the ERS.

This bill:

- (1) Authorizes a designee of the ERS Board of Trustees to approve service retirements, since the Board meets only once per month;
- (2) Establishes one type of service-connected disability retirement benefit, calculated at fifty per cent of the member's average final compensation;
- (3) Clarifies the amount payable to beneficiaries upon death of a retiree under optional plans; and
- (4) Allows a retirant to return to service before July 1, 1998 and to retire again regardless of the number of years of service in the reemployment period.

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

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3000, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3000, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Fukunaga).

SCRep. 2118 (Joint) Water, Land, and Hawaiian Affairs and Economic Development on S.B. No. 2063

The purpose of this bill is to amend the laws relating to land planning and utilization.

Specifically, the bill redefines the relationship of state and county jurisdictions in the area of land planning and utilization to:

- (1) Promote efficiency and avoid duplication in the current land use system;

- (2) Establish clear lines of responsibility for decision making and oversight;
- (3) Promote the uniform application of state policies regarding the protection of Hawaii's environment and economy, and the provision of shelter and basic necessities of life to all members of the community; and
- (4) Establish a methodology by which state and county governments can resolve competing interests.

Your Committees recognize that one of the primary recommendations of the 1997 Economic Revitalization Task Force (ERTF) was to improve the government land use regulatory process by eliminating duplicative government regulation, streamlining the land use process, and bringing timeliness and certainty in decision making. To achieve this goal, the ERTF recommended the elimination of the Land Use Commission (LUC).

Your Committees note that the 1997 Legislature had already recognized the need to review the land use process when it adopted H.C.R. No. 215, H.D. 1. Among the concerns raised in the resolution were, *inter alia*:

- "(1) Extraordinary amounts of time required to secure development approvals;
- (2) Duplicative state and county review processes;
- (3) Substantial degree of uncertainty as to what can and cannot be done;
- (4) Excessive reliance on litigation to resolve planning and policy questions and settle specific disputes;
- (5) Too many public resources spent on project-by-project regulation and too little spent on effective planning;
- (6) Confusion over the purpose of the State Agricultural District, the rules for allowing residential use, and the criteria for designating agricultural lands;"

Pursuant to H.C.R. No. 215, a joint Senate-House legislative committee on land use planning was appointed to review the land use process. The joint committee conducted hearings in all four counties. The joint committee invited public comments on the ERTF's proposal to eliminate the LUC. During these hearings, the joint committee received numerous testimonies opposing the elimination of the LUC. A committee report signed by all five Senate members of the joint committee was transmitted to the Senate President on January 22, 1998.

Your Committees further note that Article XI, section 3 of the Hawaii State Constitution mandates that "the State shall conserve and protect agricultural lands" and that the "legislature shall provide standards and criteria to accomplish the foregoing." The Constitution further provides that:

"Lands identified by the State as important agricultural lands needed to fulfill the purposes above shall not be reclassified by the State or rezoned by its political subdivisions without meeting the standards and criteria established by the legislature....(emphasis added)

In short, while the LUC could be eliminated, the State Constitution appears to mandate that the State must regulate and reclassify important agricultural lands. Hence, if the LUC, which presently classifies agricultural lands, is eliminated, it may be constitutionally impermissible to transfer regulatory responsibility over important agricultural lands to the counties without a constitutional amendment.

It must be emphasized that your Committees recognize the need, expressed by the ERTF and H.C.R. No. 215, to streamline the land use process and to end duplicative government regulation. At the public hearing on the bill, several speakers raised concerns that:

- (1) The present land use system is duplicative; is not conducive to long-range planning and policy setting by the LUC;
- (2) The LUC too often acts as a zoning agency engaged in parcel-by-parcel regulation rather than as a policymaking authority engaged in long-range planning for our State; and
- (3) The present system detracts from focusing on regulation over important agricultural lands because of an over-inclusion of marginal lands in the agricultural district.

Your Committees believe that the land use process must be reformed, the process must be streamlined, and clear lines of jurisdictional authority must be established. Your Committees also recognize the need for a statewide planning agency to provide long-range planning for our State. Finally, in light of Article XI, section 3, of our Constitution, your Committees believe that absent a constitutional amendment, regulation of important agricultural lands must remain under the jurisdiction of the State and that the State must act to identify and regulate important agricultural lands. The bill accomplishes these objectives by:

- (1) Emphasizing that the focus of the State Land Use Commission is on the broad statewide planning issues it was originally created to oversee, thus limiting its review of site specific developments;
- (2) Renaming the Land Use Commission as the State Planning Commission and clarifying the responsibilities of the renamed commission;
- (3) Establishing that the State shall assume complete control, including zoning, over all lands contained in the state conservation and agricultural districts, and the counties shall have complete control over lands contained in the rural and urban districts;

- (4) Requiring the Office of Planning to develop a land use strategy document that is in compliance with Chapter 226, Hawaii Revised Statutes, relating to the Hawaii State Plan to be used by the State Planning Commission in its decision making on boundary amendments and any state or county agency in its planning activities;
- (5) Requiring the Office of Planning to engage in a comprehensive review and reclassification of lands situated in the agricultural district, the purpose of which is to include only those lands that are agriculturally valuable, and to propose any inclusions or exclusions to be made to the State Planning Commission;
- (6) Providing the State Planning Commission with the authority to designate areas of critical statewide concern in which the State maintains control over the land contained in the designation; and
- (7) Establishing a temporary Important Agricultural Lands Commission to develop principles, criteria, and standards to meet the State's agricultural land use policy for designation as "important agricultural lands".

LAND USE RECLASSIFICATION

Recognizing that the state agricultural land use district includes marginal lands that are unsuited for agricultural purposes or which have been developed for non-agricultural use or are more suitable for non-agricultural use, the bill calls for the reclassification of these lands from the agricultural district to the rural district, thereby focusing state responsibility on the regulation of important agricultural lands. The following process will be used to facilitate the reclassification of lands of lesser agricultural value from the state agricultural district to other districts.

First, the Office of Planning is required to prepare district classification maps showing those lands in the agricultural district which are proposed for reclassification to the urban, rural, or conservation districts. The Office of Planning is to prepare these maps in consultation and cooperation with the county planning agencies, Department of Agriculture, and appropriate agricultural and other interest groups.

The Office of Planning shall then use the land criteria provided in section 205-2(d), Hawaii Revised Statutes, as a basis for determining the lands to be considered for retention in the agricultural district. The long-range land use patterns and areas designated agricultural or rural in adopted county general and development or community plans and the resource value of lands within the agricultural district for aquifer recharge shall also be considered in the determination of lands to be proposed for redistricting and lands proposed for retention in the agricultural district.

To ensure that state agencies and the general public are consulted in this process, the Office of Planning must provide opportunities in each county for public review and comment throughout the process prior to delineating the final proposed boundary amendments.

Upon the completion of these proceedings, the recommendations of the Office of Planning for boundary amendments will be submitted to the State Planning Commission in a report documenting the information used to formulate the recommendations, rationale, proposed district classification maps, and mitigation measures that may be necessary at the time that land use or development applications are submitted to the counties. The State Planning Commission shall then hold at least one public hearing in each county prior to its final adoption of the proposed district boundaries for that county. The State Planning Commission must approve or disapprove the proposed district boundary amendments in whole or in part within forty-five days after the conclusion of the public hearing. The adoption of the new district boundaries shall be adopted in final form on or before December 31, 1999, and will require a two-thirds affirmative vote of the Commission.

IMPORTANT AGRICULTURAL LANDS DESIGNATION

In the course of deliberation, your Committees found that Article XI, Section 3, of the State Constitution mandates the State to conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency, and assure the availability of agriculturally suitable lands. Section 3 also requires the Legislature to provide standards and criteria to accomplish these objectives.

To fulfill this constitutional mandate, the bill establishes a temporary commission authorized to develop principles, criteria, and standards to meet the State's agricultural objectives.

The State of Hawaii Important Agricultural Lands Commission is to serve for a period of two years and is charged with the responsibility to develop a set of criteria, standards, and procedures for the designation of important agricultural lands and to guide land use decision-making involving the designated important agricultural lands. The criteria, standards, and procedures are to be formulated to provide a coherent, long-range state agricultural land use policy, that will enable and promote the expansion of agriculture's role in Hawaii's economic future and the conservation of agricultural lands as an economic, physical, and sociocultural resource for present and future generations of residents and visitors.

The State of Hawaii Important Agricultural Lands Commission is to submit its recommendations for review and adoption in the Regular Session of 1999. Prior to June 30, 2000, the State of Hawaii Important Agricultural Lands Commission shall identify and adopt maps designating the important agricultural lands to the State which are based on the criteria, standards, and process for identifying important agricultural lands adopted by the 1999 Legislature.

Upon review of the bill and testimony provided therefor to your Committees, it became apparent that although the measure provided a solid starting point for discussion on the issue, many concerns remained unanswered.

Substantive concerns that were raised included:

- (1) If the State is to take complete control over the agricultural district, does the State want to establish a new zoning entity;
- (2) Does the establishment of an "areas of critical statewide concern" designation create an additional layer of government bureaucracy;

- (3) Whether county planning agencies are able to take on the additional burden of regulating land use on rural lands;
- (4) Whether golf courses and golf driving ranges are to still be considered as a proper use of agricultural land; and
- (5) Whether the minimum lot size of one-half acre on agricultural land is of sufficient size to operate a viable agricultural business.

Your Committees contemplated and carefully weighed each concern. As a result of this contemplative process, your Committees crafted an amended measure that we believe not only accomplishes the spirit of the ERTF's recommendation to streamline government regulation, but goes beyond it by ensuring that certain culturally-, environmentally-, and agriculturally-valuable lands are preserved and protected.

In this regard, your Committees have amended the bill by:

- (1) Reverting the zoning authority of agricultural lands back to the counties;
- (2) Deleting the provisions relating to establishing areas of critical statewide concern;
- (3) Clarifying that the Office of Planning is to be the lead coordinating state agency that shall represent the State before the counties in land use matters;
- (4) Removing golf courses and golf driving ranges from the acceptable uses of agricultural land and placing these uses in the rural district;
- (5) Increasing the minimum lot size on agricultural land from one-half acre to five acres;
- (6) Including numerous operational amendments suggested by the Office of Planning to ensure the efficient implementation of the directives mandated in the bill; and
- (7) Making numerous technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committees further note that there may be areas of the State which may not neatly fall into the new district definitions contained in this bill. For example, a portion of the North Kohala shoreline area which may be appropriately preserved for open space. It is your Committees' recommendation that the state and county governments work closely to address this area of concern.

Your Committees realize that as the State stands upon the precipice of the new millennium, the time has come to reform a land use system that has successfully served policymakers in achieving their goal of fashioning a modern society out of a primarily agrarian one. It is time to reform our current land use system in favor of a new land use system that is able to more efficiently embrace and implement the needs and values of Hawaii in the next century.

To this end, your Committees believe that the bill, as amended, judiciously balances all aspects of what will be a successful land use formula. A formula that, if properly administered and adhered to, will produce a result that is satisfactory to all parties, however diverse their viewpoint may be, who all share the vision of a beautiful, healthy, and prosperous Hawaii.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Economic Development that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2063, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2063, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 10. Noes, none. Excused, 5 (Bunda, Ige, D., Kawamoto, Levin, Matsunaga).

SCRep. 2119 (Joint) Economic Development and Water, Land, and Hawaiian Affairs on S.B. No. 2068

The purpose of this bill is to appropriate funds to construct an agricultural water transmission line in the Kula area of Maui.

Testimony was presented at the hearing in support of the bill by representatives of the Department of Agriculture, the Maui County Council, the Hawaii Farm Bureau Federation, Maui County Farm Bureau, and the County of Maui Department of Water Supply. Though not present at the hearing, written testimony in support of the bill was received by the Maui Farmers' Cooperative Exchange, and three Maui farming operations.

Testimony was presented in opposition to the bill from representatives of Na Moku Aupuni O Ko'olau Hui and the Ahupua'a Action Alliance. Testimony from both groups expressed the concern that the irrigation system will divert water from streams of East Maui. This diversion will adversely impact the exercise of traditional and customary rights, as well as the ecosystems of the streams of East Maui.

Your Committees find that this project will provide reasonably priced agriculture water and increase the reliability of the water supply to Kula, Maui during drought periods. Your Committees received a letter from the Department of Water Supply, County of Maui, in response to questions from the members of the committees which confirmed that the transmission lines for this irrigation project will not affect the stream flows of East Maui.

After considering all pertinent issues and testimony presented, your Committees amended this bill by making technical, nonsubstantive changes.

As affirmed by the records of votes of the members of your Committees on Economic Development and Water, Land, and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2068, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2068, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 10. Noes, none. Excused, 5 (Bunda, Ige, D., Kawamoto, Matsunaga, McCartney).

SCRep. 2120 (Joint) Economic Development and Transportation and Intergovernmental Affairs on S.B. No. 2760

The purpose of this bill is to transfer the collection of the transient accommodations tax to the counties, and transfer the operation of the convention center to the City and County of Honolulu.

Testimony in support of the intent of this bill was presented at the hearing by the Mayor of the City and County of Honolulu and an individual. Testimony in opposition to the bill was presented at the hearing by representatives of the Department of Business, Economic Development, and Tourism and the Hawaii Hotel Association. Though not present at the hearing, written testimony in opposition to the bill was received from the Director of Taxation and the Tax Foundation.

Your Committees find that this bill attempts to address the needs of the counties regarding the collection of the transient accommodations tax and the management of the convention center. Some members of your Committees expressed serious concerns about the underlying economic assumptions of this bill. However, in the interest of furthering discussion of the issues raised in this bill, your Committees have amended the bill by leaving blank the amount distributed to the State by the counties.

As affirmed by the records of votes of the members of your Committees on Economic Development and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2760, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2760, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 5 (Bunda, Fernandes Salling, Kanno, Levin, Matsunaga).

SCRep. 2121 (Joint) Economic Development and Commerce, Consumer Protection, and Information Technology on S.B. No. 2770

The purpose of this bill is to provide rule making power to the Department of Agriculture to allow licensed service agencies to test measurement standards and measuring devices; reclassify some penalties from civil to petty misdemeanor; and provide for rule making to establish procedures for price verification.

Testimony was presented at the hearing in support of the bill by a representative of the Department of Agriculture. A representative of the Hawaii Food Industry Association testified at the hearing in support of the bill with amendments.

Your Committees find that the Department of Agriculture is charged with assuring that the consumer is paying the correct price for items purchased. After considering all pertinent issues and testimony presented, your Committees amended this bill to clarify that a person must knowingly and intentionally commit an act which is a misdemeanor or petty misdemeanor.

As affirmed by the records of votes of the members of your Committees on Economic Development and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2770, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2770, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 10. Noes, none. Excused, 5 (Chumbley, Kanno, Levin, McCartney, Solomon).

SCRep. 2122 (Joint) Economic Development and Water, Land, and Hawaiian Affairs on S.B. No. 3027

The purpose of this bill is to appropriate emergency funds for the purchase of the Waiahole Irrigation System.

Testimony was presented at the hearing in support of the bill by the Chairperson of the Board of Agriculture. The Department also submitted a proposed amendment which merges this bill with S.B. No. 2995 which establishes the revolving fund that will be key to the operation of the irrigation system.

Testimony was also presented at the hearing in favor of the merger of these bills by representatives of the Department of Land and Natural Resources, the Agribusiness Development Corporation, the Waiahole Irrigation Company, the Hawaii Farm Bureau, the Estate of James Campbell, the Mark A. Robinson Trusts, Del Monte Fresh Produce (Hawaii), Inc., and five individuals. Though not present at the hearing, written testimony in support of the merger was received by the Big Island Farm Bureau, Garst, Land Use Research Foundation of Hawaii, and an individual.

Testimony in support of S.B. No. 3027 was presented at the hearing by a representative of Hawaii Agriculture Research Center, and, though not present at the hearing, written testimony was received by an individual in support of the bill. Testimony in support of S.B. No. 2995 was presented by a representative of the City and County of Honolulu Board of Water Supply.

Testimony in opposition to S.B. Nos. 3027 and 2995 were presented at the hearing by representatives of the Office of Hawaiian Affairs, the Earthjustice Legal Defense Fund, the Sierra Club, Hawaii Chapter, the Ahupua'a Action Alliance, and seven individuals. Though not present at the hearing, written testimony in opposition to these bills was received by Hawaii Thousand Friends.

Your Committees find that acquisition and operation of the Waiahole Irrigation System offers farmers in the Leeward area of Oahu the assurance of a continued source of water. Your Committees also find that the Agribusiness Development Corporation was created to administer projects such as the acquisition and operation of the Waiahole Irrigation System. However, some members of your Committees expressed reservations with regard to the purchase price for the system.

After considering all pertinent issues and testimony presented, your Committee amended this bill by including the contents of S.B. No. 2995 and by placing the Waiahole Irrigation System under the authority of the Agribusiness Development Corporation.

As affirmed by the records of votes of the members of your Committees on Economic Development and Water, Land, and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3027, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3027, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 10. Noes, none. Excused, 5 (Ige, D., Kawamoto, Levin, Matsunaga, McCartney).

SCRep. 2123 Water, Land, and Hawaiian Affairs on S.B. No. 2620

The purpose of this bill is to amend the State's Landowner Liability Law (Chapter 520, Hawaii Revised Statutes) to clarify its purpose concerning recreational users of real property.

Specifically, the bill relieves the landowner from the duty to investigate the existence of any dangerous conditions, uses, structures, or activities on the landowner's premises and makes the recreational user liable for attorneys' fees and court costs if the landowner is found not liable for the recreational user's injury.

Your Committee finds that the bill further clarifies and balances existing law and removes any undue burden currently placed on a landowner who allows the public to utilize the landowner's property for recreational purposes.

Your Committee has amended the bill by inserting a provision that clarifies that state and county governments are included as landowners and thus protected by the State's Landowner Liability Law.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2620, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2620, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Tanaka).

SCRep. 2124 Water, Land, and Hawaiian Affairs on S.B. No. 3053

The purpose of this bill is to exempt telecommunications services, carriers, and providers from having to purchase or lease public lands through the public auction process.

Your Committee finds that under existing law, the Board of Land and Natural Resources is not required to sell, lease, or grant a license or easement of public lands via the public auction requirements otherwise required under Chapter 171, Hawaii Revised Statutes, when the lands are to be utilized by a public utility.

Your Committee notes that with regard to the purpose of this bill, there are two distinct public policy questions to be addressed...is expanding the public auction exemption to include telecommunications services, carriers, and providers a proper use of public land, and are telecommunications services, carriers, and providers to be considered "public utilities"?

Your Committee realizes that its jurisdiction over the bill ends with answering the first question relating to the proper use of public land. Your Committee believes that the concept has merit and, therefore, recommends the bill's passage to the Committee on Commerce, Consumer Protection, and Information Technology for consideration of the second question, as to whether telecommunications services, carriers, and providers are to be considered "public utilities".

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3053 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Ige, D.).

SCRep. 2125 Human Resources on S.B. No. 2622

The purpose of this bill is to establish a pilot program under the Department of Human Services (DHS) to assist low-income persons to claim the federal earned income tax credit.

Your Committee received testimony in support of this bill from the DHS (with budgetary reservations), American Association of Retired Persons, National Association of Social Workers, and Legal Aid Society.

According to testimony of the Legal Aid Society, a nationwide study by the U.S. Department of Treasury indicates that only 75 to 85 per cent of those eligible to claim the earned income tax credit actually do so. If those statistics hold true for Hawaii, this translates into approximately \$12 million to \$23 million being unclaimed in this State. This is a terrible waste of dollars for those persons who need it most. Furthermore, it means that more general fund moneys must go to welfare programs.

The pilot program will run for three years until June 30, 2002. The DHS is to report to the legislature before the regular sessions of 2000, 2001, and 2002, on the accomplishments of the program so that its effectiveness can be evaluated.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2622 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2126 Human Resources on S.B. No. 2629

The purpose of this bill is to adopt the federal itemized medical deduction available to taxpayers who pay for long-term health care expenses for themselves or a family member.

Your Committee received testimony in support of this bill from the Department of Taxation, American Association of Retired Persons, and the Healthcare Association of Hawaii. Informational testimony was provided by the Tax Foundation of Hawaii.

Your Committee finds that a tax deduction for citizens to offset costs for long-term care services is necessary as are tax incentives for citizens to purchase long-term care insurance. Your Committee recognizes that long-term care is an economic and societal problem which looms large for the State with no ready solutions. This measure will assist in finding the solution.

Under this measure, taxpayers may deduct the cost of premiums for long-term care insurance policies. Similarly, any costs paid for long-term care are deductible. Your Committee considered a tax credit, but the State's economic condition dictates against this for the present. To qualify for a deduction, the taxpayer must be the person receiving the care, or the taxpayer must have a parent receiving the care if the parent qualifies as a dependent.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2629 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 2127 Human Resources on S.B. No. 2742

The purpose of this bill is to appropriate funds to the Department of Human Services for early education tuition assistance.

Your Committee heard testimony in support of the bill from the Childcare Business Coalition, the Salvation Army Family Treatment Services, and Kauai Early Childhood Education Program. The Department of Human Services testified in opposition to the bill, stating that the Department is supportive of the concept of providing early childhood education for all children, but cannot support the bill because of the economic condition of the State.

After considering all pertinent issues and testimony presented, your Committee amended the bill by changing the amount appropriated to one dollar.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2742, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2742, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 2128 Human Resources on S.B. No. 2746

The purpose of this bill is to create a Hawaii human services special fund which will be funded by the amounts of taxpayers' liability payments designated by the taxpayer to be deposited into the Hawaii human services special fund.

The Hawaii chapter of the National Association of Social Workers, the Salvation Army, and Na Loio No Na Kanaka submitted testimony in support of this bill.

The department of human services deferred to the department of taxation which submitted testimony opposing this bill.

Your Committee received testimony in support of this bill indicating that human services programs are receiving less funding, that further cuts in funding are imminent, and that with the current ominous economic situation, human services for welfare recipients, immigrants, disabled persons, low-income persons, and other disadvantaged citizens are in dire need. However, supporting testimony also expressed concern that the funds in the special fund may be vulnerable to appropriation for purposes other than providing human services. Furthermore, testimony expressed apprehension as to the possibility that the special fund may supplant current and future state appropriations for human services.

The departments of human services and taxation communicated similar concerns, among others. Your Committee received testimony indicating that tax revenues may decrease and that implementation of this bill will result in complicating the taxing process which will increase administrative costs to the departments of taxation and budget and finance.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that state human services programs and their beneficiaries are in need of support. To address the matter pertaining to the possibility the special fund might be used to supplant

state appropriations, your Committee amended this bill to prohibit the use of moneys in the special fund to offset or reduce the budget of the department of human services.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2746, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2746, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 2129 Human Resources on S.B. No. 2766

The purpose of this bill is to provide income tax incentives to help maintain the integrity of the family unit, to promote early childhood education, to provide relief for the expenses of long-term care, and to support employers who have family friendly policies. Specifically, this bill:

- (1) Allows business entities to claim as an income tax deduction an unspecified percentage of any stipend of an unspecified amount provided to employees for child care expenses, or in the alternative, an income tax deduction of an unspecified percentage of the cost of start-up expenses for establishing a child care program or constructing a child care facility;
- (2) Allows individuals to claim an income tax credit for taking care of a dependent who is born with a developmental disability or whose disability is a result of an injury, and for the costs of early childhood education;
- (3) Allows an income tax deduction for qualifying expenses for long-term care; and
- (4) Requires employers to allow employees to take family leave to attend parent-teacher conferences or school functions.

Your Committee received testimony in support of this bill from the Department of Taxation, Department of Human Services, and the Department of Education (DOE).

Your Committee finds that early childhood education beginning from birth to age five is critical to a child's mental, emotional, and social development. Your Committee further finds that long-term care for Hawaii's elderly and disabled is a significant and growing problem that must be dealt with by all available means to the State, including income tax relief.

Your Committee has amended this bill on the recommendation of the DOE to delete reference to school functions, and to make technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2766, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2766, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2130 Human Resources on S.B. No. 2848

The purpose of this bill is to clarify the process for disbursements of funds from the early intervention special fund to accord with current law on purchases of health and human services.

Your Committee received testimony in support of this bill from the Department of Health (DOH).

This bill replaces references to "chapter 42D" with "chapter 103F," which replaced chapter 42D in Act 190, Session Laws of Hawaii 1998.

Your Committee has amended this bill on recommendation of the DOH by inserting a reference to chapter 103F, Hawaii Revised Statutes, in subsection (c) of the new section entitled "Early intervention funds; purpose and use".

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2848, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2848, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 2131 Human Resources on S.B. No. 2874

The purpose of this bill is to add services to abused children as part of the duties of the Department of Human Services (DHS).

Your Committee received testimony in support of this bill from the DHS, Office of Youth Services, Maui Youth and Family Services, Inc., and The Salvation Army. Testimony in opposition to this bill was received from Hale Kipa Youth Services and Hawaii Youth Services Network.

After extensive discussions at the hearing on this bill, the DHS testified that it has come to an agreement with the groups objecting to the bill to preserve the duties of the department for delinquent children.

Your Committee finds that the DHS has been providing services to delinquent youth through its Office of Youth Services, though the DHS is statutorily obliged to provide those services under its own specified duties. Your Committee believes that the DHS should continue to provide services to delinquent youth in addition to its new duties for services to abused children.

Your Committee has amended this bill to:

- (1) Restore the duties of the DHS for delinquent youth;
- (2) Add a statutory definition for "abused or neglected"; and
- (3) Delete the statutory definition of "neglected child".

The intent is that all troubled youth, whether neglected, delinquent, or abused, will be provided services by the DHS.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2874, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2874, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 2132 Human Resources on S.B. No. 2875

The purpose of this bill is to permanently enact revisions to the public assistance and general assistance laws that were enacted in 1996 and 1997 by removing the sunset provisions.

Your Committee received testimony in support of this bill from the Department of Human Services.

Your Committee finds that the amendments in 1996 and 1997 were intended to conform to federal law and should therefore be made permanent so that the State can continue to receive federal funds.

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

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2875, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2875, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2133 Human Resources on S.B. No. 2877

The purpose of this bill is to repeal the statute relating to personal care services to medical assistance recipients.

Your Committee received testimony in support of this bill from the Department of Human Services (DHS).

According to testimony of the DHS, this is a housekeeping measure because personal care services are being provided within the Medicaid program so the statutory provision is obsolete.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2877 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2134 Human Resources on S.B. No. 2878

The purpose of this bill is to allow the Department of Human Services (DHS) to recover overpayments made to Medicaid providers in the fee-for-service Medicaid program for the aged, blind, and disabled recipients.

Your Committee received testimony in support of this bill from the DHS. Informational testimony was provided by the Hawaii Medical Association.

This bill establishes an administrative process for the DHS to follow to collect the overpayments. Procedures for notice, hearings, and appeals are provided.

Your Committee finds that this bill enhances the State's ability to recover moneys erroneously paid to medical providers in the Medicaid program for the aged, blind, and disabled. Your Committee wishes to make clear that the aged, blind, and disabled are not affected by this bill. The affected persons are the medical providers, such as physicians and hospitals, who were overpaid by the State due to error, including provider ineligibility (not being licensed), non-coverage for the service or drug provided, or other payment errors.

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

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2878, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2878, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2135 Human Resources on S.B. No. 2879

The purpose of this bill is to establish medicaid home and community-based waiver programs in place of the community long-term care/nursing home without walls program.

Your Committee received testimony in support of this bill from the Department of Human Services (DHS). Your Committee received opposition to this bill from the Healthcare Association of Hawaii.

Your Committee is in agreement with the DHS that this bill is strictly a housekeeping measure to keep Hawaii current with federal law and will not affect current institutional care for the long-term care population. The DHS gave assurances at the hearing that institutional care will remain an important component of long-term care. Your Committee notes in particular that the bill adds the developmentally disabled and the mentally retarded under the long-term care program.

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

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2879, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2879, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 2136 Human Resources on S.B. No. 3002

The purpose of this bill is to enable the Director of Human Services to impose civil or administrative monetary penalties on health plans under contract with the department.

Your Committee received testimony in support of this bill from the Department of Human Services (DHS). Informational testimony was provided by the Insurance Commissioner.

Your Committee finds that recently enacted federal law for the Medicaid program requires that states include sanctions for noncompliance against managed care plans under contract to provide Medicaid benefits. This bill is necessary to satisfy that requirement so that the State can continue to receive federal funds.

Your Committee has amended this bill on the request of the Insurance Commissioner to require that the Insurance Division be notified of any contemplated sanctions for regulatory purposes involving health maintenance organizations. Your Committee has also made technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3002, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3002, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2137 Human Resources on S.B. No. 3123

The purpose of this bill is to require the Department of Human Services (DHS) to develop and implement a new methodology for the distribution of QUEST funds that is based upon patient health risk characteristics.

Your Committee received testimony in support of this bill from the Hawaii State Primary Care Association, Kalihi-Palama Health Center, Waianae Coast Comprehensive Health Center, Aloha Care, and Waimanalo Health Center. Testimony in support of the intent of the bill was received from the Department of Human Services (DHS).

This bill ensures that funds appropriated for medicaid managed care services through the Quest program of the DHS are distributed equitably to health plans and to providers of care, by improving the compensation system to plans and providers that care for the most gravely ill enrollees in QUEST. Your Committee finds that the current capitation methodology of managed care in QUEST is an outdated pre-QUEST fee-for-service payment plan that is based predominantly on a healthy population, rather than the current managed care system. The result is that those plans and providers (community health centers) serving adverse risk groups, such as the poor and elderly, are inadequately compensated under QUEST. This results in compromising their ability to provide adequate health care to critical populations. This bill is an effort to redress the problem.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3123 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2138 Water, Land, and Hawaiian Affairs on S.B. No. 2668

The purpose of this bill is to amend section 669-2(e), Hawaii Revised Statutes, to include the Office of Hawaiian Affairs (OHA) as a party to all actions to quiet title to kuleana land in which escheat is an issue.

Your Committee finds that from 1866 until 1977, Hawaii law provided that when an owner of an interest in kuleana land died intestate without heirs, that interest escheated to the konohiki owner of the ahupua'a or ili of which the kuleana land was originally a part.

Your Committee understands that true escheat occurs upon the intestate death without heirs of a person having an inheritable interest in property. In the event of a true escheat, title to the property vests in the designated successor entity at the time of the intestate death.

In the decades following the Great Mahele, many of the lands surrounding kuleana passed out of the hands of the konohiki. Often, the new owners of the ahupua'a or ili blocked access to kuleana located within their lands, forcing the kuleana owners to abandon their land. Other kuleana owners were forced to abandon their land to move to towns to seek jobs as a result of the great social upheaval of the time.

While true escheats of kuleana occurred during this time, your Committee believes that there were many instances in which owners of lands surrounding kuleana claimed title to kuleana by escheat falsely or in error when no true escheat ever occurred due to the existence of surviving heirs that were unknown to the surrounding owner or known but discouraged from asserting a claim by the surrounding owner, or other causes.

Consequently, in an action to quiet title, a surrounding owner could allege escheat and could acquire title by judicial decree because the true heirs are unknown, are not made parties, are unaware of their interest in the proceeding, or have abandoned possession of, but not the claim of title to, the kuleana. As a result, many kuleana have passed to such surrounding owners, even though there was no true escheat.

In 1987, the Legislature enacted legislation to repeal the old kuleana escheat law. The 1987 kuleana law, now codified as section 560:2-105.5, Hawaii Revised Statutes, provides that when the owner of an interest in kuleana dies intestate without takers, the interest passes to the Office of Hawaiian Affairs for the benefit of its beneficiaries. The Legislature's designation of OHA as the custodian of these kuleana reflects the Legislature's recognition that OHA was created by Article XII of the State Constitution to, among other things, receive and hold lands in trust for Hawaiians.

The 1987 kuleana law insured that, after 1987, kuleana would not escheat to surrounding landowners. However, the law did not address the problem of false, erroneous, or baseless claims by or through escheats which are alleged to have occurred prior to 1987. Because the descendants of the original kuleana owners may not know of their claim to the kuleana, surrounding landowners may thus continue to acquire title to kuleana without a legitimate basis for doing so. Since most alleged kuleana escheats supposedly occurred in the last century, when epidemics devastated entire communities and people did not routinely use wills or trusts to provide for the distribution of their estates, there is a substantial problem in separating improper claims to ownership through alleged escheat from genuine escheat occurring before 1977.

Under Section 669-2(e), Hawaii Revised Statutes, the Office of Hawaiian Affairs is already required to be named in most actions to quiet title to kuleana lands. It is appropriate and desirable that the Office of Hawaiian Affairs be made a party to all actions to quiet title to kuleana land in which escheat is an issue, regardless of when the escheat is alleged to have occurred, in order that OHA may ensure that all those seeking to quiet title to kuleana meet their legal burden of proving that they have a valid claim and thereby prevent the unlawful acquisition of title to kuleana by those without a legitimate claim.

Based on testimony from the Office of Hawaiian Affairs and the Kamehameha Schools/Bishop Estate, your Committee has amended the bill by clarifying that the bill would only affect claims of title to kuleana land where the alleged escheat occurred prior to July 1, 1977. This amendment takes into consideration the laws enacted since 1977 which required that kuleana lands be escheated to the State and subsequently in 1987, escheated to OHA. Your Committee has also made technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2668, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2668, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Ige, D., Anderson).

SCRep. 2139 Education on S.B. No. 2207

The purpose of this bill is to provide the University of Hawaii with additional flexibility in governance of its internal affairs in the areas of legal representation, indemnification for collaborating institutions, and contracts for services with the Research Corporation of the University of Hawaii, by consolidating fourteen special funds into three funds, authorizing the university to use its own logo instead of the state seal on its motor vehicles, repealing the current budgetary formula, and allowing deposit of university special funds outside the state treasury.

Your Committee received testimony in support of this measure from the Department of the Attorney General, Department of Budget and Finance, University of Hawaii, Hawaii Business Roundtable, and Research Corporation of the University of Hawaii. The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, and the University of Hawaii Professional Assembly submitted comments.

Your Committee finds that this measure is in response to the Economic Revitalization Task Force's recommendation to position the University of Hawaii for international preeminence in order to strengthen the local economy. While this legislation has been

referred to as the "omnibus university autonomy bill", it would actually serve to increase flexibility for the university rather than grant it full autonomy, allowing the university to carry on, without undue interference, its essential work. The additional flexibility provided under this measure would also advance the purposes of Act 320, Session Laws of Hawaii (SLH) 1986, and Act 161, SLH 1995, as amended, by encouraging a more entrepreneurial and responsive approach to the management of university resources.

Your Committee strongly agrees that the university has a vital role to play in both the academic and economic life of Hawaii. As the primary undergraduate institution for thousands of Hawaii students each year, it remains committed to providing a strong educational foundation for their future endeavors. As one of the country's top research universities, it contributes significantly to both new developments and to Hawaii's economy. Further, your Committee commends the university for its commitment to assuming greater responsibility for its future and supports the intent and purpose of this measure.

Your Committee wishes to stress, however, that increased flexibility will also bring greater scrutiny, particularly given the importance of the role the university is assuming in the community and State. Your Committee has voiced concerns about what might be termed a second level of autonomy--that of the individual campuses, especially those on the neighbor islands. As the university moves into a position of increasing responsibility for its governance, your Committee cautions the university to pay particular attention to the integrity of all campuses. In this context, the Committee recommends that the university strongly consider separating the roles of president of the university system and the chancellor of the Manoa campus. While the Committee believes the individual serving in both of these capacities strives for parity and fairness, the appearance of a lack of balance is troubling. Lastly, your Committee requests that the University of Hawaii provide to the legislature additional justification for the amendment to section 304-7.5, HRS, which states that the general fund budget appropriations for the university shall be not less than four times and not greater than five times the amount of regular tuition and related fee revenues for fiscal year 1998-1999.

Your Committee has amended this bill to reflect the above discussion in a number of areas.

First, your Committee heard this measure in concert with S.B. No. 2920, relating to legal representation for the University of Hawaii. In discussion of the two measures, your Committee has determined that the issue of legal representation would be best served by deleting all such references from this measure and incorporating them into S.B. No. 2920.

Your Committee has further amended S.B. No. 2207 to:

- (1) Authorize the board of regents to obtain loss insurance under the new section in chapter 304, HRS, for indemnification of collaborating institutions, and delete the proposed amendment to section 41D-8.5, which would authorize the comptroller to obtain insurance;
- (2) Authorize the university to determine whether the Research Corporation of the University of Hawaii is the appropriate agency to manage a sponsored project;
- (3) Clarify the intent and purpose of the two new special funds for community services and auxiliary enterprises to exclude those revenues currently designated for deposit to revolving or other special funds, and to delete sections 18 and 19 of the bill;
- (4) Provide similar clarification for the facilities use revolving fund and ensure public notification subject to chapter 92, HRS;
- (5) Authorize expenditures from special and revolving funds to exceed the appropriated amount using prior-year mandatory reserves with approval of the president;
- (6) Authorize the university to use either the university seal or logo in lieu of the state seal;
- (7) Change the formula for the general fund budget appropriations from a minimum of three to a minimum of four times the amount of regular tuition and related fee revenues for fiscal year 1998-1999;
- (8) Authorize deposits of the aquarium special fund moneys outside the state treasury, with notification to the director of finance and annual statements;
- (9) Broaden participation in the Western Governors University to include other educational consortia; and
- (10) Make technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2207, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2207, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Ige, D., Ige, M.).

SCRep. 2140 (Majority) Education on S.B. No. 2902

The purpose of this bill is to authorize the Department of Land and Natural Resources to charge fees to carry out the historic preservation program and to provide that any fees collected be placed in the historic preservation special fund.

Your Committee received testimony in support of this measure from the Board of Land and Natural Resources, with recommended amendments.

Your Committee finds that the fees authorized by this measure would assist the State in defraying the costs of reviewing development projects to assure that historic preservation concerns are addressed. The department estimates the fees could generate several hundred thousand dollars in revenues, which could be used to help cover staff salaries and other expenses.

Your Committee is supportive of the changes recommended by the department and has amended this bill to clarify that the fees will help to defray the costs of administering the program, and made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2902, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2902, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 2 (Ige, M., Slom). Excused, 3 (Fernandes Salling, Iwase, Solomon).

SCRep. 2141 Human Resources on S.B. No. 2246

The purpose of this bill is to protect employees against retaliation by their employers if they report possible violations of campaign spending laws to the Campaign Spending Commission (Commission) and to provide a monetary incentive for employees to report violations.

Your Committee received testimony in support of this bill from Common Cause Hawaii. The Commission provided informational testimony.

Your Committee finds that this bill provides an effective means for the Commission to enforce the campaign contribution restriction laws. Employees should not be retaliated against for assisting the Commission in its investigations. Existing laws do not provide employees with sufficient protection. The bill also allows the Commission to award up to one-half of the amount of any administrative fine to the employee making the complaint, as an incentive to report possible violations.

Your Committee defers to the Committee on Judiciary the recommendation of the Commission to add a provision to allow the Commission to require a sworn affidavit of a contributor that the contribution was made from the contributor's own funds and was not controlled or directed by another person.

Your Committee has made technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2246, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2246, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 2142 Human Resources on S.B. No. 2777

The purpose of this bill is to authorize the comptroller to pay all employees hired on or after July 1, 1998 by electronic funds transfer, and on an after-the-fact basis.

Your Committee received testimony supporting this measure from the Department of Accounting and General Services, the Department of Education, and the Hawaii State Teachers Association.

Your Committee finds that the State will make better use of its limited resources by paying all new employees by electronic funds transfer instead of issuing checks.

Your Committee further finds that payment by electronic funds transfer will reduce the need to reissue lost, stolen, damaged, or unreceived paychecks.

Your Committee further finds that paying new hires on the after-the-fact basis instead of the current predicted basis will prevent overpayment since new employees will be paid for hours actually worked.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2777 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Fukunaga).

SCRep. 2143 Human Resources on S.B. No. 2883

The purpose of this bill is to make hearings of the public employees compensation appeals board ("PECAB") more accessible to affected employees through audio and video conferencing.

The Director of Human Resources Development and the Hawaii State Teachers Association submitted written testimony supporting this bill. The Hawaii Government Employees Association, AFSCME, Local 152, submitted testimony supporting this bill but expressed concerns regarding the costs of setting up an audio and video conferencing system.

After considering all pertinent issues and testimony presented, your Committee finds that the accessibility afforded by video conferencing of PECAB hearings is beneficial to the protection of employee rights.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2883 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Fukunaga).

SCRep. 2144 (Joint) Water, Land, and Hawaiian Affairs and Education on S.B. No. 2719

The purpose of this Act is to appropriate funds to the Office of Hawaiian Affairs for the establishment of a pilot program of three schools, kindergarten through grade twelve, conducted in the Hawaiian language at Kekaha, Kaua'i, and Waimea and Kea'au, Hawai'i.

Your Committees find that communities of families with Hawaiian speaking children from Ni'ihau on Kaua'i, and Waimea, Hilo, and Puna on Hawai'i, strongly support the education of their children through the Hawaiian language in conjunction with the Office of Hawaiian Affairs and Ke Kula Ni'ihau O Kekaha, Ke Kula Kaiapuni Hawai'i O Waimea, and Ke Kula 'O Nawahiokalani'opu'u.

Your Committees further find that these communities have indicated that they support the Office of Hawaiian Affairs working with a Hawaiian language education entity such as the 'Aha Punana Leo on a contract basis to provide these services.

Your Committees believe that the pilot program will enhance students of Hawaiian ancestry to further understand their history and heritage through Hawaiian language immersion.

Your Committees have amended the bill by adding the Kealakehe School, or Ke Kula Kaiapuni Hawai'i O Kona, to the list of schools included in this pilot program. Your Committees have also made technical, nonsubstantive amendments for purposes of style and clarity.

Your Committees recognize that due to the restrictive title of the bill, only the three schools named in the title may be subject to the appropriation. However, your Committees would like to see all four schools funded under this program and therefore have amended the bill to allow OHA to choose which three schools may be included in the pilot program.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2719, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2719, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 4 (Fernandes Salling, Fukunaga, Ige, M., Slom).

SCRep. 2145 Health and Environment on S.B. No. 2850

The purpose of this bill is to amend the State's solid waste management laws by redefining "open dump"; replacing the term "solid waste disposal system" with the term "solid waste management system"; including the processing of solid waste in the definition of "solid waste management system"; and expanding the criminal penalties for violations of those laws.

The director of health submitted written testimony supporting this bill. The director testified that the measure would add a jail term for illegal operators of open dumps and allow the courts to revoke the applicable public utilities license or certificate of authorization of any person operating illegal open dumps or knowingly dumping solid waste at those sites.

Your Committee concurred with the testimony of the director of health and amended this bill by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2850, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2850, S.D. 1, and be referred to the Committees on Commerce, Consumer Protection, and Information Technology and Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2146 (Majority) Economic Development on S.B. No. 2089

The purpose of this bill is to appropriate funds to support the Hooters Hula Bowl.

Testimony in support of the bill was received from the Maui Hotel Association. Testimony in opposition to the bill was presented at the hearing by a representative of the Department of Business, Economic Development, and Tourism. Though not present at the hearing, testimony in opposition to the bill was received from the Hawaii State Commission on the Status of Women.

Your Committee finds that this bill provides increased funding for sports events in Hawaii. After considering the issues and testimony presented, your Committee amended the bill by leaving the amount of the appropriation blank.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2089, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2089, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, 1 (Slom). Excused, 3 (Levin, Matsunaga, McCartney).

SCRep. 2147 (Majority) Economic Development on S.B. No. 3015

The purpose of this bill is to clarify definitions relating to the general excise tax exemption for the construction and operation of an aircraft service and maintenance facility.

Testimony was presented at the hearing in support of the bill by a representative of the Department of Taxation. Testimony was also presented at the hearing by a representative of Aloha Airlines which supported the bill with suggested amendments. Written testimony was submitted by the Tax Foundation which stated no position.

Your Committee finds that restricting the exemption from the general excise tax to aircraft service and maintenance facilities which are more than 80,000 square feet in area puts certain aircraft service and maintenance facilities that operate in smaller areas at a disadvantage.

After considering all pertinent issues and testimony presented, and after further discussions with the testifiers, your Committee amended this bill by revising the restriction on the size of the facility in the definition of "aircraft service and maintenance facility" from eighty to thirty thousand square feet. Your Committee also amended the definition of "maintenance" to clarify that food, food products, or liquor are included as passenger supplies that are excluded from the definition. Technical, nonsubstantive changes were also made to the bill.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3015, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3015, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, 1 (Slom). Excused, 4 (Bunda, Chumbley, Levin, McCartney).

SCRep. 2148 Economic Development on S.B. No. 3156

The purpose of this bill is to authorize the issuance of \$5,000,000 in special purpose revenue bonds to be used as seed money for manufacturing and processing entrepreneurs, and \$10,000,000 in special purpose revenue bonds to assist Hui 'Enekinia Hawai'i in the establishment of cogeneration and water production facilities.

Testimony in support of the bill was presented at the hearing by a principal of the Hui 'Enekenia Hawai'i. This testifier requested that the limit of the bonds be raised to \$20,000,000. Though not present at the hearing, testimony in support of the bill was also received from another principal of the Hui 'Enekinia Hawai'i.

Your Committee finds that it is in the public interest to encourage the development of cogeneration facilities that make electricity energy available to members of the general public by the sale of the electric energy to an electric utility.

After considering the issues and testimony presented, your Committee amended this bill by increasing the limit of the special purpose revenue bonds for Hui 'Enekinia Hawai'i from \$10,000,000 to \$20,000,000 and by making technical changes to amend the lapse dates of Acts 262 and 263, Session Laws of Hawaii 1993.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3156, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3156, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 3 (Levin, Matsunaga, McCartney).

SCRep. 2149 (Majority) Economic Development on S.B. No. 3236

The purpose of this bill is to appropriate funds in support of the Tour of Champions Mountain Bike Race on Molokai.

Testimony in support of the bill was presented at the hearing by a representative of the Molokai Ranch. Testimony in opposition to the bill was presented at the hearing by a representative of the Department of Business, Economic Development, and Tourism. Though not present at the hearing, testimony in opposition to the bill was received by the Hawaii State Commission on the Status of Women.

Your Committee finds that the sports industry is a growing market in Hawaii and that this sports event will provide needed economic stimulus to Molokai's economy.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3236 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, 1 (Slom). Excused, 3 (Levin, Matsunaga, McCartney).

SCRep. 2150 Health and Environment on S.B. No. 2036

The purpose of this bill is to invalidate the "no-retroactive-referral" rule in QUEST contracts.

Your Committee received testimony in support of the bill from the Hawaii Medical Association.

The HMSA opposed the passage of the bill, stating that HMSA's QUEST plan does not prohibit retroactive referrals.

The Department of Human Services testified that it believed that the bill was unnecessary.

Your Committee finds that the Hawaii Health QUEST program is an admirable and bold experiment to achieve near universal health care coverage in the State. The QUEST program is based on a managed care concept in which primary "gatekeeper" physicians provide primary care for participants, make referral decisions for participants to be treated by other health care providers, or both. However, the QUEST program reimburses providers at low Medicaid rates which results in hospitals losing money, including the community hospitals of the Hawaii health systems corporation. As a result, hospitals need to make up for the shortfall by shifting the cost of Medicaid-rate reimbursed QUEST patients to private-pay patients who are charged higher fees.

This situation is exacerbated by the action of one of the five QUEST health care plan contractors who has unilaterally instituted a "no-retroactive-referral rule". To illustrate, at times, the gatekeeper primary physician may not be available to make a referral, may not have admitting privileges in a particular hospital, or may refuse to give consent for referral for treatment. In such cases, without the gatekeeper physician's referral, the hospital providing treatment will not be compensated. This refusal to make retroactive referrals is both unfair and impractical. The rule assumes that provider hospitals know in advance precisely which services will be needed by a QUEST patient and when they will be needed, with no room for flexibility. This "no-retroactive-referral" rule greatly increases the burden of provider hospitals who are then not reimbursed at already money-losing Medicaid rates.

For these reasons, your Committee believes that the bill is necessary and recommends its passage.

Your Committee has amended the bill by making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2036, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2036, S.D. 1, and be referred to the Committee on Human Resources.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 2151 Health and Environment on S.B. No. 2047

The purpose of this bill is to clarify the definition of "practice of acupuncture" and include acupuncture as a mandatory personal injury protection (PIP) benefit under no-fault insurance.

The Board of Acupuncture submitted written testimony supporting the clarification of the definition. The Hawaii Acupuncture Association and five concerned citizens submitted written testimony supporting the bill. The Hawaii Acupuncture Association also recommended using the term "oriental medicine" instead of "asian medicine" and adding limitations to acupuncture PIP benefits. The Department of Commerce and Consumer Affairs and State Farm Insurance Companies submitted written testimony opposing the bill.

After considering all pertinent issues and testimony presented, your Committee finds that acupuncture is an effective and reasonably priced means of treating victims of automobile accidents and believes that acupuncture benefits should continue to be included under no-fault insurance coverage. Your Committee further finds that the limitations recommended by the Hawaii Acupuncture Association will provide an effective means of minimizing any abuse of acupuncture benefits.

Your Committee amended the bill by incorporating the recommendations of the Hawaii Acupuncture Association and substituting the term "oriental medicine" for "asian medicine", and by limiting acupuncture PIP benefits under no-fault insurance to thirty visits, reimbursable at a maximum rate of \$75 per visit. Your Committee also amended this bill by making a technical, nonsubstantive change.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2047, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2047, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Slom).

SCRep. 2152 Health and Environment on S.B. No. 2455

The purpose of this bill is to make an appropriation to match federal funds for medicaid for home and community-based care for persons with developmental disabilities.

The Director of Health, State Planning Council on Developmental Disabilities, Easter Seal Society of Hawaii, Protection and Advocacy Agency of Hawaii, and four concerned citizens submitted testimony supporting this bill. The State Planning Council on Developmental Disabilities recommended that persons with developmental disabilities on the statewide wait list for services be included in the scope of coverage for the appropriation.

After considering all pertinent issues and testimony presented, your Committee concurred with the testimony of State Planning Council of Developmental Disabilities and amended the bill by adding those persons on the statewide list to those persons entitled to receive services provided by the appropriation. Your Committee also amended this bill by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2455, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2455, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 2153 Health and Environment on S.B. No. 2566

The purpose of this bill is to clarify the definition of "terminal condition" under the State's Medical Treatment Decisions Law (Chapter 327D, Hawaii Revised Statutes).

Your Committee received testimony in support of the bill from the Hawaii Medical Association and a private citizen.

Your Committee finds that the bill clarifies that the term "terminal condition" within the Medical Treatment Decisions Law means a condition that will end a person's life, and that any life-sustaining procedure that is administered is only done to prolong the patient's life, not cure the condition. Your Committee believes that the existing definition of "terminal condition" is poorly crafted and may result in problems over interpretation if not addressed. While the definition provided by this bill is an improvement over the existing language in the statutes, by keeping this measure alive, it is the intent of your Committee to encourage the legislature to continue seeking a better definition of the term, if available.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2566 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 2154 Health and Environment on S.B. No. 2638

The purpose of this bill is to give consumers choices in mental health services by offering lifeskills and clubhouse programs statewide and continuing services provided at the Haleiwa rehabilitation center. The bill also appropriates \$111,000 for those services.

The Director of Health, Protection and Advocacy Agency of Hawaii, Mental Health Association in Hawai'i, National Association of Social Workers, Haleiwa Psycho-Social Rehabilitation, Oahu Alliance for the Mentally Ill, and a concerned individual submitted testimony supporting this bill. A representative of the Department of Health presented oral testimony that the actual amount required for the program was \$117,000.

After considering all pertinent issues and testimony presented, your Committee finds that maintaining the lifeskills program as an alternative and complementary vehicle to the clubhouse programs for rehabilitation of mental health consumers is appropriate and desirable. Your Committee recognizes the need for different rehabilitation programs to coexist since no single program can effectively treat all disabilities and illnesses.

Your Committee incorporated the testimony of the Department of Health and amended the bill by substituting \$117,000 for \$111,000 as the appropriation amount and by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2638, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2638, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Chun Oakland, Metcalf).

SCRep. 2155 Health and Environment on S.B. No. 2846

The purpose of this bill is to permanently enact the drug demand reduction assessments statute by repealing its sunset date.

The Director of Public Safety, Director of Health, Department of the Prosecuting Attorney of the City and County of Honolulu, and Hawaii Substance Abuse Coalition submitted written testimony supporting this bill. The Office of the Public Defender for the State of Hawaii submitted written testimony opposing this bill. The Department of the Prosecuting Attorney also recommended amending the measure to include driving under the influence of alcohol or drugs and fraudulent obtaining of a controlled substance as offenses subject to the assessments.

Your Committee recognizes that during these times of severe economic cutbacks, any mechanism which requires responsible parties to contribute to the cost of government programs necessitated by their illegal acts is greatly appreciated and welcome. After considering all pertinent issues and testimony presented, your Committee amended the measure to expand the drug demand reduction assessments statute by including the two additional categories of offenses suggested by the Prosecutor and an additional assessment of \$250 for misdemeanor and other offenses related to driving under the influence of alcohol and drugs.

Your Committee, however, is also sensitive to the concerns of the Public Defender and is not entirely convinced that the program has succeeded as intended or expected by its proponents. As a means of ensuring periodic reexamination and evaluation of the program, your Committee has also amended this measure by extending the sunset date of Act 205, Session Laws of 1995, to June 30, 2001.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2846, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2846, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Slom).

SCRep. 2156 Health and Environment on S.B. No. 2857

The purpose of this bill is to appropriate \$13,271,606 for services to certain emotionally disturbed children and adolescents.

The Director of Health submitted testimony in support of this bill. After considering all pertinent issues and testimony presented, your Committee agrees that the State has an obligation to fund the provision of services to emotionally disturbed children and adolescents.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2857 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Chun Oakland, Metcalf).

SCRep. 2157 Health and Environment on S.B. No. 2858

The purpose of this bill is to repeal Chapter 321, Hawaii Revised Statutes, relating to the practice of midwifery.

Your Committee received testimony in support of the bill from the Board of Nursing. The Department of Health submitted comments on the bill.

Your Committee finds that repealing Chapter 321, Hawaii Revised Statutes, will eliminate the present duplication of licensing for certified nurse midwives. Under Chapter 457, Hawaii Revised Statutes, the category of Advanced Practice Registered Nurse, includes nurse midwives.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2858 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 2158 Health and Environment on S.B. No. 3101

The purpose of this bill is to appropriate funds for the Malama Family Recovery Center to provide therapeutic services for women and children recovering from substance abuse.

Your Committee received testimony in support of the bill from the Malama Family Recovery Center and several of its service consumers. The Department of Health provided qualified support for the measure.

Your Committee finds that the services provided by the Malama Family Recovery Center are necessary to ensure that its service consumers do not relapse into a downward spiral of substance abuse.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3101 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Chun Oakland, Metcalf).

SCRep. 2159 Health and Environment on S.B. No. 3119

The purpose of this bill is to establish an income tax check-off of an unspecified amount for endangered species and habitat protection to be deposited into the endangered species trust fund.

The Chairperson of the Board of Land and Natural Resources submitted testimony supporting the intent of this bill. The Hawaii Audubon Society and Earth Justice Legal Defense Fund submitted testimony supporting this bill. The Director of Taxation submitted testimony opposing this bill.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that allowing taxpayers the opportunity to designate a nominal portion of their income tax liability to environmental causes is an effective means of encouraging respect and appreciation for the State's endangered species and providing the sorely needed funds to implement endangered species and habitat protection programs.

Your Committee amended this bill by inserting \$3 as the amount that an individual may elect to be deposited into the endangered species trust fund.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3119, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3119, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Chun Oakland, Metcalf).

SCRep. 2160 Health and Environment on S.B. No. 3234

The purpose of this bill is to change the terminology used for persons authorized to perform services as a physician assistant from being a "certified" physician assistant to a "licensed" physician assistant.

Your Committee received testimony in support of the measure from the Board of Medical Examiners, the Hawaii Academy of Physician Assistants, and a certified physician assistant.

The Department of Public Safety's Narcotics Enforcement Division expressed concern over what it perceives as a possible expansion of prescriptive authority to physician assistants.

Your Committee finds that according to the testimony presented, the nomenclature change would only serve to eliminate the perceived connotative difference between terms "certified" and "licensed" and would not expand the unauthorized practice of any procedure by a physician assistant. For these reasons, your Committee recommends this bill's passage.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3234 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Slom).

SCRep. 2161 Health and Environment on S.B. No. 3240

The purpose of this bill is to require the Hawaii Health Systems Corporation to comply with the provisions of Chapter 92, Hawaii Revised Statutes, relating to public agency meetings and records.

Your Committee received testimony in support of the bill from the Hawaii Government Employees Association and Common Cause Hawaii. The Hawaii Health Systems Corporation testified in opposition to the measure.

Your Committee finds that although the Hawaii Health Systems Corporation believes the bill is unnecessary since it falls within the definition of "board" and complies with the requirements of Chapter 92, Hawaii Revised Statutes, your Committee believes that removing any ambiguity in the law is prudent.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3240 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 2162 Health and Environment on S.B. No. 3248

The purpose of this bill is to authorize the issuance of an unspecified amount in special purpose revenue bonds for the construction of a health care facility by the Queen's Health Systems.

The Queen's Health Systems submitted written testimony support of this bill. The Queen's Health Systems recommended that \$150,000,000 be inserted as the amount authorized by the bill and that language be added to allow the Department of Budget and Finance to issue refunding special purpose revenue bonds as needed.

Your Committee concurred with the testimony of the Queen's Health Systems and incorporated its recommendations into the bill.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3248, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3248, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 2163 Judiciary on S.B. No. 2129

The purpose of this bill is to repeal section 84-31.5, Hawaii Revised Statutes, which requires that the Hawaii State Ethics Commission maintain a list of all persons who examine public financial disclosure statements.

Your Committee finds that this section was declared unconstitutional by the Circuit Court of the First Circuit, finding that it violated Article XIV of the Hawaii Constitution and the First Amendment guarantees of freedom of speech and the right to petition government for a redress of grievances.

Your Committee further finds that the Court held section 84-31.5, Hawaii Revised Statutes, was unconstitutional because its provisions impose a listing and reporting condition on access to public financial disclosure statements. More specifically, the Court held that these conditions are not condoned under Article XIV and do not have a rational relationship to the purpose of Article XIV of our State Constitution. Therefore, the Court concluded that section 84-31.5 violates the mandate of Article XIV that such financial disclosure statements be public.

Testimony in support of this bill was submitted by the Hawaii State Ethics Commission and Common Cause Hawaii.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2129 and recommends that it pass Second Reading, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2164 Judiciary on S.B. No. 2319

The purpose of this bill is to create a special fund into which shall be deposited monies from delinquent fines and restitution ordered by the courts to be collected by the Judiciary.

Your Committee finds that the Judiciary has been unable to collect delinquent fines and restitution, which now total over \$50,000,000. These fines and restitution involve both civil and criminal cases. Collection responsibility begins at the law enforcement and district court levels. Once delinquent, collection becomes the responsibility of the Judiciary's administration program or the Attorney General's collections unit. Your Committee further finds that the delinquent amounts represent a significant source of state funds which should be aggressively pursued. Thus, your Committee agrees that the Judiciary should be provided the authority to contract with private collection agencies.

Testimony in support of this measure was submitted by the Judiciary, the State Auditor, and the Department of the Prosecuting Attorney of the City and County of Honolulu.

Upon further consideration, your Committee has amended this measure by:

- (1) allowing the Judiciary to assess reasonable fees upon the delinquent account for the collection of such delinquent amounts;
- (2) indicating that such fees may be used to pay for administrative costs associated with the collection; and
- (3) making technical non-substantive changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2319, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2319, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2165 Judiciary on S.B. No. 2402

The purpose of the bill is to amend sections 586-4 and 709-906, Hawaii Revised Statutes, to strengthen and clarify civil and criminal responses to domestic violence.

Your Committee recognizes that domestic violence is one of the most serious problems affecting our community. While it is a multi-faceted problem, involving more than merely punishing criminal behavior, your Committee finds that we must focus on the criminal aspects of the problem. Stricter penalties are needed for persons convicted of domestic violence and violations of restraining orders. Furthermore, your Committee finds that fines should be assessed on persons convicted of domestic violence and that these monies should be deposited into the spouse and child abuse special account in order to support victim services.

Testimony in support of the bill was submitted by: the Hawaii State Commission on the Status of Women; the Department of the Prosecuting Attorney, City and County of Honolulu; Domestic Violence Clearinghouse and Legal Hotline; Child and Family Service; Hawaii State Coalition Against Domestic Violence; Hawaii Catholic Conference; and Hawaii Women's Political Caucus. Testimony in opposition to the bill was submitted by the Judiciary and the Office of the Public Defender.

Your Committee has amended the bill by making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2402, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2402, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2166 Judiciary on S.B. No. 2557

The purpose of this bill is to authorize government entities to indemnify officers, employees, or former employees for judgments, including punitive judgments, arising out of personal actions against the officers, employees, or former employees. This bill further clarifies that such indemnification shall apply in actions which are within the "course and scope" of the duties of such officers, employees, or former employees.

Your Committee finds that allowing government entities to indemnify their officers and employees against judgments arising out of personal actions will encourage public employees to put forth their best efforts in an atmosphere free and clear of any threat of civil action levied against them personally in the course of their employment. Your Committee further finds that this bill will assist the counties in providing effective and efficient legal representation for their officers and employees in the event they are brought into an action in both their official and individual capacities.

Testimony in support of this bill was submitted by the Office of the Corporation Counsel of the County of Hawaii, Hawaii Government Employees Association, and Office of the County Attorney for the County of Kauai.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2557 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2167 Judiciary on S.B. No. 2904

The purpose of this bill is to compensate the many victims who have received awards from the Criminal Injuries Compensation Commission to reimburse them for losses they have suffered because of their victimization.

Your Committee finds that, while these are difficult fiscal times, crime victims receive a criminal injuries compensation award only when there is no other recourse. Restitution from the offender, while theoretically available, may not offer a real promise of recompense to the victim.

Further, your Committee finds that the financial assistance provided by the Criminal Injuries Compensation Commission to these crime victims for counseling, medical, hospital, or other related bills often makes a critical difference as victims try to recover from their physical, psychological, and emotional injuries.

Testimony in support of the bill was submitted by the Criminal Injuries Compensation Commission, the Department of the Prosecuting Attorney of the City and County of Honolulu, and the Domestic Violence Clearinghouse and Legal Hotline.

Upon further consideration, your Committee has amended the bill by:

- (1) decreasing the requested appropriation amount from \$1,228,575.74 to \$1,187,475.00 to reflect the total amount awarded in the present fiscal year ending June 30, 1997; and
- (2) making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2904, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2904, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2168 Judiciary on S.B. No. 2966

The purpose of the bill is to establish a system of compensation fees for the Criminal Injuries Compensation Commission that will eventually eliminate the need for appropriations from the State general fund.

Your Committee finds that in these difficult fiscal times, it is uncertain to what extent appropriations from the State general fund can continue to support compensation payments to crime victims and operation costs of the Criminal Injuries Compensation Commission. Your Committee further finds that this burden should be shifted to those responsible for the crime through the establishment of mandatory compensation fees that will be assessed upon every convicted defendant. Further, your Committee notes that monies for compensation payments and administrative costs should also be received from inmate wages, civil suits, and court-ordered restitution.

Testimony in support of the bill was submitted by: the Department of the Attorney General; the Criminal Injuries Compensation Commission; Department of the Prosecuting Attorney, City and County of Honolulu; Office of the Prosecuting Attorney, County of Hawaii; Department of the Prosecuting Attorney, County of Maui; Maui County Police Department; Domestic Violence Clearinghouse and Legal Hotline; Child and Family Service; the Sex Abuse Treatment Center; and several private citizens.

Testimony was also submitted by the Judiciary expressing concerns that this measure could adversely impact the Judiciary by increasing the number of fees to be collected, yet providing them with no additional staff to pursue these collections.

Upon further consideration, your Committee has amended the bill by:

- (1) lowering the fee range for felony convictions to \$100 but not more than \$5,000;
- (2) lowering the fee range for misdemeanor convictions to \$50 but not more than \$500;
- (3) providing that the compensation fee be considered a civil judgment;
- (4) providing that the criminal injuries compensation fund become a special fund to support the operating expenses of the Commission;
- (5) appropriating \$2,500,000.00 for the fiscal year 1998-1999 for compensation payments and the operation of the Commission;
- (6) revising the effective date to July 1, 1998; and
- (7) making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2966, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2966, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2169 Judiciary on S.B. No. 2996

The purpose of this bill is to make an emergency appropriation of \$2,151,800.00 to enable the Department of Public Safety to transfer inmates out-of-state for the fiscal year 1997-98.

Your Committee finds that due to the overcrowding in our prisons, the Department of Public Safety needs to transfer 300 additional inmates currently incarcerated in Hawaii to out-of-state facilities. Your Committee further finds that the problem of overcrowding is a serious threat to public safety because criminal offenders are either avoiding incarceration altogether or prisoners are being released prior to the expiration of their sentence. Furthermore, your Committee has been informed that Hawaii's prison population is continuing to increase and, therefore, providing this additional funding to transfer inmates is essential.

Testimony in support of the bill was submitted by the Department of Public Safety and the Department of the Prosecuting Attorney of the City and County of Honolulu.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2996 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2170 Judiciary on S.B. No. 3107

The purpose of this bill is to establish an alternative dispute resolution pilot project to empower the community to use alternative dispute resolution to resolve large public policy issues, and to appropriate \$50,000 to start the pilot project.

Your Committee finds that alternative dispute resolution provides an important alternative forum to address public policy issues. Your Committee further finds that the Center for Alternative Dispute Resolution has adopted a strategic plan which focuses the Center's work on the institutionalization of alternative dispute resolution processes, primarily in the executive and judicial branches. Your Committee further finds that mediation and facilitation of a select number of public policy issues would be appropriately provided by the Center's staff and, thus, the Center should receive additional resources in support of this undertaking.

Testimony in support of this bill was submitted by the Judiciary and County Council of Kauai.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3107 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2171 Judiciary on S.B. No. 3183

The purpose of this bill is to require the Chief Election Officer to establish an elections advisory committee.

Your Committee finds that the Election Advisory Commission has served a very beneficial function in the past by providing citizen input and independent professional expertise to the Office of Elections. Your Committee further believes that there is a need for citizen input and oversight in the electoral process and a committee such as this will assure such participation by the citizenry.

Testimony in support of this bill was submitted by the Office of Hawaiian Affairs, Office of Elections, Common Cause Hawaii, and The League of Women Voters of Hawaii.

Upon further consideration, your Committee has amended the bill by:

- (1) requiring the committee to include politically diverse representation; and
- (2) providing a twenty-four hour notice before any meeting held within five days of an election.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3183, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3183, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2172 Health and Environment on S.B. No. 2641

The purpose of this bill is to require moneys from the mental health and substance abuse special fund to be used as a primary source to pay for operating expenses of the Department of Health's mental health and substance abuse programs; and require the department to report the projected expenditures, purpose of those expenditures, and balance of the special fund to the legislature.

The Auditor submitted testimony in support of this bill. The Director of Health submitted testimony opposing this bill.

After considering all pertinent issues and testimony presented, your Committee agrees with the Auditor that this measure will serve to implement one of the recommendations made by the Auditor to improve the effective use of the mental health and substance abuse special fund.

Your Committee amended this bill by making a technical, nonsubstantive change.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2641, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2641, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 2173 Education on S.B. No. 2101

The purpose of this bill is to appropriate funds to provide in-service training of counselors, school registrars, and educational assistants.

Your Committee received testimony in support of this measure from the Department of Education, the Hawaii State Teachers Association, and Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO.

Your Committee finds that these positions are an integral part of the educational team, and need to be kept up-to-date with current educational issues, trends, and instructional methods.

Your Committee is supportive of the training needs of the educational professionals, and has amended this bill to specify that training shall occur during non-school hours. At this time, your Committee has not received any recommendations for a specific appropriation amount to be included in the bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2101, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2101, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Solomon).

SCRep. 2174 Education on S.B. No. 2103

The purpose of this bill is to appropriate moneys to the Department of Education in order to convert temporary teaching positions within various bilingual education programs to permanent positions.

Your Committee received testimony in support of this measure from the Hawaii State Teachers Association. The Department of Education submitted testimony in support of the intent of this measure.

Your Committee concurs that adequately trained teaching and support staff is important in Hawaii's schools since over six per cent of the State's student population are from language backgrounds other than English. The bilingual education programs were initially funded by the federal government with seed money to assist states in developing experimental, exemplary programs to meet the instructional needs of students whose first language is not English.

Your Committee has amended this measure by removing the appropriation section of the bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2103, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2103, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 2175 Education on S.B. No. 2104

The purpose of this bill is to require the Department of Education to convert forty full-time equivalent (40.00 FTE), temporary athletic trainer positions to permanent positions.

Your Committee received testimony in support of this measure from the Department of Education, the Hawaii State Teachers Association, the Hawaii Athletic Trainers' Association, the Hawaii Medical Association, and nine concerned citizens of Hawaii.

Your Committee agrees that converting the temporary trainer positions to permanent positions will help to stabilize the athletic program at a critical time, and the conversion will also assist with the Department's recruitment and retention of qualified athletic health care trainers by providing employment security and much needed stability for the continuation of the program.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2104 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 2176 Education on S.B. No. 2108

The purpose of this bill is to reduce the ratio of students to counselors in the public school system to not more than three hundred fifty students to one counselor. The bill appropriates funds for fiscal year 1998-1999 for this purpose.

Testimony was received in support of the bill from the Department of Education, the Hawaii State Teachers Association, and forty-eight individuals.

Your Committee amended the bill to include an appropriation of one dollar. At this time, your Committee has not received any recommendations for a specific appropriation amount to be included in the bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2108, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2108, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2177 Education on S.B. No. 2110

The purpose of this bill is to appropriate funds for the repair and maintenance of educational facilities.

Your Committee received testimony in support of the bill from the Department of Accounting and General Services, the Department of Education, and the Hawaii State Teachers Association.

Your Committee finds that the bill establishes a temporary roving crew to travel from school to school to perform repair and maintenance activities.

Your Committee has amended the bill by specifying that McKinley High School Community School for Adults will be included as one of the beneficiaries of the repair and maintenance project authorized under the bill.

Your Committee notes that at this time, the Department of Education has not provided any specific amount to be appropriated for the purposes of this bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2110, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2110, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2178 Education on S.B. No. 2178

The purpose of this bill is to appropriate funds to upgrade the electrical infrastructure at Waipahu Elementary School.

Testimony was presented in support of the intent of the bill from the Department of Education.

Your Committee finds that the electrical upgrade at Waipahu Elementary School will support computer technology at the school.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2178 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2179 Education on S.B. No. 2212

The purpose of this bill is to provide flexibility in transferring and assigning principals and vice principals to schools.

Your Committee received testimony in support of the bill from the Department of Education, the State Office of Collective Bargaining, the Hawaii Government Employees Association, and members of the Economic Revitalization Task Force.

Your Committee finds that providing such flexibility would enable the Department of Education to maximize the experience and talents of its educational officers by matching them with individual school needs, thereby resulting in a better educational environment.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2212 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2180 Education on S.B. No. 2273

The purpose of this bill is to require the Department of Education to fund up to \$8,000 to each school for minor repairs and maintenance, based on the size and age of each school.

Your Committee received testimony in support of this measure from the Department of Education. The Department of Accounting and General Services and the Hawaii State Teachers Association submitted testimony in support of the intent of this measure.

Your Committee concurs that funding for minor repairs and maintenance for each school by age and size will serve to expedite necessary repairs, focus the allocation of the moneys more appropriately, and allow each school to directly purchase services, rather than wait for scheduled maintenance visits by the Department of Accounting and General Services' trade crews.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2273 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2181 Education on S.B. No. 2274

The purpose of this bill is to appropriate funds for planning, design, and construction of a parking lot at Pearl City Highlands Elementary School.

Testimony was presented in support of the bill by the Department of Education and the Pearl City Neighborhood Board.

Your Committee finds that the parking lot at Pearl City Highlands Elementary School is inadequate for the school's employees and visitors.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2274 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2182 Education on S.B. No. 2305

The purpose of this bill is to appropriate funds to upgrade the electrical infrastructure within and leading to Waianae High School.

Testimony in support of this bill was received from the Department of Education.

Your Committee finds that this upgrade will support new computer technology throughout the school.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2305 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2183 Education on S.B. No. 2310

The purpose of this bill is to require the Departments of Education and Public Safety to submit annual performance reports to the Legislature on all of the vocational education and job training programs and services they provide.

Your Committee received testimony in support of the bill from the Department of Education and the Auditor.

Your Committee finds that the bill implements one of the Auditor's recommendations outlined in the report Audit of State Vocational Education Programs and Job Training Programs, that examined the State's vocational and job training programs and the State's oversight of these activities.

Given the large number of programs that the State provides in these areas, your Committee agrees with the Auditor that evaluations be undertaken to ensure the efficacy of each program.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2310 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2184 Education on S.B. No. 2445

The purpose of this bill is to appropriate funds to hire necessary staff to carry out the school clerical staffing formula for school administrative service assistants, clerks, account clerks, and clerk typists.

Testimony in support of the bill was received from the Department of Education, the Hawaii State Teachers Association, the Hawaii School Office Service Association, the Hawaii School Counselor Association, the Pearl City High School PTSA, the Pearl City High School SCBM Council, AFSCME Local 152, AFL-CIO, and fifty-eight individuals.

Your Committee amended the bill to include an appropriation of one dollar. At this time, your Committee has not received any recommendations for a specific appropriation amount to be included in the bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2445, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2445, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2185 Education on S.B. No. 2447

The purpose of this bill is to authorize the Department of Education to establish seventeen full-time permanent registrar positions for intermediate schools.

Testimony in support of the bill was presented by Department of Education, the Hawaii State Teachers Association, and seventy-eight individuals.

Your Committee amended this bill to include an appropriation of one dollar. At this time, your Committee has not received any recommendations for a specific appropriation amount to be included in the bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2447, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2447, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2186 Education on S.B. No. 2448

The purpose of this bill is to appropriate funds to the Department of Education for resource positions for the Hawaiian Studies program.

Testimony in support of this bill was presented by representatives of the Department of Education, the Hawaii State Teachers Association, and an individual.

Your Committee finds that resource teachers are needed in the Hawaiian Studies program of the Department of Education.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2448 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Solomon).

SCRep. 2187 Education on S.B. No. 2451

The purpose of this bill is to appropriate funds to convert half-time Student Activities Coordinator (SAC) positions to full-time.

Testimony in support of this bill was presented by representatives of the Department of Education, the Hawaii Student Activities Association, the Hawaii State Teachers Association and seventy-six individuals including many students.

Your Committee finds that SACs work to improve educational opportunities for and provide direct services to all students.

At this time, your Committee has not received any recommendations for a specific appropriation amount to be included in the bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2451 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2188 Education on S.B. No. 2453

The purpose of this bill is appropriate funds for Parent-Community Networking Centers and for an additional Families for R.E.A.L. site.

Testimony in support of this bill was received by representatives of the Department of Education, the Hawaii State Teachers Association, the Principal of Ke Kula Kaiapuni 'O Anuenue, and two individuals.

Your Committee finds that funding for these programs will support families and strengthen family-school partnerships on behalf of children.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2453 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2189 Education on S.B. No. 2577

The purpose of this bill is to appropriate funds to the Department of Education to enable students in grades seven and eight to participate in the State Student Conference, in addition to students in grades nine to twelve.

Testimony in support of this bill was presented by representatives of the Department of Education and Students for Political Activism.

Your Committee finds that there are insufficient funds to allow intermediate school students to attend the State Student Conference in the coming year and this bill will enable the Conference to take place.

At this time, your Committee has not received any recommendations for a specific appropriation amount to be included in the bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2577 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2190 Education on S.B. No. 2754

The purpose of this bill is to reduce the student teacher ratio in grades kindergarten through grade two to twenty to one, and for grades three through twelve to twenty-six to one, and to provide one full-time regular education count for each special education student regardless of actual time served in the regular classroom.

Your Committee received testimony in support of this measure from the Department of Education, the Hawaii State Teachers Association, and over two hundred individuals.

Your Committee finds that class size is a continuing concern with students, their families, and educators. In addition, students with disabilities often require special accommodations to optimize learning opportunities in general education classroom settings.

Your Committee shares the concerns and frustrations of all involved, and has amended this measure to appropriate \$3,500,000 to carry out the intent and purpose of this bill.

However, your Committee is concerned about long-term solutions to these problems. Hawaii continues to experience economic problems at the same time that the State's public school population is growing, and dwindling resources must be further stretched to accommodate this growth. Given limited budgets to either build new facilities or hire more teachers and other educational professionals, the Committee strongly urges the department to explore other alternatives to relieve our crowded classrooms. In doing so, your Committee hopes that the department would involve the parties involved--students, parents, and educators--in seeking solutions. Your Committee would welcome further discussions with the department on recommendations for alternatives to resolve these issues.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2754, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2754, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2191 Education on S.B. No. 2756

The purpose of this bill is to appropriate funds for a science lab assistant pilot project to provide one full-time science lab assistant to be assigned to one high school in each departmental school district.

The department of education, McKinley High School Science Department, Kamehameha Schools Science Department, and three educators submitted testimony in support of this bill.

Your Committee received testimony indicating that a science lab assistant would give much needed support to enable science teachers to teach science to students effectively and efficiently while minimizing safety risks.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that this bill will have a positive impact on students learning science. At this time, your Committee has not received any recommendations for a specific amount to be appropriated for the science lab assistant pilot project.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2756, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 2192 Education on S.B. No. 2758

The purpose of this bill is to appropriate funds to the Department of Education to provide 1.00 FTE counselor, 1.00 FTE registrar, and 2.00 FTE school security attendant positions in each adult community school.

The bill also requires the Department of Education to convert all temporary adult community school registrar positions into permanent positions.

Your Committee received testimony in support of the bill from the Department of Education.

Your Committee has amended the bill by deleting the appropriations for security personnel and registrars and the requirement that the Department of Education convert temporary registrars of adult community schools into permanent positions.

Your Committee notes that at this time, the Department of Education has not supplied any specific amounts to be inserted into the bill to carry out its stated purpose.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2758, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2758, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2193 Education on S.B. No. 2928

The purpose of this bill is to require funding for coaches' salaries, athletic equipment and supplies, and the transportation of athletic teams to be considered standard workload increase items when planning and budgeting for new public schools.

Your Committee received testimony in support of this measure from the Department of Education and the Athletic Directors and Coaches Association. The Department of Budget and Finance submitted testimony in opposition.

Your Committee finds that because the items currently are not considered standard workload increases, the addition of two new high schools on Maui and the Big Island has resulted in a decrease in funding per school for athletics.

Your Committee believes athletics play an important role in student life and has amended this bill to change coaches' salaries to coaches' stipends, the correct terminology. Your Committee has also added an appropriation section and appropriated \$1, as the Committee has not received any recommendations for a specific amount necessary to carry out the purposes of the bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2928, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2928, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2194 Education on S.B. No. 2946

The purposes of this bill are to:

- (1) Require that all federal money received by the Department of Education be deposited with the superintendent of education alone instead of with the director of finance;
- (2) Require the director of finance to establish a special, trust, or revolving fund for the deposit of federal education money;
- (3) Prioritize the expenditure of federal impact aid money to first fund the department programs and services required by a federal court, then to fund State educational needs; and
- (4) Authorize the superintendent of education to solicit federal funds.

Your Committee received testimony supporting the intent of this bill from the Department of Education. Testimony opposing this bill was received from the Department of Budget and Finance.

Your Committee notes that approximately \$19 million is received in federal impact aid money.

Your Committee finds that currently federal impact aid moneys are used to supplement general funded teacher salaries.

Your Committee further finds that this bill would:

- (1) Hold the superintendent accountable for the administration of federal education funds; and
- (2) Provide the means for working toward compliance with the Felix v. Waihee consent decree.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2946 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2195 Education on S.B. No. 3068

The purpose of this bill is to appropriate a one-time grant of \$24,000 to each school that has received approval to carry out its proposal to implement school/community-based management (SCBM).

Your Committee received testimony in support of this measure from the Department of Education, the Hawaii Congress of Parents, Teachers and Students, and three individual members of SCBMs.

Your Committee finds that proper training for individual SCBMs is a continual process. Funding to help new schools is particularly important as they struggle to develop policies and procedures to meet individual school needs. Training, including the annual SCBM conference, will help the SCBMs work effectively in responding to their educational complexes and communities.

Your Committee understands that there are approximately twenty-five approved SCBMs, but at this time has not received any recommendation for a specific appropriation amount to be included in the bill. Accordingly, your Committee has amended the total appropriation to \$1.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3068, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3068, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2196 Education on S.B. No. 3198

The purpose of this bill is to appropriate funds for operating expenses of the Board of Education's Performance Standards Review Commission.

Your Committee received testimony in support of the bill from the Board of Education.

Your Committee believes that the Board of Education's Performance Standards Review Commission is a worthwhile project that should be carried out to determine the efficacy of the State's educational programs. However, your Committee also believes that the Board of Education can operate the Performance Standards Review Commission without any additional funding.

In light of these beliefs, your Committee has amended the bill by removing \$30,000 as the specific appropriated amount, and provided that funding shall come from the department's general revenue appropriation for fiscal year 1998-1999.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3198, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3198, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2197 Water, Land, and Hawaiian Affairs on S.B. No. 2789

The purpose of this bill is to appropriate additional general fund moneys to allow the Department of the Attorney General to continue its legal representation of the Department of Hawaiian Home Lands regarding claims under Chapter 674, Hawaii Revised Statutes, for the period March 1, 1998, through June 30, 1998.

Your Committee finds that Act 328, Session Laws of Hawaii 1997, appropriated \$216,182 in general funds to the Department of the Attorney General to defend the Department of Hawaiian Home Lands' interests in the review of individual claims brought pursuant to Chapter 674, Hawaii Revised Statutes, for only eight months of fiscal year 1997-1998.

Your Committee further finds that a critical funding emergency exists. The Hawaiian Home Lands Trust Individual Claims Review Panel ("Panel"), the body which receives and reviews claims of individual native Hawaiian beneficiaries for actual damages, is authorized to continue to process claims until December 31, 1999. The Hawaiian Claims Office, of which the Panel is a part, is funded until June 30, 1998. However, the appropriation for the Department of the Attorney General will be completely expended by the end of February 1998. Without additional appropriations from the general fund, the Department of the Attorney General will be

unable to continue its defense of the Department of Hawaiian Home Lands' interests in the claims review process after February 28, 1998.

Your Committee finds the appropriation necessary to ensure legal representation by the Department of the Attorney General is provided to the Department of Hawaiian Home Lands.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2789 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Tanaka, Taniguchi).

SCRep. 2198 (Joint/Majority) Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs on S.B. No. 2033

The purpose of this bill is to establish a Hawaii Reclaimed Water Distribution Authority (Authority) to develop water reclamation projects that would augment or supplant the use of existing potable water resources for nonpotable uses.

Your Committees find that the bill enables the Authority to:

- (1) Designate reclaimed water distribution districts;
- (2) Establish reclaimed water distribution plans;
- (3) Construct additions to existing wastewater treatment plants to effectuate the distribution of reclaimed water; and
- (4) Issue revenue bonds, with the approval of the Governor, to fund its construction projects.

Your Committees believe that the State's growing population has placed an increasing burden on the water resources of each island. In order to ensure that adequate potable water reserves are available for consumption, alternatives that include the use of nonpotable water must be investigated.

Your Committees have amended the bill by:

- (1) Removing from the powers of the Authority, the ability to engage the services of unions to prepare plans for the construction of any project;
- (2) Clarifying that any construction project requested by the Authority shall be executed through the Chief Procurement Officer in accordance with Chapter 103D, Hawaii Revised Statutes;
- (3) Adding a section to the new chapter that allows a procurement officer to require of any bidder on a contract for services requested by the Authority to abide by the provisions of a project labor agreement between the bidder and the building and trade council of the State; and
- (4) Clarifying that this bill establishes for the island of Oahu only, a pilot reclaimed water project.

Your Committees believe that the amendments strengthen the intent of the bill and will allow the Authority to systematically achieve experience in water reclamation and distribution projects.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2033, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2033, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 6. Noes, 3 (Baker, Taniguchi, Slom). Excused, 6 (Chumbley, Fernandes Salling, Fukunaga, Ige, D., Ihara, Tanaka).

SCRep. 2199 Commerce, Consumer Protection, and Information Technology on S.B. No. 2334

The purpose of this bill is to repeal the sunset date included in Act 331, Session Laws of Hawaii 1993.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; the Maui Hotel Association; and two interested citizens. Testimony opposing this measure was received from Body Glove Cruises; five managers from the Bay Club; and two interested citizens. The Department of Commerce and Consumer Affairs submitted testimony supporting the bill with amendments.

Your Committee finds that Act 331, Session Laws of Hawaii 1993, amended Section 514E-11, Hawaii Revised Statutes, which regulates the practices of sales agents or acquisition agents of time share units. Paragraph (13) of Section 514E-11 prohibits deceptive advertising and sales practices, such as free or discounted activities intended to induce individuals to attend a time share marketing event or to purchase a time share plan.

Your Committee further finds that a sunset date was attached to paragraph (13). Paragraph (13) is to be automatically repealed on June 23, 1998.

Your Committee amended this bill by changing its effective date from "upon approval" to "on June 22, 1998".

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2334, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2334, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2200 Commerce, Consumer Protection, and Information Technology on S.B. No. 2611

The purpose of this bill is to enact the Uniform Transfer-On-Death (TOD) Security Registration Act which would enable individuals to designate a nontestimentary beneficiary for transfer of registered securities.

Your Committee received testimony in support of this measure from the Hawaii Commission on Uniform State Laws.

Your Committee finds that this bill provides a simple method for registering a beneficiary to whom securities would directly transfer upon the death of the owner of the securities thus avoiding probate.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2611 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2201 Commerce, Consumer Protection, and Information Technology on S.B. No. 2785

The purpose of this bill is to allow the Office of Information Practices (OIP) to timely intervene in a civil action involving the Uniform Information Practices Act (Modified) by requiring the person bringing the suit to notify the OIP in writing upon filing the complaint.

Your Committee received testimony in support of this measure from the Office of Information Practices.

Your Committee finds that the OIP is the state agency responsible for administering the Uniform Information Practices Act (Modified) hereafter referred to as the UIPA, and may intervene in lawsuits to protect the provisions of the UIPA.

Your Committee further finds that the UIPA allows an individual to file a lawsuit in a circuit court when a state agency denies that person access to a government record or when a state agency fails to comply with provisions dealing with the disclosure of personal records.

Your Committee believes that the required notification would improve public access by allowing the OIP to monitor the public access issues being litigated, to timely intervene in UIPA lawsuits, and to quickly tailor its educational focus to address recurring problems.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2785 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2202 Commerce, Consumer Protection, and Information Technology on S.B. No. 2832

The purpose of this bill is to give the Director of Commerce and Consumer Affairs alternative methods of serving investigative subpoenas on witnesses within and outside of the State.

The bill also provides for enforcement of the subpoenas of witnesses outside of the State by the state circuit court in the county where the subpoena was issued.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that currently, investigative subpoenas are issued in accordance with the rules of court. However, in the rules of court there are numerous references to the standards, contents, manner, and enforcement of the subpoenas.

Your Committee further finds that rule 45 of the Hawaii Rules of Civil Procedure (HRCPP) limits service of a subpoena to any place within the State.

Your Committee notes that rule 45 HRCPP precludes investigations into consumer protection violations by businesses

Your Committee notes that rule 45 HRCPP precludes investigations into consumer protection violations by businesses operating physically outside the borders of the State, yet directing advertising, telemarketing, or other activity within the State.

Your Committee amended this bill by making technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2832, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2832, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2203 Commerce, Consumer Protection, and Information Technology on S.B. No. 2833

The purpose of this bill is to require retail lessors to disclose to motor vehicle lessee's their right to receive a copy of the lease calculation worksheet or any document reviewed during the lease transaction before or within six months of signing the lease agreement.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and the Hawaii Automobile Dealers Association.

Your Committee finds that Act 82, Session Laws of Hawaii 1997, enacted the Motor Vehicle Lease Disclosure Act (MVLDA) which required motor vehicle retail lessors to disclose all material terms, conditions, and limitations that apply to the lease agreement. The MVLDA also adopted the disclosures required by the federal Truth in Lending Act.

Your Committee further finds that the disclosure requirements of this Act were inadvertently omitted from Act 82, Session Laws of Hawaii 1997, and will enhance the ability of the consumer to fully evaluate a prospective lease arrangement.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2833 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2204 Commerce, Consumer Protection, and Information Technology on S.B. No. 2983

The purposes of this bill are to:

- (1) Transfer the Office of Information Practices (OIP) from the Department of the Attorney General to the legislative branch of government; and
- (2) Establish the OIP as the office responsible for overseeing compliance of the open meetings law.

Your Committee received testimony in support of this measure from the the Office of Hawaiian Affairs, Hawaii Clean Elections, Common Cause Hawaii, The League of Women Voters of Hawaii, The Society of Professional Journalists, Open Government Coalition of Hawaii, and three interested citizens. The Department of the Attorney General presented testimony expressing its concerns and suggestions of amendment of this measure.

Your Committee finds that currently, the possibility of a conflict of interest may exist when the Department of the Attorney General is called upon to enforce the open meetings law and to defend a state agency.

Your Committee further finds that the OIP is responsible for maintaining open access to public information as mandated by the federal Uniform Information Practices Act (Modified).

Your Committee notes that the OIP has received accolades from the public for its work in assisting in getting requested files and records released. Moreover, the OIP has been praised as being a model approach to public access to information by national freedom of information advocates.

Your Committee amended this bill by:

- (1) Replacing the word "agency" with the word "board" in the section of the bill that gives the OIP power to oversee compliance with chapter 92, Hawaii Revised Statutes;
- (2) Deleting the governor as a recipient of the OIP's annual report; and
- (3) Making technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2983, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2983, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2205 Commerce, Consumer Protection, and Information Technology on S.B. No. 3134

The purpose of this bill is to allow state agency heads to purchase computer and communication systems in the areas of public safety technology, electronic government, and education technology with the proceeds from the sale of general obligation bonds.

Your Committee received testimony in support of this measure from the University of Hawaii and the Department of Education. Testimony opposing this measure was received from the Department of Budget and Finance.

Your Committee finds that state agencies and institutions must continue to improve their access to information and technology as they become available, even in times of operating fund shortages, to keep pace with a rapidly changing society.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3134 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2206 (Majority) Commerce, Consumer Protection, and Information Technology on S.B. No. 3235

The purpose of this bill is to levy the transient accommodations tax (TAT) on occupants of resort time share vacation units.

Your Committee received testimony in support of this measure from the Department of Taxation; the Department of Business, Economic Development & Tourism; and the Maui Hotel Association. Testimony opposing this measure was received from the Bay Club Ownership Resort, Inc.; the Lawai Beach Resort; the Grand Ownership Resorts; and two interested citizens.

Your Committee finds that both hotel guests and time share unit occupants impose similar burdens on public facilities and services during their stay in Hawaii. However, hotels and not time shares pay the TAT.

Your Committee further finds that a portion of the moneys generated from the TAT is used to market Hawaii as a vacation destination and to assist counties in meeting the burden transients place on the infrastructure, police, and other county services.

Your Committee further finds that although time share owners own a portion of their time share facility and are authorized to return to Hawaii yearly, they often trade their allotted time slot for a vacation at a time share elsewhere. The most requested time share trades are for time slots in Hawaii.

Your Committee amended this bill by:

- (1) Correcting new language referencing Hawaii Revised Statutes section 237D-2(a);
- (2) Retaining references to "operator" and adding "plan manager"; and
- (3) Making technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3235, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3235, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Slom). Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2207 Commerce, Consumer Protection, and Information Technology on S.B. No. 3241

The purpose of this bill is to prohibit water transporters from raising prices for delivery of potable water to areas not served by piped-in water during times of drought or water scarcity. This bill sets a maximum rate for the sale of potable water by transporters; establishes criteria for determining violations; and subjects violators to a civil penalty under the unfair and deceptive practices laws.

Your Committee received testimony supporting this measure with amendments from the Department of Commerce and Consumer Affairs.

Your Committee finds that the language in the bill is similar to the language in chapter 209, Hawaii Revised Statutes (HRS), which prohibits the price increase of essential commodities during a state disaster.

Your Committee further finds that chapter 480, HRS contains the general laws dealing with unfair or deceptive acts or practices and penalty provisions, and that laws regulating unfair trade practices are located in other chapters of the HRS.

Your Committee amended this bill by moving the new section to chapter 481B, Hawaii Revised Statutes, as more appropriate for specific unfair practices and by replacing subsections (a) and (b) with new language that:

- (1) Defines which water transporters are affected by this Act;
- (2) Makes the regulation effective upon a declaration by a county board of water supply that a certain water supply condition exists; and
- (3) Requires the board of water supply to notify the Office of Consumer Protection when a declaration is made or lifted.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3241, as amended

herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3241, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 2208 (Joint) Transportation and Intergovernmental Affairs and Water, Land, and Hawaiian Affairs on S.B. No. 2910

The purpose of this bill is to remove from the definition of "public lands" lands acquired by the State and used by the Department of Transportation for harbor and airport-related purposes and to place control and management of such lands under the purview of the Department of Transportation.

Your Committees received testimony in support of this measure from the Department of Transportation. Testimonies in opposition were submitted by the Department of Land and Natural Resources, the Office of Hawaiian Affairs, and the Sierra Club, Hawaii Chapter.

Your Committees have amended this measure by substituting the amendments to section 171-2, Hawaii Revised Statutes, with amendments to section 171-11, Hawaii Revised Statutes, relating to "Public purposes, lands set aside by the governor; management", to:

- (1) Exempt from the need for approval from the Board of Land and Natural Resources, the disposition of lands set aside for agricultural parks, airports, highways, and harbors;
- (2) Require Department of Transportation to hold public informational meetings, not subject to chapters 91 and 92, Hawaii Revised Statutes, to solicit public input on proposed leases requiring lease payments in excess of \$25,000; and
- (3) Specify that proceeds from lease rents are to be deposited into the appropriate departmental or agency special fund, or the general fund of the State, or appropriate funds as provided by law.

Your Committees have further amended this measure by changing the effective date to July 1, 1998, and by making technical, nonsubstantive amendments throughout this measure.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Water, Land, and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2910, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2910, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 6 (Chumbley, Fernandes Salling, Fukunaga, Kanno, Tanaka, Taniguchi).

SCRep. 2209 (Joint) Transportation and Intergovernmental Affairs and Government Operations and Housing on S.B. No. 2184

The purpose of this bill is to exempt parking lot concessions at any state airport from the requirement that no concession be let except by public advertisement for sealed tender.

Your Committees received testimony in opposition to this measure from the Department of Transportation. The Airlines Committee of Hawaii submitted comments indicating concern that this measure would change the current method of competitive bidding for airport contracts.

Your Committees find that upon further discussion, the Department of Transportation and the Airlines Committee of Hawaii have agreed to amend this measure to give the State the option to follow the competitive sealed bidding requirements where the contract is awarded to the highest responsible bidder or the competitive sealed proposals method where the contract is awarded to the responsible offeror submitting the proposal most advantageous to the State.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Government Operations and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2184, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2184, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 4 (Chumbley, Fernandes Salling, Kanno, Matsunaga).

SCRep. 2210 (Joint) Transportation and Intergovernmental Affairs and Judiciary on S.B. No. 2394

The purpose of this bill is to authorize heads of state departments to obtain aid and cooperation from counties for joint projects and to protect counties from liability for their participation in any state project, program, or operation.

Your Committees received testimony in support of the bill from the Department of Land and Natural Resources, the County of Kauai's Department of Water, and the County of Hawaii's Office of the Corporation Counsel.

The Attorney General and the Department of Transportation opposed passage of the bill.

Your Committees find that it is in the public interest for the State and counties to cooperate in providing much needed services to the public through joint intergovernmental projects. These joint intergovernmental projects benefit the general public since they avoid

unnecessary duplication of services and allow the services to be provided in a faster and more efficient method. Examples of these joint state and county projects include development projects by the Department of Hawaiian Home Lands and the Housing Finance and Development Corporation, the providing of lifeguards by the counties at selected state beach parks, and education and work programs sponsored by the University of Hawaii community colleges.

Your Committees further find that the counties are hesitant to enter into these joint projects since it would expose them to greater liability, especially in situations where their participation is limited. To address this concern, the counties have requested the sponsoring state department to indemnify and defend them in the event a lawsuit arises out of a state project. Certain state departments have indicated to the counties that they are not adverse to providing them with such protection, but they need to have legislative authority to take such action.

Your Committees have amended the bill by clarifying that the sponsoring state department can either procure insurance, or indemnify and hold harmless, or provide a combination of the two options for the participating county agency. Your Committees also made technical, nonsubstantive amendments for the purpose of style.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2394, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2394, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 6. Noes, none. Excused, 5 (Bunda, Fernandes Salling, Kanno, McCartney, Anderson).

SCRep. 2211 Transportation and Intergovernmental Affairs on S.B. No. 2759

The purpose of this bill is to require the legal owner or lien holder to pay towing and storage charges on motor vehicles that are removed by order of a county police department for traffic obstruction or hazard. This bill establishes parameters for the setting of towing fees and motor vehicle recovery procedures, and allows each county to enact additional restrictions and criminal sanctions.

Your Committee received testimony in support of this measure from the Hawaii State Towing Association. The State Department of Transportation submitted testimony indicating it will defer to the counties or county police departments in regard to towing fees.

Your Committee has amended this measure by removing all dollar amounts relating to motor vehicle towing and storage fees and changing the time period within which a notice of towing must be sent to the lien holder and registered owner, from seven to fourteen days.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2759, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2759, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2212 Transportation and Intergovernmental Affairs on S.B. No. 3126

The purpose of this bill is to require applications for certificates of public convenience and necessity to be accompanied by proof of service upon current affected certificate holders and other interested parties.

Your Committee received testimony in support of the intent of this measure from the E Noa Corporation. Testimony in opposition to this measure was submitted by the Public Utilities Commission.

Your Committee, upon the request of the Public Utilities Commission and E Noa Corporation, has agreed to amend this measure by replacing section 271-12, Hawaii Revised Statutes, with section 271-16, Hawaii Revised Statutes, relating to temporary authority. The amendment requires every application for temporary authority to be made in writing, verified under oath, and accompanied by proof of service upon every current holder of a certificate of public convenience and necessity within the same classification, as required by the Commission.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3126, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3126, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Fernandes Salling, Ihara, Kanno).

SCRep. 2213 Government Operations and Housing on S.B. No. 2157

The purpose of this bill is to make acquisition of information technology simple, efficient, and dynamic.

Testimony in support of the bill was submitted by a concerned citizen who is employed as a data processing systems analyst.

The department of accounting and general services supported the intent of this bill but deferred its recommendation to the state procurement office which recommended that the bill be deferred.

The testimony from the concerned citizen indicated that information technology is progressing rapidly and that the current state procurement practices are inefficient and dilatory resulting in the eventual purchase of obsolete technology. Furthermore, the pilot program provisions in this bill will lead to creating improved procurement processes for state agencies to acquire contemporary information technology.

The state procurement office submitted testimony indicating that the timely acquisition of computers and other information technology can be accomplished with creative procurement within the parameters of the present procurement code and described a pilot program that is currently in progress. The state procurement office also indicated that this bill places the procurement policy board outside of its authority which is policy making and not operations.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that the acquisition of information technology must be streamlined in order for the state to procure contemporary information technology.

Your Committee amended this bill by making technical, nonsubstantive changes for clarity.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2157, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2157, S.D. 1, and be referred to the Committees on Commerce, Consumer Protection, and Information Technology and Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Anderson).

SCRep. 2214 Government Operations and Housing on S.B. No. 2307

The purpose of this bill is to merge the Dwelling Unit Revolving Fund (DURF) into the Homes Revolving Fund (HRF).

The Housing Finance and Development Corporation (HFDC) of the department of budget and finance and the Legal Aid Society of Hawaii (LASH) submitted testimony in support of this bill with their respective amendments.

Your Committee received testimony from HFDC in support of this bill provided that technical amendments be made. HFDC also recommended that this bill be amended to provide parity between DURF and HRF with respect to paying back the general fund for interest on issued general obligation bonds and to allow the proceeds of the consolidated HRF to be applied to necessary administrative expenses.

Your Committee also received testimony from LASH indicating concern for the federal funds received as a result of DURF. DURF's specific purpose is to satisfy conditions for the receipt of federal funds for housing projects. Merging DURF into HRF, which has a broader intent, may affect the ability of the State to receive federal funds for certain housing projects. LASH proposed amending this bill to allocate a portion of the funds in HRF in a manner ensuring the receipt of federal funds for housing projects.

LASH also recommended that the amendments in section 3 of this bill authorizing funds of the consolidated HRF to be used to develop commercial, industrial, and other properties should be deleted, and that section 5 of this bill which repeals section 201G-124, Hawaii Revised Statutes, should be deleted.

Upon consideration of all pertinent issues and testimony presented, your Committee concurs with the recommendations of HFDC and concurs in part with the recommendations of LASH.

Your Committee has amended this bill by:

- (1) Providing that all moneys in DURF be transferred to HRF;
- (2) Providing that all moneys of DURF transferred to HRF be used to reimburse the general fund to pay the interest on general obligation bonds issued for the purposes of DURF;
- (3) Permitting the moneys of the consolidated HRF to be applied to the necessary expenses in administering the consolidated HRF;
- (4) Deleting the language in section 3 of this bill which authorized the consolidated HRF to be used to develop commercial, industrial, and other properties;
- (5) Deleting section 5 of this bill which repealed section 201G-124, Hawaii Revised Statutes; and
- (6) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2307, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2307, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Anderson).

SCRep. 2215 Government Operations and Housing on S.B. No. 2501

The purpose of this bill is to increase the current preference to qualified bidding contractors from seven per cent to fifteen per cent and to require that the subcontractors also qualify for the preference.

Industry Management Consultants, Inc., the Hawaii Operating Engineers Industry Stabilization Fund (HOEISF), the Hawaii Electricians Market Enhancement Program Fund (HEMEPF), and Senator Kawamoto submitted testimony in support.

The Department of Accounting and General Services, State Procurement Office, Associated Builders and Contractors, Inc., and Jas. W. Glover, Ltd. submitted testimony opposing this bill.

Your Committee finds that the intent of the preference law is to provide economic benefits to the residents of this State, but this intent is not being fulfilled by the current seven per cent preference. The fifteen per cent preference proposed in this bill is intended to rejuvenate the construction industry and the State economy.

HEMEPF testified that this bill will further deter exploitive out-of-state contractors from bidding on state public construction contracts. With respect to requiring subcontractors under a qualified contractor to be similarly qualified, HOEISF indicated that this additional requirement strengthens the intent of the preference law by requiring general contractors to hire resident subcontractors. However, Jas. W. Glover, Ltd. noted that requiring subcontractors to be similarly qualified as the contractors further complicates the bidding process and will result in an increase in costs to the contractors and the State.

Your Committee acknowledges the burden imposed on qualified contractors submitting bids and, therefore, has amended this bill to exempt from the subcontractor requirement, contractors who have exhausted all eligible, qualified subcontractors prior to hiring a subcontractor not qualified for the preference.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that this bill will contribute to rejuvenating the construction industry and the State's economy.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2501, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2501, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2216 Government Operations and Housing on S.B. No. 2624

The purpose of this bill is to reenact the Hale Kokua program, which provides incentives to homeowners who set aside new or existing residential units to provide shelter to persons who are employed but homeless and places the program under the Housing and Community Development Corporation of Hawaii (HCDC).

Your Committee received testimony in support of the bill from the Hawaii Housing Authority and the Kalihi-Palama community council.

Your Committee received testimony from the Hawaiian Housing Authority indicating that substantial ground work for the Hale Kokua program has been laid and reenactment of the program will provide a viable alternative to homeless shelters.

The Kalihi-Palama community council submitted testimony indicating that the Hale Kokua program has the potential to significantly reduce the homeless problem in Hawaii at a minimal cost to the State. The Hale Kokua program was scheduled to be extended by the legislature in 1997, however, due to an unintentional error in the omnibus bill calling for the consolidation of all state housing functions into a single entity, the Hale Kokua program was mistakenly repealed.

Your Committee finds that the Hale Kokua program is an extremely useful tool for the State's homeless effort that offers a creative system of incentives. The Hale Kokua program also safeguards against burdening any single community.

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

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2624, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2624, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2217 Government Operations and Housing on S.B. No. 2656

The purpose of this bill is to authorize the use of the competitive sealed proposals method of source selection for concession contracts.

The department of finance for the city and county of Honolulu submitted testimony in support of this bill. The department of transportation submitted testimony supporting the intent of the bill but opposing this bill as currently written.

The city and county of Honolulu indicating that this bill will allow for other competitive means of contract source selection where factors other than price may be evaluated to determine the most advantageous position for the State and counties. Some factors noted include quality, performance capability, and service provisions.

The department of transportation objected to the designation of the sealed bid method under Chapter 103D-302, Hawaii Revised Statutes, as the method to be followed, permitting an award to the highest and/or most responsible bidder, and use of the vague term "unpriced technical offer" in the definition of "bidder" and "offeror".

Upon consideration of all pertinent issues and testimony presented, your Committee finds that authorizing the competitive sealed proposal method of source selection for concession contracts may result in more beneficial contracts for the State and counties.

Your Committee has amended this bill by:

- (1) Replacing the definition of "bidder" and "offeror" with language consistent with the current definitions in the Hawaii Administrative Rules; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2656, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2656, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2218 Government Operations and Housing on S.B. No. 2774

The purpose of this bill is to clarify Hawaii public procurement laws, consolidate procurement legislation of chapter 103, Hawaii Revised Statutes (HRS), into chapter 103D, HRS, and make other housekeeping amendments.

The state procurement office of the Department of Accounting and General Services and Goodwill Industries of Hawaii, Inc. submitted testimony in support of this bill.

The United Public Workers submitted written and oral testimony and a representative of Pacific Resource Partnership submitted oral testimony opposing this bill noting, among other things that some of the consolidating language used in this bill, e.g., the term "construction," inaccurately interprets the provisions in chapter 103, HRS.

The state procurement office requested that this bill be amended to allow the boards of water supply and their respective counties to independently designate the chief procurement officers of their respective boards of water supply.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that clarification of the public procurement laws is appropriate. Your Committee finds that this bill consolidates various existing sections of chapter 103, HRS, into chapter 103D, HRS. Your Committee also concurred with the recommendation of the state procurement office regarding the boards of water supply.

Your Committee has amended this bill by:

- (1) Limiting the application of preferences for qualified community rehabilitation programs to service contracts;
- (2) Permitting only goods or services to be purchased by public agencies from qualified community rehabilitation programs;
- (3) Deleting section 38 of this bill that repeals section 103-57, HRS;
- (4) Permitting the Hawaii, Honolulu, Kauai, and Maui boards of water supply to independently designate their respective managers, chief engineers, or other persons designated by county charter to be their respective chief procurement officers; and
- (5) Making technical, nonsubstantive amendments.

Your Committee finds that with the exception of the amendments referred to in paragraph (4), the remaining amendments in the bill merely restate provisions of chapter 103, HRS, in chapter 103D, HRS.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2774, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2774, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Anderson).

SCRep. 2219 Government Operations and Housing on S.B. No. 2779

The purpose of this bill is to authorize the expenditure of funds from the state parking control revolving fund to purchase motor pool vehicles. This bill also replaces terms for the purpose of conforming the statute to current interpretation.

Your Committee heard testimony in support of this bill from the department of accounting and general services.

Under current law, the state parking revolving fund is expended by the comptroller from the fund to defray state parking related costs. Furthermore, the state motor pool revolving fund is already in existence for the purpose of acquiring vehicles for the state and to pay for other related costs.

Your Committee heard testimony from the department of accounting and general services indicating that the state parking revolving fund was acquiring a surplus in funds and by allowing the fund to be used for the purchase of vehicles, the cost to rent the vehicles charged to state agencies could be reduced by fifty per cent.

The department of accounting and general services further revealed that the state parking revolving fund has been interpreted as permitting the funds to be used for state parking related construction and maintenance although it is not explicit in the current law.

Upon consideration, your Committee has amended the bill by deleting all of the language that permitted funds from the state parking revolving fund to be expended by the comptroller for the acquisition of motor pool vehicles.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2779, as amended herein, and recommends that it pass Second Reading, in the form attached hereto as S.B. No. 2779, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Anderson).

SCRep. 2220 Government Operations and Housing on S.B. No. 2804

The purpose of this bill is to allow the owner of real property purchased pursuant to chapter 201G to transfer or sell the real property without restriction after three years from the date of purchase.

The Housing Finance and Development Corporation (HFDC) submitted testimony in support of this bill.

Your Committee received testimony from HFDC indicating the necessity of this bill. Act 299, SLH 1997, reduced the period an owner is subject to transfer and sale restrictions from ten to three years by amending the appropriate sections in chapter 201E. Act 350 will repeal chapter 201E and enact chapter 201G on July 1, 1998. Thus, it is necessary to amend the appropriate sections in chapter 201G to reflect the intent of Act 299, SLH 1997.

Your Committee finds that under this bill, homeowners who have purchased affordable units with buy back restrictions may transfer and sell their units without restrictions after a three-year instead of a ten-year restriction period. This reduced restriction period will expire on December 31, 2000, after which the ten-year restriction period will be reinstated and HFDC must notify approximately 2,600 homeowners of the change in the statute.

Your Committee has amended this bill by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2804, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2804, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2221 Government Operations and Housing on S.B. No. 2812

The purpose of this bill is to exempt projects of the Housing and Community Development Corporation of Hawaii (HCDCH) from being required to offer no less than ten per cent of the total number of units in single-family projects to owner-builders or to nonprofit organizations assisting owner-builders in the construction of units when it is not feasible to do so.

The Housing Finance and Development Corporation (HFDC) submitted testimony in support of this bill. The Office of Hawaiian Affairs (OHA) and an individual who is a licensed architect submitted testimony opposing this bill.

Though supportive of owner-builder and self-help housing efforts, the HFDC indicated that it is not feasible in all cases to accommodate these efforts in HCDCH housing projects. HFDC noted the Villages of Kapolei project was contemplated, designed, and already partially built prior to enactment of the owner-builder/self-help accommodation requirement. Therefore, imposing the accommodation requirement on the Villages of Kapolei as the project is in its final stages of completion in accordance with its original design plans would not be feasible.

OHA and the licensed architect enumerated the beneficial results of requiring projects to accommodate owner-builder and self-help housing efforts. They opposed this bill because the language "when feasible" is vague and would provide huge loopholes for developers to exempt themselves from the owner-builder/self-help accommodation requirement.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that the owner-builder/self-help accommodation requirement is a valuable tool in providing homeownership opportunities for families who cannot qualify for higher priced homes. Your Committee further finds that the language "when feasible" is vague but acknowledges the dilemma of the Villages of Kapolei project.

Your Committee has amended this bill by replacing the contents with new language to exclusively exempt the Villages of Kapolei project from the owner-builder/self-help accommodation requirement under section 201G-120(a), Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2812, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2812, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2222 (Joint) Government Operations and Housing and Commerce, Consumer Protection, and Information Technology on S.B. No. 2940

The purpose of this bill is to exempt from the general excise tax, amounts received by an association of time share owners or a time share plan that are attributable to common costs and expenses associated with the condominium property regime (CPR) in which the time share plan is situated. This bill further provides that the exemption shall be applicable to gross income and gross proceeds received after June 30, 1998.

Testimony supporting the bill was submitted by the Department of Taxation, the Tax Foundation of Hawaii, and the law firm of Dwyer Imanaka Schraff Kudo Meyer & Fujimoto.

Your Committees find that existing law exempts from general excise tax amounts received as reimbursement for common expenses paid by the manager or board of directors of an association of apartment owners of a condominium property regime or a nonprofit homeowners or community association.

This bill would extend similar treatment to reimbursements made for common expenses by a manager or board of directors of an association of time share owners of a time share plan. Thus, the proposed exemption would extend equitable treatment to taxpayers in similar situations and is justifiable.

As affirmed by the records of votes of the members of your Committees on Government Operations and Housing and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2940 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 3 (Levin, Tanaka, Anderson).

SCRep. 2223 Government Operations and Housing on S.B. No. 3035

The purpose of this bill is to make technical and nonsubstantive corrections to clarify the newly created chapter 201G, Hawaii Revised Statutes, and Act 350, Session Laws of Hawaii 1997.

The Governor's Special Assistant for Housing submitted testimony in support of this bill. The Department of Water Supply for the County of Maui, the Department of Water for the County of Kauai, and the Board of Water Supply for the City and County of Honolulu submitted testimony in support of this bill and recommended that an amendment be made to this bill.

Your Committee received testimony indicating that the current law is ambiguous as to whether fast-tracked housing projects of the Housing Finance and Development Corporation are exempt from the rates and fees of the various boards of water supply under section 201E-210, Hawaii Revised Statutes, which will be redesignated 201G-118 on July 1, 1998. A recent opinion from the Attorney General stated that 201E-210 does not exempt these projects from compliance with the rules of the various county water boards.

Upon consideration of all pertinent issues and testimony presented, your Committee has amended this bill by adding conforming amendments to section 201G-118, Hawaii Revised Statutes and by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3035, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3035, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2224 Government Operations and Housing on S.B. No. 3114

The purpose of this bill is to require fifty per cent of the Rental Housing Trust Fund (RHTF) moneys to be allocated for the construction of units for persons or families with incomes at or below thirty per cent of the median income.

The Affordable Housing and Homeless Alliance, Legal Aid Society of Hawaii, American Association of Retired Persons, Hawaii Catholic Conference, and Catholic Charities of the Diocese of Honolulu submitted testimony in support of this bill.

The Governor's Special Assistant for Housing submitted testimony in support of the intent of this bill and recommended an alternate approach to addressing the objective of this bill. It was suggested that ten per cent of all units in each project be allocated for families with incomes at or below thirty per cent of the median income. Allocating fifty per cent, as this bill proposes, for one specific category of persons and families may quickly deplete the RHTF.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that there is a need to provide housing for families with incomes at or below thirty per cent of the median income. With regard to rapid depletion of the RHTF, your Committee has amended this bill by reducing the funds allocation to thirty-three and a third per cent and requiring ten per cent of the units in a housing project to be allocated to persons and families with incomes at or below thirty per cent of median family income. Your Committee also made technical, nonsubstantive amendments to this bill.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3114, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3114, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2225 Government Operations and Housing on S.B. No. 3127

The purpose of this bill is to deem contractors who fail to promptly pay their subcontractors or fail to comply with a satisfactory payment plan ineligible to bid on future public contracts.

The Subcontractors Association of Hawaii (SAH) and Industry Management Consultants, Incorporated (IMC) in behalf of Painting Industry of Hawaii Market Recovery Fund and the Hawaii Tapers Recovery Fund, submitted testimony in support of this bill. Jas. W. Glover, Ltd. (JAG) and the Department of Accounting and General Services (DAGS) submitted testimony in support of this bill.

Your Committee finds that contractors are not subject to any real penalty if they fail to promptly pay subcontractors within ten days after receipt of the money paid to the contractor as required by section 103-10.5, Hawaii Revised Statutes. Your Committee also finds that contractors have experienced problems with prompt payment in the past. This bill would provide further safeguards for the subcontractors and serve as additional incentive for general contractors to abide by the current law requiring prompt payment.

JAG agreed with the concept of this bill but indicated that requiring a general contractor to promptly pay the subcontractor within ten days of receipt of the money may not be realistic and suggested that payment within twenty days would be more reasonable. JAG also suggested amending this bill to require subcontractors to submit to the general contractor all required final and closing documentation in accordance with the subcontract prior to obligating the general contractor to prompt payment.

DAGS supports this bill and recommended amending this bill with respect to the payment plan provision. This bill permits general contractors who have failed to promptly pay subcontractors to be eligible to bid on public contracts provided that the contractor supplies and complies with a subcontractor payment plan to be approved by the comptroller. This bill requires that the payment plan be approved by the comptroller prior to the commencement of the work. DAGS suggests that the payment plan should require the comptroller's approval prior to the general contractor's bid submission.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that the current prompt payment law, when violated, lacks adequate penalty provisions and that this bill provides an incentive for contractors to promptly pay subcontractors.

Your Committee concurred with the testimony of DAGS with respect to its recommended amendment and amended this bill by requiring that payment plans submitted by general contractors be approved by the comptroller prior to being eligible to submit a bid on a public contract.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3127, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3127, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2226 (Joint) Government Operations and Housing and Human Resources on S.B. No. 3129

The purpose of this bill is to abolish the Department of Human Resources Development and transfer its functions to the Department of Labor and Industrial Relations.

The Government Efficiency Teams, Inc. (GET) submitted testimony in support of this bill.

The departments of human resources development (DHRD), labor and industrial relations (DLIR), budget and finance (BNF) (collectively, Departments), and the Hawaii Government Employees Association (HGEA) submitted testimony opposing this bill.

Your Committees received testimony from GET indicating that this bill will contribute reducing the size of state government thereby making it more efficient and cost-effective. The Departments noted that the functions of DHRD and DLIR are not compatible and that consolidation raises numerous issues regarding conflicts of interest, competent enforcement of labor laws, and degradation of the quality of the services.

Upon consideration of all pertinent issues and testimony presented, your Committees concur with the testimony of the Departments and replaced the contents of this bill with the contents of S.B. No. 3047 which consolidates BNF, DHRD, and certain functions of the Department of Accounting and General Services (DAGS). Your Committees have modified the intent of S.B. No. 3047 for the purposes of this bill by excluding DAGS functions from consolidation.

As affirmed by the records of votes of the members of your Committees on Government Operations and Housing and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3129, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3129, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2227 Government Operations and Housing on S.B. No. 3159

The purpose of this bill is to permit minority condominium owners to realize some financial compensation for the devaluation of their units caused by the time share conversion of the majority of the units.

Three individuals submitted testimony in support of this bill.

The Department of Commerce and Consumer Affairs (DCCA), Grand Ownership Resorts, and an attorney submitted testimony opposing this bill.

Your Committee received testimony from DCCA indicating that this bill is too broad because it creates an exemption for those not intended to be exempted by this bill. Furthermore, by exempting any time share developer, consumers will be vulnerable to unscrupulous practices without recourse through the time share laws.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that this bill is too broad. However, your Committee has amended this bill by replacing its contents with new language. This bill has been amended by:

- (1) Eliminating the requirement that leasehold time share interests be registered with land court; and
- (2) Requiring that leasehold time share interests be recorded with the bureau of conveyances.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3159, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3159, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Anderson).

SCRep. 2228 Government Operations and Housing on S.B. No. 3192

The purpose of this bill is to appropriate funds out of the general fund for a state payroll pilot project to determine the efficiency and cost effectiveness of utilizing third party and private industry contracting for payroll services.

State Representative Yoshinaga and Ceridian Employer Services (Ceridian) submitted testimony in support of this bill.

The Department of Accounting and General Services (DAGS) and Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO (HGEA) submitted testimony opposing this bill.

Representative Yoshinaga testified as to the benefits of privatizing the payroll system of the State. Ceridian noted that it currently handles the payroll services of many large corporations and believes it will be more efficient and cost-effective for the State to out-source its payroll services.

DAGS opposed this bill because it believed this bill was unnecessary in light of DAGS's current re-engineering efforts. HGEA opposed this bill because it believed payroll service positions are subject to civil service laws and may not be privatized.

Upon consideration of all pertinent issues and testimony presented, while your Committee finds that a state payroll pilot project merits consideration, it believes that no additional funds should be allocated for the project. Therefore, your Committee has amended this bill to require that the project be implemented with funds appropriated for the DAGS 1998-1999 operating budget.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3192, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3192, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2229 Government Operations and Housing on S.B. No. 3195

The purpose of this bill is to ensure that projects created and established as condominium property regimes comply with the provisions of underlying city and county zoning, subdivision, and development ordinances and rules.

The Office of Planning of the Department of Business, Economic Development and Tourism, Real Estate Commission, Planning Department for the county of Hawaii, Plan To Protect, Hawaii's Thousand Friends, Maunawili Community Association, Kona Farmers Alliance, Kona Community Action Group to Address Flooding, a council member of the county of Hawaii, and an attorney submitted testimony in support of this bill. The City and County of Honolulu submitted testimony in support of this bill and noted some concerns.

Your Committee finds that there is a loophole in the current condominium project regime (CPR) laws that allow CPR developers to circumvent county zoning, subdivision, and development ordinances and rules. This bill prevents future CPR developers from doing so.

Your Committee has amended this bill by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3195, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3195, S.D. 1, and be referred to the Committee on Transportation and Intergovernmental Affairs.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2230 Health and Environment on S.B. No. 2422

The purpose of this bill is to allow private environmental impact statement applicants to extend the comment periods for public review of environmental assessments and draft environmental impact statements.

The Director of Environmental Quality Control, Hawaii's Thousand Friends and two concerned individuals submitted written testimony supporting this bill. Na Leo Pohai submitted testimony supporting the intent of the bill but expressed concerns that the measure did not specify the circumstances under which an applicant must extend the comment period. The Department of Transportation submitted testimony opposing this bill. The Director of Environmental Quality Control also recommended an amendment to include governmental agencies in this measure.

After considering all pertinent issues and testimony presented, your Committee agreed with the testimony of Director of Environmental Quality Control and incorporated the Director's recommendation. Your Committee amended this bill by requiring the submission of completed environmental assessments and draft environmental impact statements before the commencement of the comment period.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2422, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2422, S.D. 1, and be referred to the Committee on Water, Land, and Hawaiian Affairs.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 2231 Health and Environment on S.B. No. 2460

The purpose of this bill is to mandate review and approval of any sale and acquisition of a nonprofit hospital by the State Health Planning and Development Agency (SHPDA) and the Attorney General.

The Administrator of SHPDA, the Healthcare Association of Hawaii, and the Hawaii Government Employees Association, AFSCME, LOCAL 152, AFL-CIO submitted written testimony supporting this bill. The Administrator of SHPDA also recommended changes to make the provisions of the bill more compatible with existing mechanisms and procedures of SHPDA.

Due to the upturn in the economies of other states and the extended recession in the State of Hawaii, the State's nonprofit hospitals are prime candidates for purchase by out-of-state private hospital corporations. While these purchases may provide short term infusion of much needed capital into the State, eventual implementation of "bottom-line" economics often results in reduced or eliminated health services to rural and other communities. After considering all pertinent issues and testimony presented, your Committee finds that a mechanism to protect against the raiding of nonprofit hospital assets by private hospital corporations is in the best interest of the residents of the State and the establishment of protective procedures is warranted at this time.

Your Committee amended this bill by incorporating the recommendations of SHPDA and by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2460, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2460, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 2232 Health and Environment on S.B. No. 2831

The purpose of this bill is to establish a naturopathy joint formulary advisory committee to advise the Director of Health in the review and updating of an applicable formulary of drugs and substances that can be prescribed by naturopathic physicians. The bill also amends the definition of "natural medicine" to include the authority to prescribe natural drugs and substances.

The Board of Examiners in Naturopathy, Hawaii Society of Naturopathic Physicians, and six concerned individuals submitted written testimony supporting this bill. The Board of Examiners recommended compromise language limiting the types of drugs or substances that naturopathic physicians may prescribe, clarifying that the advisory committee would be an ongoing advisory body, and stipulating that no changes to the formulary could occur without prior advisory committee and board approval. The Administrator of the Narcotics Enforcement Division of the Department of Public Safety submitted written testimony expressing concerns regarding the possibility of naturopathic physicians prescribing narcotic prescription drugs. The Hawaii Medical Association, Hawaii Federation of Physicians and Dentists, and a concerned individual submitted written testimony opposing this bill.

After considering all pertinent issues and testimony presented, your Committee finds that naturopathic medicine has a legitimate place in Hawaii's health care industry and that permitting naturopathic physicians to prescribe natural substances and drugs that have traditionally played a role in the medical practice of those physicians is in the public's interest. Your Committee incorporated the recommendations of the Board of Examiners in Naturopathy and amended the bill by:

- (1) Clarifying that the board may not include items in the formulary that have not been favorably recommended by the naturopathy joint formulary advisory committee;
- (2) Clarifying that the naturopathy joint formulary advisory committee is an ongoing advisory body whose members are to be appointed from time to time as needed to make recommendations regarding additions or deletions to the formulary;
- (3) Making all changes to the formulary subject to prior approval of the advisory committee and the Board of Examiners in Naturopathy; and
- (4) Limiting the prescription drugs that can be prescribed by naturopathic physicians to those that are manufactured to be identical in molecular structure to substances found in nature.

Technical, nonsubstantive changes were also made.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2831, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2831, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Slom).

SCRep. 2233 Health and Environment on S.B. No. 2861

The purpose of this bill is to make an emergency appropriation of \$292,180 for emergency ambulance services for the islands of Maui, Molokai, and Lanai.

The director of health and council chair of the Maui county council submitted written testimony supporting the bill. The Waianae Coast Comprehensive Health Center submitted testimony in support of the measure and recommended adding an emergency appropriation of \$875,000 for the Waianae Coast Comprehensive Health Center to ensure the continued availability of emergency and urgent care services for the residents of the Waianae coast.

After considering all pertinent issues and testimony presented, your Committee concluded that in addition to the emergency appropriations for emergency ambulance services for the islands of Maui, Molokai, and Lanai, additional emergency appropriations for the Hawaii county fire department and for the continuance of emergency and urgent care services at the Waianae Coast Comprehensive Health Center, are needed. Accordingly, your Committee amended this bill by adding emergency appropriations of \$875,000 for the Waianae Coast Comprehensive Health Center and \$566,760.87 for the Hawaii county fire department.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2861, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2861, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Chun Oakland, Metcalf).

SCRep. 2234 Health and Environment on S.B. No. 2965

The purpose of this bill is to make a \$325,000 appropriation to assist Hana Community Health Center in maintaining its operations for fiscal year 1997-1998 in compliance with the State's agreement and promise to provide additional financial assistance.

A Councilmember of the Maui County Council, Hana Community Health Center, Papa Ola Lokahi, and six concerned members of the Hana community submitted written testimony supporting this bill. The Director of Health submitted written testimony supporting the intent of the measure. The United Public Workers, AFSCME, Local 646, AFL-CIO, submitted written testimony opposing this bill. The Hana Community Health Center recommended amending the bill to include an additional appropriation for fiscal year 1998-1999.

After considering all pertinent issues and testimony presented, your Committee finds that the appropriation sought by this measure is critical for the Hana community, and that ensuring proper medical care in rural communities is an important function of state government.

Your Committee amended this bill by adding an appropriation of \$995,720 for fiscal year 1998-1999, correcting the effective date, and by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2965, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2965, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Slom).

SCRep. 2235 Health and Environment on S.B. No. 3051

The purpose of this bill is to provide an emergency appropriation to prevent the reduction or elimination of health care services in the communities served by the Hawaii Health Systems Corporation.

Your Committee received testimony in support of the bill from the Hawaii Government Employees Association, the Healthcare Association of Hawaii, and the Coalition For The Preservation Of Rural Health Care. The Hawaii Health Systems Corporation submitted general fiscal and operational information.

Your Committee finds that the appropriation is necessary to ensure that adequate health care services are available to all citizens of the State, regardless of whether a person lives in an urbanized area or not. This appropriation will ensure that health care service provision will be available throughout the 1997-1998 fiscal year.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3051, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 2 (Chun Oakland, Metcalf).

SCRep. 2236 (Majority) Government Operations and Housing on S.B. No. 3244

The purpose of this bill is to require the Housing and Community Development Corporation of Hawaii (HCDC) to mail the required notice of a liquor license application hearing to each dwelling unit in a state-operated housing project.

Testimony in opposition to the bill was received by your Committee from the Housing Finance and Development Corporation proposing that the liquor license applicant should bear the responsibility and cost for mailing the hearing notices to the individual dwelling units and that HCDC would provide the applicant with the mailing addresses of the dwelling units.

Your Committee determined that it is in the interest of the public that HCDC be responsible for mailing the hearing notices to each dwelling unit in state-operated housing projects. Your Committee believes that these occupants should be given proper notification to facilitate meaningful public input at the liquor license application hearing.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3244 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 2. Noes, 1 (Anderson). Excused, 1 (Matsunaga).

SCRep. 2237 Human Resources on S.B. No. 2222

The purpose of this bill is to allow the State and counties to establish a program to allow accumulated sick leave credits which cannot be used for retirement purposes to be placed in a sick leave pool for use by employees with a serious illness or injury.

Your Committee received testimony in support of this bill from the Hawaii Government Employees Association and the Hawaii State Teachers Association. Testimony in opposition to this bill was received from the Department of Human Resources Development, Department of Personnel of the City and County of Honolulu, and the Department of Education.

Your Committee considers this bill to be a humane measure to help government employees who suffer serious illness or injury that exhausts their sick leave and vacation leave. Your Committee understands the financial burden on the general fund argument of opponents of this bill, but feels that the health and well-being of government workers should be paramount in the balancing of equities.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2222 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Metcalf).

SCRep. 2238 Human Resources on S.B. No. 2263

The purpose of this bill is to downsize and streamline state government by:

- (1) Eliminating one-half of positions vacant, as of June 30, 1998;
- (2) Lapsing one-half of the moneys appropriated for those vacant positions in the executive and judiciary; and
- (3) Creating vacancy pools into which one-half of the positions vacant on June 30, 1998 and all further vacancies are to be placed.

Your Committee received testimony in support of this bill from the Judiciary and the Hawaii Government Employees Association. Testimony in opposition to this bill was received from the Department of Education. Informational testimony was provided by the Department of Budget and Finance.

Your Committee believes that the bill's intent has merit and should progress through the legislative process as a means for further discussion on this important issue.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2263 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Metcalf).

SCRep. 2239 (Joint) Human Resources and Transportation and Intergovernmental Affairs on S.B. No. 2385

The purpose of this bill is to allow the counties to issue special license plates to signify that the registered owner of the vehicle has made a monetary donation to the Hawaii Early Education and Care Special Fund.

Your Committees received testimony in support of this bill from the Department of Human Services, People Attentive to Children, and Good Beginnings Alliance. Informational testimony was provided by the Department of Budget and Finance.

Your Committees find that funding mechanisms that are independent of the state general fund must be established to finance early education and care for children. Testimony at a hearing on this bill noted that efforts are being made to obtain a blending of moneys from the State, the federal government, and the private sector. Your Committees further find that Massachusetts has a similar license plate program. Your Committees recognize that the quality of education and care of our keiki determines the quality of our future. This bill is a significant, though modest, means of ensuring that quality.

Your Committees have not specified a donation amount, preferring to continue discussion on this matter until more information is available on projected revenues as determined by the number of registered vehicles, the number of donors, and the amount of the donation.

Your Committees have amended this bill by specifying that the license plate be designed with the words "MALAMA NA KEIKI Caring for Children".

As affirmed by the records of votes of the members of your Committees on Human Resources and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2385, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2385, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 6. Noes, none. Excused, 5 (Chumbley, Fernandes Salling, Fukunaga, Anderson, Slom).

SCRep. 2240 Human Resources on S.B. No. 2437

The purpose of this bill is to amend Act 309, Session Laws of Hawaii 1996, relating to the employer-union trust concept committee, by clarifying its membership; requiring progress reports and annual action plans; requiring a final proposal; and providing a sunset date of June 30, 2000, of the committee appointed by the Director of Finance.

Your Committee received testimony in support of this bill from the Hawaii State Teachers Association, Hawaii Government Employees Association, United Public Workers, and Voluntary Employees' Benefit Association of Hawaii. Informational testimony was provided by the Department of Budget and Finance. The Public Employees Health Fund stated that it would provide the employer-union trust committee with research information.

Your Committee has amended this bill on recommendation of the Voluntary Employees' Benefit Association of Hawaii to clarify that designees of the representatives may serve on the committee in order to expedite the committee's business by facilitating attendance at meetings. Technical, nonsubstantive amendments were also made for purposes of style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2437, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2437, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2241 Human Resources on S.B. No. 2956

The purpose of this bill is to increase the membership of the Board of Trustees (Board) of the Employees' Retirement System (ERS) from eight to nine members with one member being a class A member.

Your Committee received testimony in support of this bill from the State of Hawaii Organization of Police Officers. Testimony in opposition to this bill was received from the Department of Budget and Finance and the Attorney General. Informational testimony was provided by the ERS.

Your Committee supports the request of the police and fire departments to be represented on the Board.

Your Committee has amended this bill to delete the reference to class A and to specify that a member be a police officer or a firefighter.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2956, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2956, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, none.

SCRep. 2242 Commerce, Consumer Protection, and Information Technology on S.B. No. 2135

The purpose of this bill is to repeal the sunset dates in Act 174, Session Laws of Hawaii 1995, pertaining to activity providers and activity desks.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, Windjammer, Hawaii Helicopters, Trilogy Excursions, the Activity Owners Association of Hawaii, the Hawaii Activities and Tours Association, and the Old Lahaina Luau.

Your Committee finds that Act 214, Session Laws of Hawaii (SLH) 1990, was the original Act which prohibited the deceptive practices of activity desks and provided remedies for injured activity providers.

Your Committee further finds that Act 214, SLH 1990 contained a sunset date of June 30, 1991. The provisions of the Act and the sunset date were amended and extended by several subsequent Acts, the latest, Act 174, SLH 1995, extended the sunset date to June 30, 1998.

Your Committee amended the bill by changing its effective date from "upon its approval" to "June 29, 1998".

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2135, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2135, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2243 Commerce, Consumer Protection, and Information Technology on S.B. No. 2472

The purpose of this bill is to authorize an unfair and deceptive act or practice action to be brought in any appropriate court, not only the circuit court, unless the court venue is specified in the statute.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that allowing consumers to bring certain unfair and deceptive act or practice actions in small claims and district courts may encourage more consumers to utilize the private enforcement remedies available to them under chapter 480, Hawaii Revised Statutes.

Your Committee further finds that making small claims and district courts the proper venue in certain cases will make the enforcement of violations of unfair and deceptive acts or practices law more affordable, quicker, and easier than strictly requiring a circuit court venue.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2472 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 2244 Commerce, Consumer Protection, and Information Technology on S.B. No. 2581

The purpose of this bill is to regulate perpetual care charges by mortuary, cemetery, and funeral authorities. Specifically, the bill:

- (1) Prohibits a mortuary, cemetery, or pre-need funeral authority, subsequent to the execution of a contract with a purchaser, from charging additional perpetual care fees for any purpose including the transfer of a cemetery plot, niche, or mausoleum crypt to a surviving transferee;
- (2) Subjects a violator of the prohibition against charging additional perpetual care fees to the unfair or deceptive act or practice penalties under section 480-2, Hawaii Revised Statutes, in addition to any other laws of the State;
- (3) Requires the disclosure of the prohibition against charging additional perpetual care fees in the written contract between the cemetery or pre-need funeral authority and the purchaser; and
- (4) Authorizes the suspension, revocation, or refusal to renew any license of a cemetery or pre-need funeral authority for violating the prohibition against charging additional perpetual care fees.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that numerous complaints have been filed with the Regulated Industries Complaints Office alleging that cemetery associations have been assessing exorbitant fees upon the transfer of a plot to an immediate member of a deceased family or a close relative.

Your Committee further finds that the additional perpetual care fees ranged from \$1,500 to \$3,500 irrespective of the perpetual care fee already collected in the original sale of the plot.

Your Committee further finds that these practices have been detrimental to consumers, especially the elderly.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2581 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 2245 Commerce, Consumer Protection, and Information Technology on S.B. No. 2820

The purpose of this bill is to strengthen the enforcement provisions of the Code of Financial Institutions by:

- (1) Authorizing the commissioner of financial institutions to impose an administrative fine on any person other than a Hawaii financial institution or an institution-affiliated party for specified violations;
- (2) Subjecting persons other than a Hawaii financial institution and an institution-affiliated party to the Code of Financial Institutions;
- (3) Requiring that the commissioner issue a cease and desist order to a Hawaii financial institution or an institution-affiliated party only after a determination that two criteria have been met; and
- (4) Making other housekeeping amendments.

Your Committee received testimony in support of this bill from the Department of Commerce and Consumer Affairs.

Your Committee finds that this bill will assist the commissioner to assert its authority over unlicensed persons whose activities may violate the Code of Financial Institutions.

Your Committee notes that this bill basically subjects the unlicensed person's prohibited activities to similar sanctions levied upon licensed Hawaii financial institutions or institution-affiliated parties.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2820 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 2246 Commerce, Consumer Protection, and Information Technology on S.B. No. 2828

The purpose of this bill is to repeal the requirements that pharmacies possess a specific reference material and maintain records in a specific manner. The bill instead leaves the type of reference material and manner of keeping records to the discretion of the pharmacies.

Your Committee received testimony in support of this measure from the Board of Pharmacy and Longs Drug Stores.

Your Committee finds that currently pharmacies are required to possess the latest revision of the United States Pharmacopoeia National Formulary (USPNF), and keep records by books, files, or microfilms of the books or files.

Your Committee notes that while the USPNF may have served its purpose in the past, more practical reference materials have become available for pharmacists today.

Your Committee further finds that Act 304, Session Laws of Hawaii 1997, allows and regulates electronic recordkeeping by pharmacies. Additionally, section 329-101, Hawaii Revised Statutes, established a controlled substance electronic accountability prescription system.

Your Committee amended this bill by correcting the spelling of pharmacopoeia to conform to the spelling of the word in the Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2828, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2828, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2247 Education on S.B. No. 2452

The purpose of this bill is to appropriate funds for the Pacific mapping program at the University of Hawaii.

Your Committee received testimony in opposition to this measure from the University of Hawaii.

Your Committee finds that due to impending budget cuts, this program funding is to be above and beyond the University of Hawaii Board of Regents' approved budget. Your Committee is supportive of the work of this program and has made a technical, nonsubstantive amendment to the measure.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2452, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2452, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Iwase, Solomon).

SCRep. 2248 Education on S.B. No. 2920

The purpose of this bill is to add a new section to chapter 304, Hawaii Revised Statutes (HRS), to give the board of regents authority to hire counsel and to amend section 28-8.3, HRS, to conform.

Your Committee received testimony in support of this measure from the University of Hawaii. The Department of the Attorney General and the Department of Budget and Finance submitted testimony in opposition.

Your Committee finds that the university's right to retain its own legal counsel is consistent with Article X, Section 5, of the State Constitution, which established the university as a public body corporate. It is not an administrative or executive agency, and is authorized to own property, to adopt bylaws, to enter into contracts, and to sue and be sued in its own name.

Your Committee further finds that many, if not all, universities with constitutional status employ their own attorneys, with general counsel serving as part of the senior management team. By employing its own attorneys, the university can ensure that its interests are being fully protected and retain control over its internal affairs. Moreover, the university will make a good faith effort to stay within funds allocated for legal judgments and settlements.

Your Committee has heard this measure in concert with S.B. No. 2207, which is intended to grant further autonomy to the University of Hawaii in a number of areas, including legal representation. In discussion of the two measures, your Committee has determined that the issue of legal representation would be best served by deleting the references to legal representation from S.B. No. 2207, and incorporating them into this measure.

Your Committee has amended this bill accordingly, to delete the proposed new section in chapter 304, HRS, from the measure and to add an amended section 304-6, HRS, incorporating the language in S.B. No. 2207, to:

- (1) Provide legal protection for the board of regents;
- (2) Give the board the authority to hire attorneys;
- (3) Authorize the board to seek legislative appropriations for payment of judgments and settlements; and
- (4) Purchase insurance coverage to cover any claims.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2920, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2920, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Ige, D., Ige, M.).

SCRep. 2249 Education on S.B. No. 2916

The purpose of this bill is to amend section 304-4, Hawaii Revised Statutes, to authorize the board of regents to delegate to the president or the president's designee the authority to render the final decision in contested case proceedings, subject to chapter 91, as it deems appropriate.

Your Committee received testimony in support of this measure from the University of Hawaii.

Your Committee finds that the university utilizes the state tax refund intercept program, which facilitates the recovery of moneys owed to the State. In 1997, the university intercepted more than 800 tax refunds from debtors who owe delinquent financial obligations to the university. The average dollar value of each refund was \$144. Given the hundreds of refunds intercepted each year, the university hopes to reduce the amount of time it takes to conclude a contested case hearing by enabling the board to delegate authority to render final decisions to the university administration.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2916 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Ige, M., Slom).

SCRep. 2250 (Joint) Education and Human Resources on S.B. No. 3239

The purpose of this bill is to amend section 26-11, Hawaii Revised Statutes, to authorize the president of the university to transfer functions and personnel of the university between and among units of the university without the approval of the governor.

Your Committees received testimony in support of the intent of this measure from the University of Hawaii. The Department of Budget and Finance submitted testimony in opposition.

Your Committees find that this measure would assist the university in its pursuit of self-governance of its internal matters. Your Committees are supportive of this measure, but believe the respective collective bargaining units should be consulted before any such transfers are made and have amended the bill accordingly.

As affirmed by the records of votes of the members of your Committees on Education and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3239, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3239, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 12. Noes, none. Excused, 2 (Ige, M., Slom).

SCRep. 2251 (Joint) Human Resources and Transportation and Intergovernmental Affairs on S.B. No. 2131

The purpose of this bill is to provide that retirants in the Employees' Retirement System (ERS) shall be eligible to purchase increased pension or retirement allowance for each year of military service up to four years if they claim the service between July 1, 1998, and June 30, 1999.

Your Committees received testimony in support of this bill from the Director of the Office of Veterans Services, Hawaii State Teachers Association, and Hawaii Government Employees Association. Testimony in opposition to this bill was received from the Department of Budget and Finance. Informational testimony was provided by the ERS.

Your Committees find that most of the qualifying veterans benefiting from this bill come from the World War II or Korean Conflict eras, which are few in number although not ascertainable specifically. These veterans were never recognized for their military service by the ERS because they retired prior to any laws being passed that recognized military service credit. Your Committees believe that veterans of all wars served with honor and should be recognized within the ERS.

As affirmed by the records of votes of the members of your Committees on Human Resources and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2131 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2252 (Joint) Human Resources and Commerce, Consumer Protection, and Information Technology on S.B. No. 2338

The purpose of this bill is to establish a hoisting machine operators' certification board and to establish a hoisting machine operators' certification special fund with an appropriation of \$200,000 for initial funding.

Your Committees received testimony in support of this bill from the Hawaii Operating Engineers Industry Stabilization Fund and the General Contractors Association of Hawaii. Testimony in opposition to this bill was received from the Department of Labor and Industrial Relations.

Your Committees find that a hoisting machine operators' certification board should be established to assist the DLIR in its regulatory function concerning hoisting machine operators. Your Committees further find that a hoisting machine operators' special fund should be established to defray the costs to the State of regulating hoisting machine operators.

The initial focus as recommended by the hoisting machine operators working group will be on the crane operators. The intent of your Committees is that crane operators should be regulated based on a two tier system, as follows:

- (1) The first tier to be composed of the two hundred or so crane operators who operate cranes all the time, and being more skilled, are more frequently involved in more severe accidents; and
- (2) The second tier, larger than the first tier, to be composed of crane operators who do not operate cranes all the time but are involved in a greater number of accidents though less severe than the first tier.

Your Committees have amended this bill to:

- (1) Provide that the sum of \$370,000 shall be deposited into the general fund from the hoisting machine operators' special fund on July 1, 2000, as reimbursement for funds appropriated by this bill; and
- (2) Make technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Resources and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2338, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2338, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, none. Excused, none.

SCRep. 2253 Human Resources on S.B. No. 2814

The purpose of this bill is to adjust the annual salary increase assumption for actuarial valuations from four per cent to three per cent for purposes of calculating the employer contributions to the Employees' Retirement System (ERS).

Your Committee received testimony in support of this bill from the Department of Budget and Finance, and Hawaii State Teachers Association. The ERS submitted written testimony.

Your Committee finds from the testimony that the actuarial assumptions for assumed salary increases varies from three to five per cent, depending on the individual actuary's projection of future salary increases. Your Committee further finds that the actual cost to the employer is complicated by calculation of retroactive payments of collective bargaining increases, which could compound the percentage amount. Your Committee prefers to continue discussion on this bill by not designating the percentage amount at this time.

Your Committee has amended this bill by deleting the three per cent increase and providing for an unspecified amount.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2814, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2814, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Fukunaga).

SCRep. 2254 Health and Environment on S.B. No. 2258

The purpose of this bill is to address certain aspects of the State's tax structure to assist the health care industry and its consumers by eliminating, reducing, or alleviating taxation of certain health care service activities and health care delivery structures.

The Administrator of the State Health Planning and Development Agency and the Healthcare Association of Hawaii submitted written testimony supporting this bill. The Director of Taxation submitted written testimony supporting the overall objective of this bill, however, recommended consideration of another measure to accomplish the goals of this bill. The Tax Foundation of Hawaii submitted written testimony analyzing the effect of this measure, if enacted, and made several recommendations regarding additional areas in which tax relief might be sought to further the intent of this bill. The Hawaii Medical Association and Hawaii Federation of Physicians and Dentists submitted written testimony opposing this bill.

After considering all pertinent issues and testimonies presented, your Committee finds that Hawaii's health care industry has been penalized by the complex general excise tax system to the extent that its ability to function efficiently and economically has been impaired. The State's health care facilities cannot compete on an even playing field against their mainland counterparts because this tax burden seldom occurs in other states. Your Committee finds that the State's failure to review the general excise tax as it relates to the delivery of health care services on a timely basis has compelled the health care industry to resort to inordinately complex structuring and restructuring solely or primarily for the purpose of avoiding the general excise tax. As a result, in many instances, efficiencies and cost savings have been lost, the delivery of new products and services has been hampered, and the health care consumers have borne the increased costs. Your Committee believes that the changes to general excise tax and use tax laws in this measure are necessary and will result in little revenue loss, many economic benefits, and lower health care costs for Hawaii.

Your Committee expanded the scope of this measure and amended the bill by:

- (1) Deleting the proposed new section pertaining to the treatment of income for financial institutions from leases of medical equipment;
- (2) Exempting the sale of prescription drugs, prosthetic devices, and tangible personal property to a health care facility from the application of the general excise tax;
- (3) Exempting the use of prescription drugs, prosthetic devices, and tangible personal property by health care facilities from the application of the use tax; and
- (4) Making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2258, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2258, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2255 Health and Environment on S.B. No. 2337

The purpose of this bill is to appropriate \$100,000 to the Department of Health to qualify for \$200,000 in federal demonstration traumatic brain injury matching grant or other funds, with a specific emphasis on implementing the goals of phase I of the comprehensive plan and concentrating on survivors from birth to age twenty-one.

The Director of Health, the Hawaii Medical Association, Hawaii Nurses' Association, Traumatic Brain Injury Advisory Board, Pacific Brain Injury Association, Protection and Advocacy Agency of Hawaii, and two concerned individuals submitted written testimony supporting this bill. The Director of Health recommended broadening the scope of the measure to allow the Department of Health the flexibility to determine the type of grant which would be most appropriate for the program.

After considering all pertinent issues and testimony presented, your Committee concurred with the testimony of the Director of Health. Your Committee amended the bill by:

- (1) Deleting from the appropriation section the references to phase I of the comprehensive plan and the concentration of efforts on survivors from birth to age twenty-one; and
- (2) Broadening the types of grants being sought by including additional planning as an allowable purpose for the grants.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2337, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2337, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Chun Oakland, Metcalf).

SCRep. 2256 Health and Environment on S.B. No. 2389

The purpose of this bill is to provide immunity from liability to any person who uses an automatic external defibrillator in emergency care situations; provided that the person has successfully completed an appropriate training program administered by a Hawaii licensed physician.

Your Committee received testimony in support of the bill from the Department of Health, the Hawaii Nurses Association, the Hawaii Medical Association, American Heart Association, the Chief of Police of the Maui County Police Department, and a mobile intensive care technician of the Maui County Emergency Medical Services. The Board of Medical Examiners provided comments on the bill but took no position. The Consumer Lawyers of Hawaii had no objection to the bill.

Your Committee believes that providing an exemption from liability to protect good faith efforts to save lives should be encouraged and that the proliferation of automatic external defibrillators will definitely result in more lives saved statewide.

Your Committee has amended the bill by:

- (1) Allowing the training of the use of an automatic external defibrillator to be conducted by an instructor under the auspices of a Hawaii licensed physician;
- (2) Clarifying the protection from liability provisions of the bill to apply only to persons who render aid without remuneration or the expectation of remuneration;
- (3) Clarifying that an employer who establishes an automatic external defibrillator program is also exempted from liability; and
- (4) Making a technical, nonsubstantive amendment for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2389, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2389, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, none.

SCRep. 2257 Health and Environment on S.B. No. 2412

The purpose of this bill is to appropriate \$250,000 to the Drug Addiction Services of Hawaii, Inc., to fund its Hui Ho'ola O Na Nahulu O Hawaii drug treatment project located in the Puna district of the island of Hawaii, until December 1, 1998.

Your Committee received testimony in support of this measure from the Department of Health, the Puna Community Council, Inc., the Drug Addiction Services of Hawaii, Inc., the Rose House, Inc., the Big Island AIDS Project, the Department of Parks and Recreation of the County of Hawaii, and ten concerned citizens of Hawaii.

Your Committee finds that Hui Ho'ola O Na Nahulu O Hawaii is the only program providing substance abuse treatment in the Puna district. It offers a much needed service for individuals and their families who are trying to recover from substance abuse problems and in need of assistance in regaining their self-sufficiency through both cultural and traditional service approaches.

Your Committee acknowledges the numerous testimonies submitted in support and with the recommendations given by the Drug Addiction Services of Hawaii, Inc., has amended this measure by adjusting the appropriation to \$227,345, and by stating that the intent is to continue the project from December 1, 1998.

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

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2412, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2412, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2258 Health and Environment on S.B. No. 2845

The purpose of this bill is to amend the duties of the Director of Health.

Specifically, the bill:

- (1) Repeals the requirement that the Director of Health convene a determination of death committee every odd-numbered year; and
- (2) Repeals the Director's litter control responsibilities.

Your Committee received testimony in support of the bill from the Department of Health.

Your Committee finds that fiscal realities necessitate the Department of Health's request to curtail the responsibilities it deems extraneous or duplicative. However, your Committee believes that litter control is a concern that affects everyone at every level. In light of this belief, your Committee has amended the bill to retain the Director's litter control responsibilities, but make some of the more costly requirements of the litter control program discretionary rather than mandatory. Your Committee has also made technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2845, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2845, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, none.

SCRep. 2259 Health and Environment on S.B. No. 3173

The purpose of this bill is to permit direct consumer access to physical therapy services without the need for a referral by a licensed physician, osteopathic physician, dentist, chiropractor, naturopath, optometrist, or podiatrist, except in cases arising from workers' compensation and motor vehicle insurance.

Your Committee received testimony in support of the bill from the American Physical Therapy Association, Hawaii Chapter, and numerous physical therapists. The Board of Physical Therapy offered qualified support for the bill.

Your Committee finds that the bill allows physical therapists to treat a patient without the patient first consulting a licensed physician to obtain a referral. The bill also provides that if a patient requires more than fourteen days of physical therapy in order to recover, then the physical therapist must consult with a licensed physician on the patient's condition.

Your Committee believes that allowing direct consumer access to physical therapy services will improve access to health care services and may result in the reduction of health care costs.

Your Committee has amended the bill by:

- (1) Requiring a physical therapist to ensure that a patient is informed of other treatment options before entering a case directly or by referral; and
- (2) Clarifying that if a self-referred patient's physical therapy exceeds fourteen days, then the consultation of a physician must occur in order for physical therapy to continue.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3173, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3173, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, none.

SCRep. 2260 Health and Environment on S.B. No. 3171

The purpose of this bill is to allow certain medical, dental, and hospital records and writings to be admissible in certain civil trials without presenting certain authentication testimony, and to provide conditions and procedures for the offering of the evidence into a trial.

Your Committee received testimony in support of this measure from a concerned citizen of Hawaii.

Your Committee finds that similar statutes exist in Maryland and Massachusetts, and with Hawaii following suit, it is anticipated that trial proceedings will proceed more expeditiously, and will result in less costly trials by eliminating the need to subpoena custodians of records.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3171 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, none.

SCRep. 2261 Judiciary on S.B. No. 2126

The purpose of this bill, as received by your Committee, is to amend section 11-14.5, Hawaii Revised Statutes, to clarify what constitutes an unwarranted invasion of privacy.

Your Committee finds that the existing statutory language is highly subjective, and the Office of Elections has found that it is difficult to apply the provision in a uniform manner. Your Committee further believes that the right to privacy provided in Article 1, Section 6 of our State Constitution, is a fundamental right of Hawaii residents which the legislature is compelled to recognize and protect.

Testimony in support of this bill was submitted by the State of Hawaii Office of Elections.

Upon further consideration, your Committee has amended the bill by:

- (1) repealing subsections (b), and (c); and

- (2) amending subsection (a) to allow any registered voter to apply to the county clerk in writing to keep confidential their residence address and telephone number contained in the voter registration used to prepare any list or register distributed to the public.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2126, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2126, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2262 Judiciary on S.B. No. 2315

Your Committee finds that the Judiciary's biennium budget consists of the Judiciary's most pressing needs, including the continuation of the Drug Court Program and the enhancement of Family Court programs to address child abuse, neglect, and paternity issues related to child support. Your Committee further finds the continued deterioration of court facilities to be an ongoing concern as well as the lack of adequate security personnel to ensure the safety of its employees and the public.

Your Committee acknowledges the Judiciary's efforts to submit a budget that is fiscally conservative and consistent with promoting a more efficient and effective court system. Further, your Committee is passing this bill with the understanding that future discussion among the Judiciary committee members will take place in establishing the Committee's budget priorities. These priorities will be transmitted at a later date to the Ways and Means Committee.

Upon the recommendations of the Judiciary, your Committee has amended the bill by decreasing the Judiciary's FY 1999 supplemental budget request by \$508,704 which includes the elimination of seven requested court positions.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2315, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2315, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2263 Judiciary on S.B. No. 2464

The purpose of the bill, as received by your Committee, is to provide appropriations for a five percent salary increase for all state judges and justices for fiscal years 1997-1998 and 1998-1999.

Your Committee finds that salary increases for Hawaii's judges and justices are long overdue as they have not had a salary increase since 1990. Further, Hawaii is the only state in the nation that has not provided a salary increase for its judges at least once in the past eight years. Your Committee further finds that judicial compensation in Hawaii now seriously lags behind other jurisdictions and could endanger our ability to foster a competent and independent judiciary.

Testimony in support of the bill was submitted by: the Judiciary; Hawaii State Bar Association; American Judicature Society; United Public Workers, AFSCME Local 646; and Hawaii Government Employees Association, AFSCME Local 152.

Upon further consideration, your Committee has amended the bill by:

- (1) amending the statutory pay scale for judges to provide a five percent increase in fiscal year 1998-1999 in addition to a five percent increase in the present fiscal year 1997-1998; and
- (2) making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2464, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2464, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2264 Judiciary on S.B. No. 2849

The purpose of this bill, as received by your Committee, is to increase fines assessed on persons for the illegal sale of tobacco products to minors, and to increase fines assessed on minors for purchasing tobacco products.

Your Committee finds that smoking rates among Hawaii's youth are alarmingly high and have been rising over the past decade. Your Committee further finds that through a survey done by the Department of Education, 34 percent of public high school students smoke.

Your Committee notes that the existing statute prohibiting the sale of tobacco products to minors has been ineffective in curbing the increasing rate of smoking among the youth. Further, your Committee agrees that the present structure for fines and penalties is outdated and an updated fee structure reflecting current standards is necessary to increase local compliance and reduce illegal sales to minors.

Testimony in support of this bill was submitted by the Department of Health, the Honolulu Police Department, Hawaii Medical Association, American Cancer Society, American Heart Association, American Lung Association, Coalition for a Tobacco Free Hawaii, WEW Associates, Hawaii Food Industry Association, Effective National Action to Control Tobacco, and a private citizen. Testimony in opposition to the bill was submitted by the Office of the Public Defender.

Upon further consideration your Committee has amended the bill by deleting the provisions which would increase the fines assessed on minors.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2849, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2849, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2265 Judiciary on S.B. No. 2945

The purpose of the bill, as received by your Committee, is to extend the expiration date to assess surcharges on circuit court filings for indigent legal services from June 30, 1999 to June 30, 2002.

Your Committee finds that legal services for the indigent must be maintained and preserved in order to guarantee equal access to justice without regard to an individual's financial or social status. However, in recent years, state and federal funding for civil legal services has decreased.

Your Committee further finds that last year's Indigent Legal Assistance Fund generated \$444,950, but only \$262,752 (59 percent) was released for distribution to legal service programs. Nine percent of this fund was distributed to the Department of Finance and the Office of Community Services in the Department of Labor and Industrial Relations for administrative fees. The remaining \$141,950 (32 percent) was not designated for distribution.

Testimony in support of the bill was submitted by: the Judiciary; the Department of Labor and Industrial Relations, Office of Community Services; the Hawaii State Bar Association; the Domestic Violence Clearinghouse and Legal Hotline; the Legal Aid Society of Hawaii; the Native Hawaiian Legal Corporation; Na Loio No Na Kanaka; the Hawaii Lawyers Care; the Protection and Advocacy Agency of Hawaii; and the Hawaii Justice Foundation.

Upon further consideration, your Committee has amended the bill by:

- (1) adding a provision that requires that all funds, except for administrative fees, collected for the fund be obligated or expended during the fiscal year immediately following the fiscal year in which the funds are collected;
- (2) deleting a provision that requires the fund to be administered by the Office of Community Services and replacing it with a provision that designates the Administrative Director of the Courts as administrator of the fund;
- (3) adding a provision that requires the Commission on Access to Justice to file an annual review of the program to the legislature no later than January 1 of each year;
- (4) repealing the sunset provision in its entirety; and
- (5) making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2945, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2945, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2266 Judiciary on S.B. No. 3031

The purposes of the bill, as received by your Committee, are to increase the commission fees and to establish a revolving fund for the notaries public program administered by the Department of the Attorney General that will enable the notaries public program to become self-sufficient.

Your Committee finds that commission fees have not been raised since 1976 and that a modest increase in fees would allow for immediate improvements to the present antiquated, inefficient filing system. The Department of the Attorney General presently maintains its notaries public filing system for an estimated 7,000 notaries on index cards.

Your Committee further finds that an increase in fees and the establishment of a revolving fund would allow the Department of Attorney General to purchase a computer-based system that would contribute to making overall improvements to the notaries public program and enable the program to become self-sufficient.

Testimony in support of this bill was submitted by the Judiciary, the Department of the Attorney General, and the National Notary Association.

Upon further consideration, your Committee has amended the bill by:

- (1) providing in statute an increase in commission fees;

- (2) authorizing the Attorney General to promulgate rules regarding the qualification of notaries public, renewal requirements, and disciplinary action; and
- (3) making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3031, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3031, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2267 Education on S.B. No. 2113

The purpose of this bill is to require funding for student-centered schools to be based on the operational funding requirements as determined by the local school boards, rather than on a per student basis equal to the statewide per pupil expenditure.

Your Committee received testimony in support of this measure from the Hawaii State Teachers' Association. The Department of Education submitted testimony in opposition.

Your Committee finds that student-centered schools need additional clarification regarding the respective responsibilities of the individual schools and the Department of Education. Your Committee has amended this measure accordingly, to make the principal responsible to the local school board, to clarify the legal responsibilities of the department; and by deleting the requirement that the local school board determine operational funding requirements.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2113, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2113, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2268 Education on S.B. No. 2182

The purpose of this bill is to appropriate funds for one permanent, full-time equivalent school business manager position for each high school in the State.

Your Committee received testimony in support of this measure from the Department of Education, the Hawaii Congress of Parents, Teachers and Students, the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, and eight individual educators.

Your Committee finds that in response to Act 295, Session Laws of Hawaii 1992, school business manager positions were provided on a trial basis. Unlike principals and vice-principals, business managers must have training in accounting and experience in business management. Their responsibilities cover fiscal matters, facilities, operations, and administrative support, enabling principals to concentrate on curriculum and instructional matters and on over-all school responsibilities. An evaluation of the trial program found principals were able to shift about one-third of their working time, and vice-principals about one-fourth of their time, from business matters.

Your Committee believes the services of business managers are an important resource for Hawaii's schools, and should be encouraged. Your Committee has amended this bill to require one business manager for each of the seven school districts. Your Committee discussed how these might be assigned--perhaps one business manager to be housed in the largest high school, while providing services for all high schools in the district--but did not make a determination to be included in the bill. Your Committee also amended the appropriation amount to \$1, as it has not received any recommendations for a specific dollar amount to be included in the bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2182, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2182, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2269 Education on S.B. No. 2211

The purpose of this bill is to require, beginning with the 2000 school year, that pupils completing the eighth grade be computer literate as defined by the board of education, and beginning with the 2004 school year, that all pupils graduating from high school be competent in languages other than English, as defined by the board.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, the Department of Education, the Hawaii Congress of Parents, Teachers and Students, the Hawaii State Teachers Association, the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, the Hawaii Business Roundtable, and two individual members of the Economic Revitalization Task Force.

Your Committee finds that Hawaii's ability to prosper in the twenty-first century will depend to a great extent on the ability of its people to communicate both via technology and through other languages.

Your Committee agrees that such expertise is crucial for Hawaii's future. However, your Committee is also cognizant of the planning and resources that will be necessary to implement such an ambitious undertaking. Your Committee has amended this measure accordingly, by replacing the contents of the bill with a requirement that the Department of Education provide an implementation plan for the study and instruction of technology in education for all grades of public schools, and submit the plan to the 1999 Legislature.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2211, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2211, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2270 Education on S.B. No. 2446

The purpose of this bill is to appropriate funds to provide additional training and hire additional teachers and counselors to meet increased enrollment of special education students.

Your Committee received testimony in support of this measure from the Department of Education (DOE), the Hawaii State Teachers Association, the Hawaii School Counselor Association, and thirty-eight individuals.

Your Committee finds that special education teachers have never been staffed one hundred per cent and are overwhelmed and severely taxed in meeting the needs of their students. This is a critical issue in recruitment of additional teachers, as many qualified teachers leave due to large class size and lack of support.

Your Committee is deeply concerned about the plight of Hawaii's special education students, their families, and teachers. Your Committee has amended this bill by replacing its contents with provisions to:

- (1) Appropriate \$200,000 for fiscal year 1998-1999, for advocacy training for persons who represent children at individualized program meetings;
- (2) Require the DOE to develop a plan to train all teachers, counselors, and principals in intervention skills related to special education children; and
- (3) Require principals to prepare a special education budget per school and per child, including in-service training costs.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2446, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2446, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Solomon).

SCRep. 2271 (Joint) Education and Transportation and Intergovernmental Affairs on S.B. No. 2726

The purpose of this bill is to require all new school buildings to be built in accordance with hurricane resistant criteria adopted by the Adjutant General to regulate the planning, design, construction, and equipping of all new public school buildings.

Your Committees received testimony in support of the intent of this measure from the Department of Accounting and General Services and the Adjutant General and the Director of Civil Defense (Adjutant General). The Department of Education submitted testimony in opposition.

Your Committees find that it is in the best interests of the State to ensure that all public facilities, and not just schools, should be constructed to resist major damage by the natural hazards that frequent the Hawaiian Islands. Your Committees have amended this bill accordingly to:

- (1) Authorize statewide selection of public buildings designated as hurricane resistant shelters by the Adjutant General;
- (2) Authorize the Adjutant General to adopt the statewide hurricane resistant criteria for planning, design, construction, and equipping of buildings designated as hurricane resistant shelters; and
- (3) Appropriate \$2,000,000 annually to the Department of Defense to carry out the purposes of this measure.

As affirmed by the records of votes of the members of your Committees on Education and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2726, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2726, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 4 (Chumbley, Fernandes Salling, Ige, D., Kanno).

SCRep. 2272 (Joint) Education and Human Resources on S.B. No. 2870

The purpose of this bill is to extend the sunset date of the law authorizing the Department of Education to rehire retired teachers from end of the 1997-1998 school year to the end of the 2000-2001 school year.

Your Committees received testimony in support of the bill from the Department of Education and the Hawaii State Teachers Association.

Your Committees find that Act 371, Session Laws of Hawaii 1997, allowed the Department of Education to rehire retired teachers to fill vacant teacher positions in shortage categories.

Your Committees believe that extending this rehiring period is in the best educational interest of the children of our State.

As affirmed by the records of votes of the members of your Committees on Education and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2870 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 5 (Fernandes Salling, Ige, D., Ige, M., Metcalf, Anderson).

SCRep. 2273 Education on S.B. No. 3070

The purpose of this bill is to exempt from the general excise tax law, for five years, funds raised by nonprofit support groups that immediately transfer funds to the school to purchase or fund educational supplies, equipment, or programs.

Your Committee received testimony in support of this measure from the Hawaii Congress of Parents, Teachers and Students. The Department of Education supported the intent of this bill but deferred to the Department of Taxation which opposed the bill. The Tax Foundation commented on this bill.

Your Committee finds that declining State revenues and budget cuts have negatively impacted the availability of adequate educational supplies, equipment, and programs.

Your Committee further finds that the tax exemption will allow the total amount of funds raised through nonprofit fundraisers to be used toward making up the education budget deficit.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3070 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2274 Education on S.B. No. 3177

The purpose of this bill is to require the Department of Education to adopt a quarterly, full-cost, expenditure reporting system for all lower education programs, including student transportation and school physical plant operations and maintenance.

The reporting system requirement would not be required of the public library system.

Your Committee received testimony opposing the bill from the Department of Education. The Department of Education argued that such a comprehensive quarterly reporting requirement would be impractical.

Although the Department of Education was opposed to the measure, your Committee believes that the information provided by this reporting requirement will assist the Legislature in planning future appropriation strategies for educational purposes.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3177 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2275 Education on S.B. No. 3182

The purpose of this bill is to restore funding to public high school athletic programs whose funding was transferred to fund the athletic programs of new high schools opening within the last four years.

Your Committee received testimony in support of this measure from the Department of Education, the Hawaii State Teachers Association, and the Athletic Directors and Coaches Association.

Your Committee finds that because funds for coaches salaries, athletic equipment and supplies, and transportation of athletic teams were not included as standard workload increase items in the budgets for two new high schools on Maui and the Big Island, the department had to divide the existing athletic budget among forty instead of thirty-eight high schools. As a result, schools had less over all athletic funding and were unable to initiate new sports.

Your Committee believes sports provide an important component in students' educational experiences. Your Committee has amended the appropriation amount to \$1, as the Committee has not yet received any recommendations for the specific appropriation necessary to carry out the purposes of the bill, and made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3182, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3182, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2276 (Joint) Economic Development and Water, Land, and Hawaiian Affairs on S.B. No. 2238

The purpose of the bill is to include agricultural water needs within the provisions of the State water code.

Testimony in support of the bill was presented at the hearing by the chairperson of the Board of Agriculture, representatives of the City and County of Honolulu Board of Water Supply, and the Hawaii Farm Bureau. Though not present at the hearing, written testimony in support of the bill was received from the Big Island Farm Bureau.

Testimony in opposition to the bill was presented at the hearing by representatives of the Commission on Water Resource Management, the Office of Hawaiian Affairs, Kauai County Department of Water, the Earthjustice Legal Defense Fund, Native Hawaiian Advisory Council, the Sierra Club, Hawaii Chapter, Hawaii's Thousand Friends, the Hawaii Audubon Society, and four individuals.

Interested parties, including the water commission, concur with the proposed amendments that address concerns about provisions that permanently set a quantity of water resources for a particular purpose. Your Committees find that this would seriously jeopardize the ability of the Commission of Water Resources to honor unexercised constitutional, statutory, and common law rights.

After considering all pertinent issues and testimony received, your Committees have amended the bill by the following:

- (1) Removing sections of the bill which require the Commission on Water Resource Management to set water requirements for a particular purpose;
- (2) Removing the requirement that the Chairperson of the Board of Agriculture be represented on the Commission;
- (3) Removing the requirement that the Commission render decisions within ninety days after a declaration is filed;
- (4) Removing the requirement that nonstream uses be considered when setting instream values;
- (5) Clarifying the definition of "agricultural uses" as it applies to the State Water Code; and
- (6) Adding a new definition for "existing agricultural use" as it applies to the State Water Code.

As affirmed by the records of votes of the members of your Committees on Economic Development and Water, Land, and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2238, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2238, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 6 (Chumbley, Fukunaga, Ige, D., Levin, Matsunaga, Tanaka).

SCRep. 2277 (Joint) Economic Development and Commerce, Consumer Protection, and Information Technology on S.B. No. 3007

The purpose of this bill is to repeal chapter 420, Hawaii Revised Statutes (HRS), relating to Business Development Corporations.

Testimony was presented in support of this bill by the Director of Taxation. The president of Wallace Theater Corporation presented testimony in opposition and the chairman of PKF-Hawaii submitted written testimony in opposition.

Your Committees find that it is vitally important to encourage new business activity in the State. However, your Committees also find that the existing language of Chapter 420, HRS, is broadly stated and amendable to misinterpretation. Therefore, your Committees have amended this bill to limit the use of Chapter 420, HRS, after December 31, 1997, to corporations incorporated under the chapter before January 1, 1998, with a net worth of more than \$10,000.

As affirmed by the records of votes of the members of your Committees on Economic Development and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3007, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3007, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 10. Noes, none. Excused, 5 (Chumbley, Kanno, Levin, McCartney, Solomon).

SCRep. 2278 (Joint/Majority) Economic Development and Commerce, Consumer Protection, and Information Technology on S.B. No. 3032

The purpose of this bill is to integrate the functions of the High Technology Development Corporation into the Department of Business, Economic Development, and Tourism.

Testimony in support of the bill was presented at the hearing by the Director of Business, Economic Development, and Tourism, the Director of Taxation, and an individual. Though not present at the hearing, written testimony in support of the bill was received from the President of the Chamber of Commerce of Hawaii and an individual.

Testimony in opposition to the bill was presented at the hearing by representatives of the High Technology Development Corporation's Board of Directors, Kauai Electric, Hawaii Biotechnology Group, Inc., Kauai Economic Development Board, and an individual. Though not present at the hearing, testimony in opposition to the bill was received from the Hawaii Island Economic Development Board.

Your Committees find that it is important to continue the discussion about the merits of integrating the functions of the High Technology Development Corporation within the Department of Business, Economic Development, and Tourism.

After considering the issues and testimony presented, your Committees have amended this bill by keeping the basic structure of the High Technology Development Corporation while giving the Governor the power to appoint the corporation's executive director.

As affirmed by the records of votes of the members of your Committees on Economic Development and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3032, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3032, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, 2 (Tanaka, Slom). Excused, 5 (Chun Oakland, Kanno, Kawamoto, Matsunaga, McCartney).

SCRep. 2279 (Joint) Economic Development and Commerce, Consumer Protection, and Information Technology on S.B. No. 3190

The purpose of this bill is to provide incentives to invest in research and development activity in Hawaii.

Testimony in support of the bill was presented at the hearing by the Director of Business, Economic Development, and Tourism and a representative of the High Technology Development Corporation. Testimony was presented at the hearing in opposition to the bill by the Director of Taxation.

Your Committees find that there are economic benefits to providing incentives to invest in research and development activity in the State. Your Committees amended this bill to base the credit on a percentage of the federal income tax credit, the specific methodology to be determined by the Director of Taxation.

As affirmed by the records of votes of the members of your Committees on Economic Development and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3190, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3190, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 10. Noes, none. Excused, 5 (Chun Oakland, Kanno, Kawamoto, Matsunaga, McCartney).

SCRep. 2280 Education on S.B. No. 2171

The purpose of this bill is to repeal the authority of school health aides to administer premeasured medications other than oral and topical medications, repeal the authority of guardians to permit the administration of medicine, and repeal the requirement that these medicines be prescribed by a licensed physician or practitioner with prescriptive authority.

Your Committee received testimony in support of this measure from the Department of Education and the Hawaii Congress of Parents, Teachers and Students. The Department of Health, the Hawaii Nurses' Association, and the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO submitted testimony in opposition.

Your Committee finds that the issue of providing school health services, particularly in emergency situations and for students with existing medical conditions, continues to be a troubling one for both the schools and families of the children concerned.

After extensive discussion, your Committee has amended this measure to delete the substance of the bill and replace its contents with provisions to require the Department of Health to survey all schools to locate all students who are at risk of experiencing emergency medical situations because of a health condition as diagnosed by a physician; and report to the Legislature by September 1, 1998:

- (1) What protocols have been established to care for the child in an emergency situation;
- (2) Who is responsible to act in an emergency situation;
- (3) Who is responsible to monitor the child's condition while the child is in the custody of the school; and
- (4) The number of students who have been identified and each student's condition or conditions contributing to the child's being at risk of a medical emergency.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2171, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2171, S.D. 1, and be referred to the Committee on Health and Environment.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Ige, M.).

SCRep. 2281 Education on S.B. No. 2388

The purpose of this bill is to allow advanced practice registered nurses to certify that a child has been immunized or physically examined for the purpose of entering school.

Your Committee received testimony in support of this measure from the Department of Education, the Department of Health (DOH), the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, the Hawaii Chapter of the National Association of Pediatric Nurse Associates and Practitioners, and Kaiser Permanente.

Your Committee finds that advanced practice registered nurses are performing these services and are increasingly working as the primary provider of health care, both in rural areas and urban clinics. Updating the school health statutes to reflect this should result in more accessible and economical health screening with no decrease in quality.

Your Committee concurs with the recommendation by the DOH and others to delete sections 3 and 8 of the bill, as advanced practice registered nurses should not be allowed to certify medical exemptions to immunization requirements, and has amended the bill accordingly.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2388, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2388, S.D. 1, and be referred to the Committee on Health and Environment.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Ige, M.).

SCRep. 2282 (Joint) Education and Health and Environment on S.B. No. 3175

The purpose of this bill is to appropriate funds for treatment of teens dependent on drugs in a family-like setting.

Your Committees received testimony in support of this measure from the Department of Health, Kalihi YMCA, Teen-CARE Hina Mauka, and fifteen individuals.

Your Committees find that a 1997 Department of Health survey indicated that there were approximately 8,400 students in need of substance abuse treatment. Department figures show that substance abuse treatment for adolescents is extremely cost effective, and reports on adolescents treated in 1997 show excellent treatment completion and follow-up rates.

Your Committees have heard from teens who benefited from treatment programs and believe funding should be continued for this work. Accordingly, your Committees have amended the appropriation amount to \$453,750 and made a technical, nonsubstantive amendment.

As affirmed by the records of votes of the members of your Committees on Education and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3175, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3175, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 3 (Ige, D., Ige, M., Metcalf).

SCRep. 2283 Judiciary on S.B. No. 2254

The purpose of this bill, as received by your Committee, is to require persons convicted of prostitution to receive prostitution intervention services as part of a sentence of probation or imprisonment.

Your Committee finds that prostitution is a multi-faceted problem involving childhood physical and sexual abuse, domestic violence, and substance abuse. Unfortunately, the current criminal justice system has not been effective in mitigating the problem. Your Committee further finds that innovative strategies, such as prostitution intervention services, should be explored and implemented to assist women and children to free themselves from the sex industry through direct intervention.

Testimony in support of the bill was submitted by: the Department of Public Safety; Hawaii State Commission on the Status of Women; Department of Community and Social Resources, City and County of Honolulu; Honolulu Police Department; Sisters Offering Support; Waikiki Improvement Association; Hawaii Activities and Tours Association; Miss Hawaii International Beauty Pageant; Promise; Waikiki Neighborhood Board; and several private citizens.

Testimony in opposition to the bill was submitted by: the Office of the Public Defender; American Civil Liberties Union of Hawaii; Life Foundation; Waikiki Health Center; and the Libertarian Party of Hawaii.

Testimony was also submitted by the Judiciary expressing the following concerns that prostitution is not a probationable offense; and making the completion of the prostitution intervention classes a mandatory term and condition of probation would make these classes mandatory even for non-prostitution offenses.

Upon further consideration, your Committee has amended the bill by:

- (1) making prostitution a probational offense;
- (2) defining prostitution intervention classes;

- (3) deleting the provision that amends section 706-624, Hawaii Revised Statutes, which would mandate prostitution intervention classes for all offenses;
- (4) making an appropriation of \$40,000 to the Judiciary for prostitution intervention class for probationers; and
- (5) making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2254, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2254, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2284 Judiciary on S.B. No. 2705

The purpose of this bill is to clarify the relationship between various mandatory minimum sentences that may occur when a defendant is subject to mandatory minimum sentences for the possession, distribution, or manufacture of methamphetamine and other dangerous drugs.

Your Committee finds that this bill will make it clear that the mandatory terms of imprisonment provided for the possession, distribution, or manufacture of methamphetamine are in addition to, and not in lieu of, other mandatory minimum terms of imprisonment. Your Committee further finds that last year, the legislature initiated stronger sanctions against and penalties for persons who manufacture and distribute crystal methamphetamine. Your Committee is equally supportive of measures which provide harsher penalties for the distribution and possession of other dangerous drugs, such as heroin and cocaine. Thus, your Committee believes that providing judges with discretion to impose harsher sentences will deter offenders from manufacturing and distributing any dangerous drug.

Testimony in support of this bill was submitted by the Department of the Prosecuting Attorney and the Honolulu Police Department. Testimony in opposition to this bill was submitted by the Office of the Public Defender.

Your Committee has amended this bill by making technical non-substantive changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2705, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2705, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2285 Judiciary on S.B. No. 2793

The purpose of this bill is to require that all offenders serve at least eighty-five percent of their felony prison sentences before becoming eligible for parole and to give judges more discretion in setting maximum sentences.

Your Committee finds that under our current sentencing structure, the judge has limited discretion regarding the actual term of imprisonment to be served by offenders convicted of felonies. Rather, the judge's primary charge is to determine whether to sentence the convicted felon to prison or probation. Your Committee further finds that if the sentence is prison, the judge must give a maximum sentence of twenty years for a class A felony, ten years for a class B felony, and five years for a class C felony. However, in practice, the maximum sentence is far less meaningful than the minimum sentence, which is set by the Hawaii Paroling Authority.

Additionally, your Committee is aware that the public perception of our criminal justice system is greatly affected by the difference between the judge's sentence and the actual time served by the offender. The public perception is that either the original sentence is too harsh, or the offender is released long before the expiration of the sentence. Therefore, your Committee agrees that the guidelines and structure established in this bill will give judges more direction in determining the sentence for felon offenders which most appropriately fits the crime for which they were convicted.

Testimony in support of the bill was submitted by; the Law Enforcement Coalition; Department of the Prosecuting Attorney; City and County of Honolulu; Hawaii County Police Department; Kailua Neighborhood Board No. 31; Honolulu Police Department; the Department of Public Safety; and the Office of the Mayor of the City and County of Honolulu. Testimony in opposition was submitted by the Office of the Public Defender; the Hawaii Paroling Authority; and a private citizen.

Upon further consideration, your Committee has amended the bill by:

- (1) increasing the mandatory minimum term of imprisonment from ten to twelve years for a person convicted of a class A felony who has one prior felony conviction;
- (2) applying truth-in-sentencing provisions to nonprobational offenses, including felony firearm offenders;
- (3) adding clarifying language that mandatory minimums must be applied in cases of second degree murder;
- (4) clarifying that truth-in-sentencing applies for class A felonies except where extended term, repeat offender sentencing, and other enhanced sentences apply;
- (5) clarifying that truth-in-sentencing applies for class B and C felonies except where extended or mandatory terms apply;

- (6) increasing mandatory minimum terms for first time felony firearm offenders who commit a class A felony from ten years to twelve years;
- (7) increasing mandatory minimum terms for second time felony offenders who commit murder in the second degree, and felony firearm offenders who use an automatic or semiautomatic firearm and who commit murder in the second degree from twenty to thirty years;
- (8) adding truth-in-sentencing provisions to all classes of offenses involving promoting a dangerous drug; and
- (9) making technical nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2793, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2793, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2286 (Joint) Human Resources and Judiciary on S.B. No. 705

The purpose of this bill is to make amendments to the number and kinds of clerical and law clerk positions in the Judiciary that are exempt from civil service.

Your Committees received testimony in support of this bill from the Judiciary.

The positions affected by this bill are law clerk positions in the district, circuit, and land courts and a secretarial position for the judicial council.

Your Committees have amended this bill on recommendation of the Judiciary to change the number of exemptions for certain positions. Your Committees find that the changes are reasonable and defer to the Judiciary's discretion in its personnel matters. Your Committees have amended the effective date to July 1, 1998, to coincide with other amendments that will occur at that time.

As affirmed by the records of votes of the members of your Committees on Human Resources and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 705, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 705, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 3 (Bunda, Ihara, Anderson).

SCRep. 2287 Health and Environment on S.B. No. 2105

The purpose of this bill is to appropriate funds to the Department of Health to acquire technology to analyze noxious odors.

The Department of Health provided qualified support for the bill.

Your Committee finds that problems relating to noxious odors emanating from several sources in the State have highlighted the State's inability to adequately respond to the need to safeguard the public's health and safety. Noxious odors have been emitted from various locations within the Campbell Industrial Park, the Kalihi medical waste disposal facility, and the Castle Hospital medical waste incinerator on Oahu. The appropriation contained in the bill appropriates the funds necessary to acquire the technology to adequately analyze noxious odors.

Your Committee has amended the bill by inserting \$5,000 as the appropriated amount.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2105, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2105, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, none.

SCRep. 2288 (Joint) Health and Environment and Transportation and Intergovernmental Affairs on S.B. No. 2229

The purpose of this bill is to create a long-term supplemental funding source from the voluntary sale of conservation license plates and to stimulate other voluntary contributions for endangered species recovery and youth conservation programs.

The Chairperson of the Board of Land and Natural Resources, Hawaii Agricultural Research Center, Conservation Council for Hawaii, Sierra Club, Hawaii'i Chapter, and Hawaii's Thousand Friends submitted written testimony supporting this bill. The Hawaii Audubon Society submitted written testimony supporting the intent of this bill. The Chairperson of the Board of Land and Natural Resources recommended making several changes for clarification purposes.

Your Committees believe that Hawaii's unique natural heritage and youth conservation programs need protection and support by creating a long-term supplemental funding source generated from the sale of special conservation license plates and from other private contributions. In these severe economic times, innovative funding vehicles like the special conservation license plate program is not only desirable but also necessary for our State's fiscal survival.

After considering all pertinent issues and testimonies presented, your Committees incorporated the recommendations submitted by the Board of Land and Natural Resources and amended the bill by:

- (1) Deleting from the list of permissible uses of moneys from the fund, the replenishment of products for resale;
- (2) Clarifying that the use of moneys accrued from the sale of special conservation license plates and youth conservation programs is exclusively for the management and recovery of Hawaii's unique plants and animals and for youth conservation programs;
- (3) Substituting the term "special conservation license plate" for various references to conservation number or license plate throughout the bill;
- (4) Clarifying that the special conservation license plate shall meet all applicable license plate design requirements; and
- (5) Making technical, nonsubstantive changes.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2229, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2229, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 3 (Chumbley, Ihara, Kanno).

SCRep. 2289 Health and Environment on S.B. No. 2349

The purpose of this bill is to amend the laws relating to the Environmental Health Program Enhancement and Education Program of the Department of Health.

Specifically, the bill:

- (1) Changes the name of the Environmental Health Program Enhancement and Education Fund to the Environmental Health Education Fund;
- (2) Expands the scope of the program and increases the expenditure ceiling of the Environmental Health Program Enhancement and Education Fund from \$300,000 to \$500,000; and
- (3) Eliminates the repeal date of program's enabling legislation.

Your Committee received testimony in support of the bill from the Department of Health, the Hawaii Food Industry Shipping and Transportation Association, and a member of the Advisory Council on Food Protection Practices. The Hawaii Restaurant Association submitted testimony expressing concern over the raising of the Environmental Health Program Enhancement and Education Fund's expenditure ceiling and how the increased ceiling will affect the way educational funds are apportioned among the different businesses that contribute to the fund.

Your Committee believes that the amendments contained in the bill will allow the Department of Health's Environmental Health Services Division to fulfill its legal mandates to promote and ensure safe food handling and preparation.

Your Committee has amended the bill by deleting the proposed increase in the expenditure ceiling.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2349, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2349, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, none.

SCRep. 2290 (Joint) Health and Environment and Transportation and Intergovernmental Affairs on S.B. No. 2457

The purpose of this bill is to appropriate funds for emergency medical services on the island of Hawaii.

Your Committees received testimony from the Department of Health (Department) which stated that the Department is discussing with the Hawaii County Fire Department a means by which the matter could be resolved under current budgeted amounts. The Hawaii County Fire Department submitted testimony supporting this bill.

Your Committees find that the Hawaii County Fire Department suffered a budget shortfall during the 1995-1997 biennium due to unexpected collective bargaining costs for that period that were not finalized until June 1997. Despite earlier assurances by the Department that the shortfall would be addressed during the 1998 legislative session, the Department has since reversed its position.

Your Committees have amended the bill by inserting specific amounts to be appropriated and by deleting section 4 of the bill.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2457, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2457, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 3 (Chumbley, Ihara, Kanno).

SCRep. 2291 Health and Environment on S.B. No. 2865

The purpose of this bill is to provide for the proper transitioning into the community of residents from the Waimano training school and hospital. The bill accomplishes this by extending to June 30, 2000, the date by which all programs and services for the persons with developmental disabilities or mental retardation shall be community-based and allowing the Department of Health (DOH) to operate various programs to facilitate the transitioning.

The Director of Health submitted written testimony supporting the bill and recommended an amendment to recognize the principles of consumer choice for self determination. The United Public Workers, AFSCME, Local 646, AFL-CIO, submitted written testimony supporting this bill if the types of programs to be implemented could be clarified. The State Planning Council on Developmental Disabilities submitted written testimony opposing the extension of the implementation deadline for the Department of Health and supporting the remainder of the bill. The Commission on Persons with Disabilities submitted written testimony opposing the extension of the implementation deadline. The Hawaii Government Employees Association, AFSCME, Local 152, AFL-CIO, and a concerned citizen submitted written testimony opposing this bill.

After considering all pertinent issues and testimonies presented, your Committee finds that allowing the DOH additional time to implement the community transitioning of persons with developmental disabilities is reasonable given the complexity of the implementation process and fiscal and other constraints on resources of the DOH. Your Committee also finds that the focus of programs and services for persons with developmental disabilities on individualized service plans, with input from family and friends when appropriate, is the preferred approach for care of those persons.

Your Committee incorporated the recommendations of the Director of Health, State Planning Council on Developmental Disabilities, and other concerned organizations and amended the bill by:

- (1) Changing the implementation deadline from June 30, 2000 to June 30, 1999;
- (2) Amending the definition of "individualized service plan" to place an emphasis in person-centered plans with input from family and friends as needed;
- (3) Amending other sections of the Services for Developmental Disabilities law to focus the care of persons with developmental disabilities on individualized service plans with input from family and friends as needed;
- (4) Expanding the rights of persons with mental retardation or developmental disabilities under the Services for Developmental Disabilities law; and
- (5) Changing the effective date of the bill to July 1, 1998, to coincide with scheduled changes to section 333F-2(c)(3).

Your Committee also amended this bill by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2865, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2865, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, none.

SCRep. 2292 Health and Environment on S.B. No. 2868

The purpose of this bill is to raise the fees charged for copies of birth, marriage, or death certificates from \$10 to \$11.

Your Committee received testimony in support of the bill from the Department of Health. The Office of Hawaiian Affairs and a private citizen opposed passage of the bill.

The Department of Health testified that \$11 is the average amount charged for similar documents in other jurisdictions. The Department of Health also requested that copies of divorce certificates be included in the copy fee list, stating that it takes just as much effort for the Department to copy divorce certificates as the other documents.

Your Committee has amended the bill by:

- (1) Deleting the proposed \$1 increase; and
- (2) Adding copies of divorce certificates to the list of those certificates that have a \$10 per copy fee.

Your Committee believes that the bill as amended acknowledges the concerns raised by the Office of Hawaiian Affairs in its opposing testimony while addressing the need of the Department of Health to obtain funding for its programs.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2868, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2868, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, none.

SCRep. 2293 Health and Environment on S.B. No. 2900

The purpose of this bill is to amend the endangered species recovery law to allow any person to file a civil suit to enforce the endangered species recovery laws and any plans, agreements, or licenses issued under those laws.

The Chairperson of the Board of Land and Natural Resources, Hawaii Audubon Society, and Hawaii's Thousand Friends submitted testimony support of this bill. The Sierra Club, Hawaii Chapter, and Earth Justice Legal Defense Fund submitted testimony supporting the intent of the bill but favored passage of a related measure which provided for greater oversight and enforcement right for private citizens. The Kamehameha Schools-Bishop Estate presented oral testimony opposing this bill.

After considering all pertinent issues and testimony presented, your Committee finds that this measure embodies a reasonable compromise on the issue of responsible citizen oversight and enforcement of the endangered species recovery law.

Your Committee amended the bill by deleting the term "injunctive" from paragraph 6 on page 3 to eliminate the ambiguity created by the use of the term "injunctive relief" in the measure, and by adding a subsection which allows recovery of defense costs for frivolous suits. Your Committee also amended this bill by making technical, nonsubstantive and formatting changes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2900, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2900, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, none.

SCRep. 2294 Health and Environment on S.B. No. 3084

The purpose of this bill is to:

- (1) Create a new chapter in the Hawaii Revised Statutes entitled "Confidentiality of Health Care Information" which restricts the conditions under which confidential health care information may be disclosed; and
- (2) Repeal the existing statutory section relating to the availability of medical records to patients.

Your Committee received testimony in support of the bill from the Director of Health. The Office of Information Practices and Hawaii Health Information Corporation submitted written testimony supporting the intent of the bill. The Department of Commerce and Consumer Affairs testified that investigations conducted by the Regulated Industries Complaints Office should be exempted from this measure. The University of Hawaii at Manoa submitted testimony requesting clarification concerning the collection of data for various monitoring, evaluation, and funding purposes. The Hawaii Medical Service Association submitted testimony expressing concerns about the necessity of the measure and potential conflicts with federal legislation.

After considering all pertinent issues and testimonies presented, your Committee finds that safeguards for maintaining the integrity of confidential health care information must be established. The citizens of this State have a right to privacy under Section 6 of Article I of the State Constitution, which mandates that the legislature take affirmative steps to implement that right. Your Committee believes that this measure fulfills that legislative obligation.

Your Committee amended the bill by clarifying that indemnification for violations of this measure could be negotiated by contractual agreement, and by making a technical, nonsubstantive change.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3084, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3084, S.D. 1, and be referred to the Committees on Judiciary and Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, none.

SCRep. 2295 Health and Environment on S.B. No. 3228

The purpose of this bill is to facilitate the involuntary admission to a psychiatric facility of a mentally ill person who is unable to make rational decisions with respect to the person's need for treatment.

Your Committee received testimony in support of this bill from the Protection and Advocacy Agency of Hawaii, Hawaii Psychological Association (supporting in part), and a private individual. Testimony in opposition to this bill was received from the Judiciary. Informational testimony was provided by the Department of Health and the Judiciary.

Your Committee finds that involuntary commitment to a psychiatric facility is a complicated process and is dependent upon the judgmental discretion of the court in the last analysis. The process has been established to protect the due process rights of the patient, which has been established by long-standing case law which also specifies the procedures. However, the current status of the law has resulted in society's inability to provide legitimate assistance to individuals who are unable to help themselves--whose illness causes them to make decisions that are detrimental by any standard. In our well-meaning effort to be enlightened, we have created a situation which condemns individuals to darkness. This is not a humane approach for those individuals nor for their loved ones. This bill is an effort to bring a more rational balance to an extremely difficult issue.

Your Committee has amended this bill to delete all substantive sections except for section 5, relating to physician's testimony and the order of commitment.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3228, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3228, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2296 Ways and Means on S.B. No. 201

The purpose of this bill is to provide flexibility in the size of juries to promote efficiency and cost-effectiveness in the judicial system.

Your Committee finds that the current system of jury size in civil cases is rigid, requiring a twelve person jury except where both parties stipulate to a lesser number. As received by your Committee, this bill would have left the size of the jury for civil cases to be set by the rules of court. For criminal cases involving serious crimes, the number would have remained at twelve. Persons charged with non-serious crimes would have a jury of six.

Testimony in support of the bill was received from the Department of the Prosecuting Attorney of the City and County of Honolulu. Testimony on the operational consequences of the bill was received from the Judiciary.

Your Committee consulted with the Attorney General on potential constitutional problems with the bill. In Attorney General Op. No. 97-02, the Department of the Attorney General found no federal constitutional problem with the changes proposed by the legislation, but did see a state constitutional impediment in reducing the number of persons on a jury in civil cases in the absence of a stipulation by all parties. The opinion found that it was legislative intent, at the time article I, section 13 of the state constitution was adopted, that juries in civil cases consist of twelve members, and that any attempt at reducing that number, aside from stipulation by all parties, would require a constitutional amendment.

The opinion also notes that the current definition of "serious crimes" defines that term as a crime for which the defendant may be imprisoned for six months or longer. However, Hawai'i state supreme court cases have held that the length of the possible term of imprisonment is not the only factor to be considered in determining if the crime is a serious one, and that a crime with a lesser term of prison can be considered a serious one for which the right to trial by jury should attach if other factors are present.

Your Committee has amended this bill by striking all amendments to section 635-26(a), which would have permitted the court by rule to set the size of the jury, to comport with the Attorney General opinion. Your Committee has also deleted the definition of "serious crime" in section 806-60, so that that definition will no longer conflict with Hawaii case law.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 201, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 201, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (McCartney).

SCRep. 2297 Ways and Means on S.B. No. 720

The purpose of this bill is to authorize the Administrative Director of the Courts to assess and collect reasonable fees, as approved by the Supreme Court, for the costs of processing requests for an administrative revocation of driver's license hearing.

Your Committee received testimony from the state Judiciary.

Your Committee finds that this bill would generate general revenue moneys. However, your Committee is concerned that the fees assessed pursuant to this bill could exceed existing court fees and that the present reference to "reasonable fees" is too vague. Your Committee further finds that setting the fee at \$15 is anticipated by the Judiciary to generate approximately \$30,000 per year. Given the State's present economic crisis, your Committee believes that the costs of processing cases under the administrative revocation of driver's license program should be borne by the offender, not the taxpayers.

Your Committee has amended this bill to fix the fee to be assessed for hearing requests at \$15.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 720, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 720, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (McCartney).

SCRep. 2298 (Majority) Ways and Means on H.B. No. 1577

The purpose of this bill is to authorize the Chair of the Board of Agriculture to accept a security interest in collateral property for irrigation account delinquencies and to foreclose on that security interest if necessary.

The bill also provides for the acquisition, administration, improvement, and maintenance of the lower Hamakua ditch on the Big island.

Your Committee finds that concerns from the Hamakua community had led to the amendment of this bill providing for improvements to the Hamakua ditch. In response to those concerns, the Department of Agriculture and other parties have worked with the Hamakua community to resolve the problems regarding the Hamakua ditch. Additionally, testimonies received by your

Committee from the Hamakua/North Hilo Agricultural Cooperative, the Hamakua Farm Bureau Federation, the Board of Agriculture, the Kamehameha Schools Bernice Pauahi Bishop Estate, and the Big Island Farm Bureau, were all unanimous in their support for removing that part of the bill with respect to the Hamakua ditch.

Accordingly, your Committee has amended the bill by removing provisions concerning the Hamakua ditch but has left intact the original intent of the bill with respect to the Board of Agriculture's authority to accept a security interest in collateral property for irrigation account delinquencies. Your Committee notes, however, that in dealing with delinquent accounts, the Board of Agriculture should exhaust all available legal means prior to initiating foreclosure proceedings. It is the intent of your Committee to provide farmers with every opportunity to resolve their financial obligations with the Board of Agriculture and that foreclosure is to be used only as a last resort when all other alternatives or options have failed.

Your Committee has also amended the bill by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1577, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1577, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, 1 (Ige, M.). Excused, 1 (McCartney).

SCRep. 2299 (Majority) Ways and Means on H.B. No. 1647

The purpose of this bill is to ease the administration and collection of taxes and to enhance compliance with the general excise tax laws by authorizing the Director of Taxation to allow a person engaged in network marketing, multilevel marketing, or similar business to obtain a single general excise tax license and become a tax collection agent on behalf of its direct sellers.

Your Committee received testimony in support from the Department of Taxation, Amway, and Direct Sellers Association. The Tax Foundation of Hawaii commented on the bill.

Your Committee notes that there are some 38,000 individual direct sellers in Hawaii some of whom pay little if any general excise taxes on their sales. This bill provides that the companies who furnish these direct sellers with products will become tax collectors for the State and pay the taxes for these direct sellers. This will provide both the Department of Taxation and the direct sellers savings since there will only be one tax return.

Your Committee finds that the State is protected since the tax collecting company will furnish upon request a list of the direct sellers, including identification numbers, to the Department of Taxation. In addition, the tax collecting company is personally liable for the taxes due and collected under the tax collection agreement and the Department is free to perform random audits on the tax collecting companies and cross check their information with individual income tax returns. Your Committee finds that these arrangements are common in forty-five states which have a sales tax or taxes similar to the general excise tax such as Washington and New Mexico.

Your Committee acknowledges the concerns raised by the Tax Foundation of Hawaii but finds that most of them can be addressed by the Department of Taxation in the agreement with the tax collecting company.

Your Committee has amended this bill in subsection (d)(2) to make it clear to both the tax collection companies and the Department of Taxation that the Department may seek other relevant information necessary to ensure proper payment of the taxes due under this section. Your Committee has also changed the effective date from "July 1, 1997", to "upon approval."

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1647, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1647, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, 1 (Fernandes Salling). Excused, 3 (Ige, M., Levin, McCartney).

SCRep. 2300 Ways and Means on S.B. No. 1927

The purpose of this bill is to authorize the public employees health fund to pay Medicare part B reimbursements to employee-beneficiaries who are retirees and their spouses who are enrolled in employee organization (union) supplemental Medicare plans.

Your Committee finds that, according to an Attorney General's opinion, current statutory language allows the health fund to reimburse federal Medicare part B premiums only to retirees and eligible spouses enrolled in the health fund's plans and not to those enrolled in union plans. Your Committee finds that this is an equity issue which discourages participation in employee organization supplemental plans even though retirees may want to remain in or return to their union plan.

Your Committee finds that the impact of the monthly loss of \$43.80 per person may greatly affect retirees already struggling on fixed incomes and that this bill will afford all retired employee-beneficiaries and their spouses, regardless of the type of plan they are enrolled in, the same opportunity to choose a plan that best fits their individual needs.

Your Committee wishes to emphasize that these payments must be made regardless of the type of plan a retiree chooses and that this bill does not assume any new or additional liability on the part of the health fund or the State.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1927 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (McCartney).

SCRep. 2301 Ways and Means on S.B. No. 2386

The purpose of this bill is to allow the creation of coordinated care organizations to provide workers' compensation medical benefits to injured workers.

This bill is the product of many months of work in the Senate to craft a bill that is equitable, effective, and workable for everyone concerned, including labor, management, medical providers, and insurers. This bill introduces managed care into the workers' compensation system, although the bill does not specify a managed care method of delivery of services. Your Committee believes that this bill will reduce the costs of delivering health care services to injured workers, lower workers' compensation premiums, ensure high quality health care for injured workers, and assure adequate protection to injured worker's rights within a coordinated care system. Your Committee is aware that two major issues remain unresolved and warrant further discussion, which are whether "provider sponsored organizations" and whether "employer organizations" should be allowed to form coordinated care organizations. However, these unresolved issues are not fatal to the bill.

As to lowering the cost of workers' compensation claims and premiums, your Committee is cautiously optimistic that this bill will lower those costs. Actuarially defensible projections are not feasible because of a lack of claims experience in Hawaii under a coordinated care system. Your Committee has therefore refrained from mandating a rate reduction.

The primary concern of the legislature is that injured workers continue to have a choice of providers, as currently provided under section 386-21(b), Hawaii Revised Statutes, regardless of whether the employer is enrolled in a coordinated care organization. The legislature finds that the health and well-being of injured workers should take precedence over the form of delivery of workers' compensation medical benefits.

Your Committee finds that employers who are subject to negotiated collective bargaining agreements for benefits coverage under section 386-3.5, Hawaii Revised Statutes, do not unilaterally enter into a coordinated care organization system, but instead do so through collective bargaining. The focus of this bill is for employers who are not subject to collective bargaining, to have access to coordinated care organization.

Your Committee has amended this bill by:

- (1) Clarifying that a health care provider of treatment outside of a registered coordinated care organization (for injured workers who exercise a right to a choice of provider) shall be subject to existing requirements for treatment and utilization guidelines under section 386-26, Hawaii Revised Statutes, and fee schedules under section 386-21(c), Hawaii Revised Statutes, whether paid by the coordinated care organization or by the workers' compensation insurer;
- (2) Clarifying that a registered care organization shall assign a case manager to each injured worker, and providing qualifications for a case manager; and
- (3) Correcting the language in section 386-K(a)(2)(A) to read "...employer has a lost workday cases incidence..." instead of "...employer has lost a lost workday incidence..."

Your Committee wishes to make clear that health care providers outside of a coordinated care organization shall not be subject to treatment and utilization guidelines of the particular coordinated care organization covering the injured worker receiving treatment from health care providers outside of the coordinated care organization.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2386, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2386, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (McCartney).

SCRep. 2302 Ways and Means on S.B. No. 2934

The purpose of this bill is to prohibit the award of workers' compensation benefits for injuries resulting from disciplinary action for just cause.

This bill implements one of the recommendations of the economic revitalization task force. In order to stimulate Hawaii's economy, improve performance and competitiveness, the task force identified objectives of reducing the cost of living and doing business in Hawaii. Contributing to the cost of doing business in Hawaii is the ever increasing cost of workers' compensation benefits. In September of 1997, the Hawaii Supreme Court in *Mitchell v. State of Hawaii, Department of Education*, extended the right of employees to collect workers' compensation benefits for stress related to disciplinary actions taken by employers for just cause.

Your Committee finds that the law needs clarification to exclude injuries caused by disciplinary action taken by employers in good faith for just cause. This specific exclusion will provide some protection to employers who need to take disciplinary action to maintain the quality of their product or service, or the efficiency of their work place.

In moving this measure forward, your Committee acknowledges that there are outstanding concerns in this area. Unfortunately, the title of this bill did not allow your Committee to address non-disciplinary issues such as layoffs, terminations, transfers, and demotions which may also produce stress and may be for "just cause". These are legitimate concerns that will require legislative consideration. Your Committee is aware of other pending measures that may provide the Committee with an opportunity to address these matters.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2934, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (McCartney).

SCRep. 2303 (Joint) Transportation and Intergovernmental Affairs and Water, Land, and Hawaiian Affairs and Economic Development on S.B. No. 3034

The purpose of this bill is to establish a Hawaii Maritime Authority as an independent public entity that sets statewide policy on all matters relating to Hawaii's maritime lands and facilities, and to provide a one-year transition period for the Authority's Board and affected state agencies to propose the exact form and details of the transfer to the Governor and the Legislature in 1999.

Your Committees received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, Board of Land and Natural Resources, Maritime Committee of the Chamber of Commerce of Hawaii, Hawaii Community Development Authority, Boats/Hawaii, Inc., Hawaii Stevedores, Inc., Hawaii Boaters Political Action Association, Haleiwa Harbor Boat Owners Association, Young Brothers, Ltd., Honolulu Port Maritime Council, and Seafarers International Union. Testimony in support of the intent of this measure was submitted from Matson Navigation Company, Inc., and the Department of Transportation deferred comments to the Department of Business, Economic Development, and Tourism.

Your Committees received testimony in opposition to this measure from the Sierra Club, Hawaii Chapter, Hawaii's Thousand Friends, Office of Hawaiian Affairs, Ala Wai Marina Committee, and Kakaako Improvement Association. Affordable Housing and Homeless Alliance and a concerned citizen of Hawaii submitted comments.

Your Committees find that the full economic utilization of Hawaii's harbors is hampered by the fact that multiple agencies have authority and responsibilities for these resources. The multiple jurisdictions make both decision-making and implementation lengthy and slow; make it difficult for the private sector to interact with government and obtain results; and result in inefficiencies and conflicts over maritime and nonmaritime uses that are difficult to resolve between agencies.

Therefore, your Committees concur that consolidating the maritime-related functions of the Department of Transportation's Harbor's Division, the Department of Land and Natural Resources' Boating and Ocean Recreation Program, the Hawaii Community Development Authority, and the Aloha Tower Development Corporation will promote better use of Hawaii's maritime resources, enable the planning and development of maritime lands and waters to be carried out efficiently, improve services to users, facilitate timely decision-making, and assist in revitalizing Hawaii's economy.

Upon further consideration, your Committees have amended the bill to:

- (1) Add a new definition of "Maritime lands and facilities" to mean all state-owned commercial and small boat harbors and lands which have a current or projected use for cargo, passenger, fishing, ocean tourism, or ship building or repair operations;
- (2) Change the number of the Board of Directors of the Hawaii Maritime Authority from eleven to fifteen, to include representatives from the Hawaii Community Development Corporation, Aloha Tower Development Corporation, Office of Planning, and Office of Hawaiian Affairs;
- (3) Clarify that the eight members from the public at large to be appointed by the Governor shall be nominated with the advice and consent of the Senate; and
- (4) Allow the Board of Directors to form task forces, ad hoc committees, or other advisory bodies comprised of a broad representation of interested parties to facilitate or accomplish the purposes of this Act.

Your Committees also made technical, nonsubstantive amendments throughout this measure.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Water, Land, and Hawaiian Affairs and Economic Development that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3034, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3034, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, none. Excused, 8 (Bunda, Chumbley, Fernandes Salling, Fukunaga, Ige, D., Ihara, Matsunaga, McCartney).

SCRep. 2304 Transportation and Intergovernmental Affairs on S.B. No. 3211

The purpose of this bill is to appropriate moneys for the establishment of a statewide road repair, beautification, and maintenance program consisting of forty-nine temporary positions to be filled by unemployed persons.

Your Committee received testimony in support of this measure from the Department of Transportation.

Your Committee finds that the Department of Transportation has estimated the cost to establish a statewide road repair, beautification, and maintenance workcrew program for unemployed individuals at \$1.4 million. Further, the Department has accounted for the program's funding in the fiscal year 1997-1998 budget, and is waiting for the funds to be released.

Your Committee concurs with the intent of the program to create temporary jobs for the rising numbers of unemployed persons in Hawaii, and to address the increasingly vocal public outcry against the deteriorating conditions of the State's roads.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3211 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 2305 (Joint) Transportation and Intergovernmental Affairs and Education and Judiciary on S.B. No. 3245

The purpose of this bill is to require the Department of Education and the Judiciary to transfer \$321,000 and \$160,000, respectively, to the State Department of Defense to help finance the operations of the Hawaii National Guard Youth Challenge Program.

Your Committees received testimony in support of this measure from the State Department of Defense and the Department of Education. The Judiciary submitted testimony in support of the intent of this measure and expressed opposition to requiring the Judiciary to transfer moneys to the State Department of Defense.

Your Committees find it commendable that the Hawaii National Guard Youth Challenge Program was established in 1994 as one of the first fifteen pilot programs in the United States to improve the life skills and employment potential of "at risk" youths. Since then, the Program has graduated 408 students, of whom 340 or 83 per cent have been awarded their high school diplomas, according to the State Department of Defense.

Upon further discussion, your Committees find that the Judiciary's court programs are directed at adults and juveniles, and not necessarily to those persons between the ages of sixteen and eighteen years, which is the target ages of the Youth Challenge Program.

Your Committees acknowledge the success of the Hawaii National Guard Youth Challenge Program and their support for the Program's continuation.

Therefore, your Committees have amended this measure by allowing, rather than requiring the Department of Education and the Judiciary to contribute available funding to the Hawaii National Guard Youth Challenge Program without designating the dollar amount of the contribution to the Department of Defense.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs, Education, and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3245, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3245, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 10. Noes, none. Excused, 7 (Bunda, Fernandes Salling, Iwase, Kanno, McCartney, Solomon, Anderson).

SCRep. 2306 Government Operations and Housing on H.B. No. 503

The purpose of this bill is to eliminate the requirement that state agencies purchase goods and services from the Hawaii correctional industries program (HCIP).

Service Printers, Inc., Hagadone Printing Company, Obun Hawaii, Inc., General Printing Company, Island Printing Centers, and Printed in Hawaii Associates with ninety-two petitioners submitted testimony in support of this bill. The administrator of correctional industries commented on this bill but stated no particular position.

Your Committee received testimony indicating that HCIP currently provides printing services and current law requires state agencies to purchase printing services from HCIP. Therefore, the private-sector printing industry, which has been having financial difficulties, is prevented from bidding on public printing contracts. A waiver system has been adopted to allow state departments to apply for a waiver from the HCIP requirement and initiate a bidding process. However, the waiver process is still an obstacle to freely competitive bidding and does not eliminate the requirement.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that state agencies should not be required to purchase goods or services from HCIP and that the private-sector printing industry and HCIP should compete fairly for public contracts. However, your Committee wants to ensure HCIP is supported and has amended this bill by requiring the departments of health and taxation to purchase goods and services from HCIP.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 503, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 503, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2307 Government Operations and Housing on S.B. No. 3121

The purpose of this bill is to appropriate \$2,000,000 to supplement existing appropriations for homeless shelters and services programs.

The Affordable Housing and Homeless Alliance, Angel Network Charities, Institute for Human Services, Inc., Catholic Charities Community Services, Safe Haven, American Association of Retired Persons, Hawaii Lawyers Care, and Na Loio No Na Kanaka submitted testimony in support of this bill.

Your Committee received testimony indicating that since 1992, the homeless population has at least doubled, homeless service demands have increased, and State funding has declined. This has resulted in the decline in the availability and quality of homeless services.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that it is in the public interest to provide the needed support to homeless programs and services.

Your Committee amended this bill by changing the expending agency to the housing and community development corporation and making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3121, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3121, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2308 Government Operations and Housing on S.B. No. 3191

The purpose of this bill is to allow insurance companies to offset their insurance premium taxes with the low-income housing tax credit.

Your Committee received testimony in support of this bill from the Department of Taxation, the Housing Finance and Development Corporation, the Department of Housing and Community Development of the City and County of Honolulu, Transamerica Realty Services, the Hawaii Island Community Development Corporation, the Tax Foundation of Hawaii, Community 2010, Coastal Rim Properties, Inc., Day Real Estate Company, Maui Economic Concerns of the Community, Inc., and private citizens. Supportive oral testimony was also given by the Affordable Housing and Homeless Alliance and Hawaii Affordable Properties.

Your Committee finds that, under current law, insurance companies are subject to a tax based upon the amount of gross premiums received. Insurance companies, however, cannot claim the benefit of the low-income housing tax credit. This bill would encourage the inflow of capital into Hawaii by giving insurance companies an incentive to invest in low-income housing projects by way of a low-income housing tax credit.

Upon consideration of all pertinent facts and testimony presented, your Committee finds that this bill will increase the amount of money available for the development of affordable housing and the number of available low-income rental units.

Your Committee amended this bill by making a technical, non-substantive amendment for the purpose of style and clarity.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3191, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3191, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2309 (Joint) Government Operations and Housing and Health and Environment on S.B. No. 3229

The purpose of this bill is to authorize the department of budget and finance to issue special purpose revenue bonds for the purpose of assisting Kupuna Park, Inc., a nonprofit corporation, in the planning, design, construction, and operation of a senior housing community.

The president of the Thompson Matheny Corporation representing Victor Young and Kupuna Park, Inc. and the American Association of Retired Persons submitted testimony in support of this bill.

Your Committees concurred with testimony indicating that the senior housing community project of Kupuna Park, Inc. will benefit the senior citizens of the island of Hawaii while creating construction and permanent health care jobs.

As affirmed by the records of votes of the members of your Committees on Government Operations and Housing and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3229 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 3 (Chun Oakland, Matsunaga, Metcalf).

SCRep. 2310 Commerce, Consumer Protection, and Information Technology on S.B. No. 2225

The purpose of this bill is to authorize the issuance of special purpose revenue bonds in an amount not to exceed \$10,000,000 to assist Quest Media to establish a 24-hour-a-day commercial television network and facility on Maui.

Your Committee received testimony in support of this measure from WAVE Communications, Inc.

Your Committee finds that Quest Media (Quest) is a new television network that WAVE Communications, Inc., a television and video production company, is launching. Quest plans to commence broadcasting in October 1999.

Your Committee further finds that Quest is a commercial entity that will be supported primarily through advertising and, to a lesser extent, subscriber fees paid by cable and satellite companies.

Your Committee believes that assisting the establishment of Quest will create new employment opportunities and will provide a new source of capital for the State.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2225 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Kanno, Tanaka).

SCRep. 2311 Commerce, Consumer Protection, and Information Technology on S.B. No. 2554

The purpose of this bill is to amend the definition of "credit card" by repealing the inclusion of debit cards and electronic benefits transfer cards, and clarifying that a credit card is used to obtain anything of value on credit.

The bill also adds a definition for "electronic transfer card" which includes debit cards, ATM cards, bank cards, and electronic benefits transfer cards which are used to obtain anything of value by debiting an account.

Your Committee received testimony in support of this bill from the Honolulu Police Department, City and County of Honolulu. Testimony opposing the bill was received from the Department of Human Services.

Your Committee finds that the clarification of the definition of credit card to specify its use to obtain anything of value on credit, restores it to its previous reading.

Your Committee further finds that law enforcement experienced operational difficulties with the deletion of the words "on credit" from the previous definition.

Your Committee notes, however, that the Department of Human Services (DHS) objected to the repeal of debit cards and electronic benefits transfer cards from the credit card definition because the fraudulent use of these cards for DHS purposes would not constitute a crime.

Your Committee further notes that Act 198, Session Laws of Hawaii 1997, amended the definition of "credit card" by including debit card and electronic benefits transfer card in its definition to address the consequences of fraudulent use of these debit cards.

Your Committee further finds that the DHS will shortly implement an electronic benefits transfer system for the issuance of food stamps and financial assistance benefits.

After voting to hold this bill, your Committee reconsidered its passage and amended the bill by substituting language agreed upon by the Department of Human Services and the Honolulu Police Department. The amendments included restoring the definition of "credit card" to its original form and by adding the words "on credit, and anything else of value which the cardholder is entitled to or has on account", and deleting the new definition for "electronic transfer card".

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2554, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2554, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Kanno, Tanaka).

SCRep. 2312 Commerce, Consumer Protection, and Information Technology on S.B. No. 2619

The purpose of this bill is to prohibit deception and importuning of the vulnerable in order to obtain money or property.

Your Committee received testimony supporting this bill with amendments from the Department of Commerce and Consumer Affairs and Direct Marketing Associates. An interested citizen provided testimony in support of this measure.

Your Committee finds that chapter 481, Hawaii Revised Statutes (HRS), entitled Fair Trade Regulations deals specifically with deception involving the United States government and the sale of commodities, goods, or services at less than cost.

Your Committee notes that acts that fall under chapter 481, HRS, do not constitute unfair or deceptive acts or practices as encompassed under chapter 480, HRS, thus are not enforced as consumer protection laws.

Your Committee further finds that the unfair or deceptive act or practice standard is well recognized in state and federal courts, and would be a flexible tool for the basis of civil prosecution in a variety of circumstances.

Your Committee further finds that many other states have enacted statutes that establish enhanced penalties for deception that affects or targets vulnerable consumers, particularly senior citizens. Enhanced penalties range from treble damages to extra civil penalties of \$2,500 to \$10,000.

Your Committee notes that in Hawaii, section 480-13, HRS, already entitles injured consumers to minimum statutory damages of \$1,000 or three times their actual damages, whichever is greater, plus attorneys' fees and costs. Under section 480-2, HRS, civil penalties range from \$5,000 to \$10,000 per violation.

Your Committee further notes that the language of the bill as written would make prosecution more difficult, would shorten the applicable statute of limitations, and would establish damages that are less than the amount a consumer would receive under section 480-2, HRS.

Your Committee amended this bill by deleting its contents and:

- (1) Adding a new section to chapter 480, HRS, which establishes criteria for subjecting a perpetrator to additional civil penalties for a violation against an elder as defined;
- (2) Amending the recovery section of chapter 480, HRS, to specify the possibility of additional damage recovery by elders; and
- (3) Amending the restitution section of chapter 487, HRS, to allow the possibility of additional restitution recovery by elders.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2619, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2619, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 2313 Commerce, Consumer Protection, and Information Technology on S.B. No. 2822

The purpose of this bill is to amend the lemon law by:

- (1) Adding a definition for "settlement";
- (2) Amending the definition of "replacement motor vehicle" by requiring the manufacturer to pay the sales tax, license, and registration fees;
- (3) Repealing the requirement that a dispute, for which no decision has been rendered by an arbitrator within 45 days, be submitted to the Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs;
- (4) Making an exception for decisions not rendered within 45 days due to unforeseen circumstances from voiding any subsequent decisions; and
- (5) Adding other methods of transferring defective vehicles to and from a dealer or manufacturer.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and the Hawaii Automobile Dealers Association.

Your Committee finds that currently if a motor vehicle has gone through the State Certified Arbitration Program (SCAP) and been deemed to be a "lemon", the manufacturer must disclose this information to any subsequent purchaser of the vehicle.

Your Committee notes that currently, if a manufacturer agrees that a vehicle is a lemon, the manufacturer is not required to disclose this fact to a second purchaser.

Your Committee further finds that this disclosure requirement does not now apply to vehicles adjudicated to be lemons or voluntarily repurchased by the manufacturer after having been submitted to SCAP or to the manufacturer's own alternative dispute resolution program.

Your Committee amended this bill by changing sales tax to general excise tax in the definition of "replacement motor vehicle" to correctly reflect Hawaii's tax.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2822, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2822, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2314 Commerce, Consumer Protection, and Information Technology on S.B. No. 2823

The purpose of this bill is to include employees and independent contractors hired by time share agents in the requirement that they wear badges identifying themselves as time share agents.

This bill also requires that these badges be worn when individuals are engaged in activities requiring registration under Act 231, Session Laws of Hawaii 1992, which regulates activity providers and activity desks.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and the American Resort Development Association. Testimony opposing this measure was received from an interested citizen.

Your Committee finds that there are numerous instances where both activity desk and time share activities are marketed concurrently from one location and activity providers sometimes entice persons to attend time share presentations by offering free or discounted activities.

Your Committee further finds that currently, a badge identifying an individual as a time share agent is only required to be worn by a time share licensee during discussions relating to time shares.

Your Committee amended this bill by clarifying that the badge must be worn while engaged in off-premises acquisition agent or sales agent activity.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2823, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2823, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2315 Commerce, Consumer Protection, and Information Technology on S.B. No. 2969

The purpose of this bill is to require the Public Utilities Commission (PUC) to establish a fee to be assessed against every motor carrier for the privilege of entering a scenic viewpoint parking lot, the proceeds of which will be used to improve areas along scenic viewpoints;

The bill establishes a special fund to be administered by the PUC and requires the PUC, the Department of Land and Natural Resources, and the Department of Transportation to develop a priority list of scenic viewpoint areas that create a hazardous condition because of its inability to accommodate the existing traffic use.

Your Committee received testimony in support of this bill with amendments from the Board of Land and Natural Resources. Testimony opposing this bill was received from the Public Utilities Commission, Department of Budget and Finance.

Your Committee finds that currently, some scenic viewpoint areas experience a high volume of traffic from tour buses and limousines.

Your Committee further finds that the high volume of traffic has resulted in an unsafe environment for motorists utilizing the roadway and pedestrians stopping at the scenic viewpoint because some of these areas have not been designed to accommodate a high volume of traffic.

Your Committee notes that of the 1,400 motor carriers in the State as of December 1996, approximately 550 were property carriers who do not utilize scenic viewpoints.

Accordingly, your Committee amended the bill by:

- (1) Requiring that the fee be assessed only against passenger carriers; and
- (2) Expanding and clarifying the duties of personnel that the cooperative program must consider providing.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2969, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2969, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 2 (Kanno, Tanaka).

SCRep. 2316 (Joint) Commerce, Consumer Protection, and Information Technology and Judiciary on S.B. No. 3043

The purpose of this bill is to provide immunity to the State, its political subdivisions, boards, employees, or an independent contractor that contracts to provide services to the State, for an error produced by a government computer system that is not year 2000 compliant.

Your Committees received testimony in support of this measure from the State Attorney General and the Department of Accounting and General Services.

Your Committees find that initially, in an effort to save computer memory which was limited and expensive, the computer industry used two digits to specify a year. Despite the advent of cheaper memory, the computer industry continued to use the two digit convention to facilitate the interfacing with older programs.

Your Committees further find that on January 1, 2000, unless corrected, the software or computer codes will interpret "00" to mean the year 1900 instead of the year 2000. This may force computers to shut down, make incorrect calculations, and negatively affect computer controlled systems.

Your Committees further find that getting all government systems year 2000 compliant involves comparing and sequencing date processing, calculation, storage, generation, and other operational requirements.

Your Committees note that although the problem appears to be curable by simply finding and replacing the source code in the program where the "YY" code is discernible, in some instances the problem may not be detectable. For example, it would be ineffective to simply correct source codes where the date is calculated within the program itself, or the date is embedded in a computer chip.

Your Committees amended this bill by:

- (1) Deleting immunity for contractors who provide services to the State and all language relating to an immune contractor;
- (2) Requiring that the Department of Accounting and General Services report to the legislature on the progress of all state departments in the executive branch, the University of Hawaii, and the Department of Education in achieving year 2000 compliance;
- (3) Adding a sunset date of December 31, 2005, for the new chapter and the amendment to section 662-15(8), Hawaii Revised Statutes; and
- (4) Making nonsubstantive, technical amendments for clarity and style.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3043, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3043, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 10. Noes, none. Excused, 5 (Kanno, McCartney, Solomon, Tanaka, Anderson).

SCRep. 2317 Commerce, Consumer Protection, and Information Technology on S.B. No. 3142

The purpose of this bill is to allow commercial radio service providers to charge a fee to recover costs associated with providing enhanced 911 emergency service.

Your Committee received testimony in support of the bill from the Public Utilities Commission, GST Telecom Hawaii, GTE Hawaiian Tel, and Honolulu Cellular Telephone Company. The Department of Commerce and Consumer Affairs' Consumer Advocate testified in opposition.

Your Committee finds that the mobile nature of wireless communications service creates complexities in providing 911 emergency services. The Federal Communications Commission, in docket no. 94-102, adopted regulations that require commercial mobile radio service providers to provide wireless enhanced 911 service, if requested by the local government or a public safety agency responsible for the Emergency 911 functions, within certain time parameters.

If the enhanced 911 service is requested by the local public safety agency, the Federal Communications Commission mandates that the implementation of a cost recovery mechanism be provided to allow commercial mobile radio service providers to recover their costs for designing, purchasing, installing, testing, and operating enhanced facilities, systems, and services necessary to comply with Emergency 911 requirements.

Your Committee believes that it is in the public interest to allow commercial mobile radio service providers to levy a reasonable fee on its wireless service subscribers to accomplish such purposes.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3142 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2318 Human Resources on S.B. No. 2322

The purpose of this bill is to make it an unlawful discriminatory practice for an employer to include mandatory arbitration clauses in employment applications for cases of sexual harassment claims against the employer.

Your Committee received testimony in support of this bill from the National Employment Lawyers Association, Hawaii State Commission on the Status of Women, Hawaii State Teachers Association, Hawaii Civil Rights Commission, Hawaii Women Lawyers and International Longshoremen's and Warehousemen's Union. Testimony in opposition to this bill was received from the Chamber of Commerce of Hawaii and the Hawaii Restaurant Association. The Hawaii Civil Rights Commission submitted informational testimony.

Your Committee finds that sexual harassment in the workplace is an unwelcomed and unwanted behavior that victimizes women and men. According to testimony of the Hawaii State Commission on the Status of Women, at least eighteen per cent of workers in Hawaii have reported experiencing or observing sexual harassment in the workplace in the last three years. Women are more vulnerable to losing their jobs as a result of sexual harassment.

Your Committee further finds that employers should not be allowed to include mandatory arbitration clauses in employment applications regarding sexual harassment claims. This practice circumvents prohibited employment practices under the guise of an agreement between the employer and the employee, when the agreement was not entered into "at arms length" in free negotiations.

Your Committee has amended this bill on recommendation of the National Employment Lawyers Association to specify that the prohibition covers any discrimination claim and that these types of mandatory arbitration clauses are unenforceable.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2322, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2322, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 2319 Human Resources on S.B. No. 2423

The purpose of this bill is to improve the protection provided under the Whistleblowers' Protection Act to employees who report any violation of laws or rules to government authorities.

Your Committee received testimony in support of this bill from the National Employment Lawyers Association, Hawaii Nurses' Association, Hawaii State Teachers Association, International Longshoremen's and Warehousemen's Union, Common Cause Hawaii, and many individuals. Testimony in opposition to this bill was received from the Chamber of Commerce of Hawaii.

This bill prohibits employers from making, adopting, or enforcing any rule, regulation, contract, or policy to prevent employees from disclosing information to a public body, or to any person, agency, or organization if an employee has reasonable cause to believe the information discloses a violation or suspected violation. The bill also applies to information that demonstrates:

- (1) A danger to public health, safety, and welfare;
- (2) Fraud;
- (3) Waste, misuse, and misappropriation of public resources; or
- (4) Malfeasance, misfeasance, or neglect of duty by an agency.

Your Committee remains concerned about possible employer retaliation against employees for reporting improprieties in the workplace to the proper authorities. Your Committee is committed to protecting employees who follow their conscience. Your Committee recognizes the necessity for a strong whistleblower protection law as afforded by this bill.

Your Committee has amended this bill on the recommendation of the National Employment Lawyers Association to increase the time period within which a civil action may be filed from 180 days to twenty-four months, and to clarify that the exclusivity of workers' compensation claims shall not affect the whistleblower protection law. Your Committee has also made a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2423, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2423, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 2320 Human Resources on S.B. No. 2454

The purpose of this bill is to clarify an injured worker's rights under the workers' compensation law to receive vocational rehabilitation services.

Your Committee received testimony in support of this bill from the Department of Labor and Industrial Relations (DLIR), Department of Personnel of the City and County of Honolulu, Heritage Counseling Services, Hawaii State Teachers Association, Hawaii Rehabilitation Counseling Association, Sestak Rehabilitation Services, International Longshoremen's and Warehousemen's Union Local 142, Career Development Center of Hawaii, Inc., National Association of Rehabilitation Professionals in the Private Sector (Hawaii Chapter), Rehabilitation Association of Hawaii, Community Counseling Resources, CIS Rehabilitation Services, and many vocational rehabilitation counselors. Testimony in opposition to this bill was received from Case Management Works.

Your Committee finds that vocational rehabilitation is a necessary and integral component of workers' compensation, and that an injured employee should be informed of the right to vocational rehabilitation and the employer should have a part in the referral to vocational rehabilitation.

Your Committee has amended this bill on the recommendation of the DLIR to change the time period for notification of an injured worker from sixty days to no later than one hundred twenty days, and to require that the referral by DLIR of a vocational rehabilitation provider be made with agreement from the employer and the injured worker. The DLIR will be involved in the process if there is no agreement between the employer and the injured worker.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2454, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2454, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 2321 Economic Development on S.B. No. 2025

The purpose of this bill is to exempt the Department of Agriculture from public hearing requirements of Chapter 91, Hawaii Revised Statutes, in the adoption of the lists of conditionally-approved, restricted, and prohibited animals, plants, and microorganisms.

Testimony in support of this bill was presented by a representative of the Department of Agriculture.

Testimony in support of the bill was also presented at the hearing by a representative of the Hawaii Farm Bureau. Though not present at the hearing, written testimony was received from the Hawaii Aquaculture Association and an individual.

Testimony in opposition to the bill was presented at the hearing by a representative of the Attorney General regarding the absence of alternative methods of obtaining public input when adopting new lists. Though not present at the meeting, written testimony in opposition to the bill was received from the Sierra Club, Hawaii Chapter.

Your Committee finds that the Department of Agriculture and the Attorney General's office have reached an agreement on language for a proviso to address the Attorney General's concern regarding alternate methods of obtaining public input.

After considering the pertinent issues and testimony, your Committee has amended this bill by including the agreed upon proviso, that the department of agriculture must develop alternative methods to obtain public input prior to the adoption of new lists.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2025, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2025, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 3 (Chumbley, Levin, Tanaka).

SCRep. 2322 Economic Development on S.B. No. 2026

The purpose of this bill is to exempt from the general excise tax amounts received as grants from the High Technology Development Corporation.

Testimony in support of this bill was presented at the hearing by the Executive Director of the High Technology Development Corporation. The Director of Taxation submitted testimony not in opposition at the hearing. Though not present at the hearing, testimony in support of the bill was received from Orincon Hawaii, Inc., and Oceanit Laboratories, Inc.

After considering all pertinent issues and testimony, your Committee amended this bill by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2026, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2026, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 3 (Chumbley, Levin, Tanaka).

SCRep. 2323 (Majority) Economic Development on S.B. No. 2201

The purpose of this bill is to create a dedicated source of funding for tourism marketing and promotion and to centralize the development and implementation of a tourism plan.

Testimony was presented at the hearing in support of the bill by the Director of Business, Economic Development and Tourism. Though not present at the hearing, written testimony in support of the bill was received from the Director of Taxation, and the Dean of the School of Travel Industry Management at the University of Hawaii.

Testimony was also presented at the hearing in support of the bill with reservations by representatives of the Office of Information Practices, the Hawaii Hotel Association, Hawaii Activities and Tours Association, Sierra Club, Hawaii Chapter, and an individual. Though not present at the hearing, written testimony in support with reservations was received from the Hawaii Restaurant Association and the Poipu Beach Resort Association.

Testimony in opposition to the bill was presented at the hearing by the Mayor of the City and County of Honolulu, the Mayor of Maui County, a representative of the Mayor of Kauai County, and a Councilmember of Kauai County Council. Though not present at the hearing, written testimony in opposition to the bill was received from the Downtown Neighborhood Board No. 13, and comments on the bill were received from the Tax Foundation of Hawaii.

Your Committee finds that dedicated funding for tourism promotion and marketing as expressed in the recommendations of the Economic Revitalization Task Force is an important element of revitalizing the tourism sector of the State's economy and that there is a need for establishing an entity to develop and implement marketing and promotion plans.

Some members of your Committee expressed serious reservations about raising the transient accommodations tax and the adverse effects on the counties resulting from loss of revenues. Your Committee discussed several options relating to this issue including decreasing the dedicated funding for the tourism special fund to two per cent of the transient accommodations tax or placing a cap on the amount of funds distributed to the tourism special fund. Your Committee hopes that other measures will be presented that address the monetary shortfalls to the counties.

Members of your Committee also expressed concerns regarding the make-up of the Board of Directors for the new authority. Your Committee finds that the Board of Directors of the new authority should be able to make broad policy decisions rather than be limited to promotion and marketing. Your Committee agrees with testimony presented that the Board should include representation from hotel interests, the airline industry, the convention center authority, retail establishments, labor unions, and community organizations.

Members of your Committee also expressed concerns that the ten per cent ceiling on administrative expenses is too high.

Your Committee also discussed the merits of having the Governor appoint the executive director of the new authority. Your Committee finds that the executive director needs to be a cabinet-level position appointed by the Governor.

After considering all pertinent issues and testimony presented, your Committee amended this bill by the following:

- (1) Changing the name of the entity to the Hawaii Tourism Authority;
- (2) Expanding its purpose to develop policy as well as develop and implement marketing and promotion plans;
- (3) Expanding the membership of the Board of Directors;
- (4) Clarifying the selection process; and
- (5) Allowing the Board of Directors to select its chairperson.

The ceiling on administrative expenses for the Hawaii Tourism Authority from the tourism special fund was also left blank in hopes that a much lower percentage will be arrived at through further discussion.

Your Committee also finds that the Convention Center Authority will expire on June 30, 1998, and that the Hawaii Tourism Authority is the appropriate agency to take over the operation of the convention center facility.

In order to ensure the continuous operation of the convention center facility, your Committee has amended this bill by the following:

- (1) Transferring the functions of the Convention Center Authority and the convention center operating fund to the Hawaii Tourism Authority effective July 1, 1999;
- (2) Transferring the convention center capital fund to the Department of Budget and Finance effective July 1, 1999;
- (3) Extending the expiration of the Convention Center Authority until June 30, 1999, at which time the Hawaii Tourism Authority will assume responsibility for the operation of the convention center facility;
- (4) Mandating the auditor to oversee the convention center authority until June 30, 1999; and
- (5) Allowing for the transfer of funds from the tourism special fund to the convention center operating special fund to cover operating costs, provided that a report is submitted to the legislature no later than fourteen days after the transfer is made.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2201, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2201, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, 1 (Slom). Excused, 3 (Bunda, Levin, Matsunaga).

SCRep. 2324 (Joint) Economic Development and Health and Environment on S.B. No. 2799

The purpose of this bill is to make an emergency appropriation from the Clean Hawaii fund to be expended by the Clean Hawaii Center for fiscal year 1997-1998.

Testimony was presented at the hearing by a representative of the Department of Business, Economic Development and Tourism (DBEDT).

Your Committees find that this appropriation is required in order to proceed with DBEDT's statewide Request for Proposals for awards of up to \$60,000 each in funding support to expand and develop recycling and remanufacturing businesses in Hawaii.

As affirmed by the records of votes of the members of your Committees on Economic Development and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2799 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, none. Excused, 3 (Kawamoto, Matsunaga, McCartney).

SCRep. 2325 (Joint) Economic Development and Commerce, Consumer Protection, and Information Technology and Health and Environment on S.B. No. 2803

The purpose of this bill is to require administrative agencies to analyze the impacts of regulations on small business and provide a means for early input into the rulemaking process.

Testimony in support of the bill was presented at the hearing by the Director of Business, Economic Development, and Tourism, the Chairperson of the Small Business Task Force on Regulatory Relief, the President of the Maui Chamber of Commerce, the State Director of the National Federation of Independent Business, and representatives of the Hawaii Business League, Classic Sailing Adventures, and Mouse Builders. Though not present at the hearing, testimony was received in support of the bill from three organizations and one individual.

Testimony in opposition to the bill was presented at the hearing by a representative of the Sierra Club, Hawaii Chapter.

Your Committees wish to thank the Small Business Task Force on Regulatory Relief for their hard work in crafting this bill. Your Committees find that it is vital to encourage small business in the State and that regulatory relief for small business is needed.

After considering the pertinent issues and testimony presented, and extensive discussion concerning the additional layer of bureaucracy created by the small business advisory groups, your Committees amended this bill by:

- (1) Conforming the duties of the small business defender to fit into the duties of the ombudsman;
- (2) Making the establishment of advisory committees by state departments mandatory rather than discretionary;
- (3) Deleting the requirement for an impact statement on small business and requiring instead that agencies notify their advisory committees of proposed rules to allow their comments as to impact within thirty days;
- (4) Adding a repeal date for the bill; and
- (5) Making technical, nonsubstantive amendments.

As affirmed by the records of votes of the members of your Committees on Economic Development, Commerce, Consumer Protection, and Information Technology, and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2803, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2803, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 10. Noes, none. Excused, 7 (Bunda, Fernandes Salling, Ige, D., Matsunaga, McCartney, Solomon, Tam).

SCRep. 2326 Economic Development on S.B. No. 3075

The purpose of this bill is to amend the general excise tax law by expanding the exemption for transactions between "related entities."

Testimony was presented at the hearing in support of this bill by representatives of Sprint Communications Company.

Testimony was presented at the hearing in opposition to the bill as written by the Director of Taxation.

Your Committee finds that the Director of Taxation is working with affected parties to draft an amendment that addresses the vagueness of the bill which could lead to undue loss of general excise tax revenue. Your Committee hopes that the discussion will continue and a proposed amendment from the Department of Taxation will be adopted at a later date.

After considering the pertinent issues and testimony, your Committee has amended the bill by changing the effective date to January 1, 2000.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3075, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2186, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 3 (Chumbley, Levin, Tanaka).

SCRep. 2327 Economic Development on S.B. No. 3223

The purpose of this bill is to amend the definition of "agricultural activity" as it refers to State agricultural parks to include the processing and sale of agricultural products.

Testimony in support of this bill was presented at the hearing by a representative of the Department of Agriculture. The Department presented an amendment to the bill which allows for commercial activities including processing, marketing, and displaying of agricultural products within agricultural parks.

Testimony in support of the bill was also presented at the hearing by a representative of the Hawaii Farm Bureau and an individual. Though not present at the hearing, written testimony in support of the bill was received from Department of Research and Development of Hawaii County and an individual.

After considering all pertinent issues and testimony received, your Committee amended this bill by deleting its contents and by adding a purpose section and a new section to the Hawaii Revised Statutes which specifically allows for commercial activities including processing, marketing, and displaying of agricultural products within agricultural parks.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3223, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3223, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 3 (Chumbley, Levin, Tanaka).

SCRep. 2328 Commerce, Consumer Protection, and Information Technology on S.B. No. 2228

The primary purpose of this bill is to amend Section 239-2, Hawaii Revised Statutes (HRS), to extend to motor carriers the provision that was added to the public service company tax law with respect to the gross income received for services sold through a travel agency or tour packager, where the gross income is divided between the actual provider of the services and the travel agency or tour packager.

Specifically, the bill:

- (1) Allows motor carriers, which may share in the business of transporting persons or goods, to be taxed only on their respective portion of the gross income received, thus alleviating some of the pyramiding tax burden imposed under the present law when arrangements like these occur;
- (2) Allows accounts found to be worthless and actually charged off for income tax purposes to be deducted from gross income under the public service company tax law, but requires such bad debt to be added to gross income if subsequently collected;
- (3) Includes the transportation of persons in the definition of Motor carrier; and
- (4) Excludes a tour packager from the definition of Carrier.

Your Committee received written testimonies regarding this bill, as summarized below:

- (1) Supportive testimonies on the bill and its intent were received from Roberts Hawaii and the Hawaii Transportation Association;
- (2) Testimony not in opposition to the bill was received from the Department of Taxation; and
- (3) Comments on the measure were received from the Tax Foundation of Hawaii.

In its testimony on the bill, the Tax Foundation of Hawaii indicated that to the extent similar treatment is accorded tour packagers when they use a combination of services including motor carriers, this proposal would add equity to an ever evolving world of doing business in Hawaii. The Hawaii Transportation Association supports the extension of the same consideration to motor carriers as is already allowed between travel agencies and service providers. Roberts Hawaii supports eliminating the pyramiding tax burden imposed under the existing law.

The Department of Taxation testified that the revenue impact of the bill was indeterminate because it is unknown what proportion of the \$16 million collected by the State from motor carriers annually is for work subcontracted by one motor carrier to another, thus qualifying under this bill.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2228 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Solomon).

SCRep. 2329 Commerce, Consumer Protection, and Information Technology on S.B. No. 2346

The purpose of this bill is to authorize additional outpatient visits as part of prepaid health care insurance coverage for mental illness treatment, and alcohol and drug dependence treatment.

Support for the bill came from the Equal Insurance Coalition ("EIC"), and its members, the National Association of Social Workers, and the Hawaii Psychological Association. These members also supported EIC's proposed amendments to the bill. HGEA/AFSCME, the Hawaii Psychiatric Medical Association, and the Hawaii Psychiatric Association also supported the bill. Numerous other medical professionals and individuals also expressed their support. The Department of Health believed more discussion was needed. They expressed support with reservations.

Opposed to the original bill was Hawaii Medical Service Association, and Kaiser Permanente.

The original bill expanded mental health treatment to include children suffering from a serious emotional disturbance, and other suffering from severe mental illness. The bill also increased to a minimum of twenty-four (24) the number of allowed outpatient visits in a prepaid health policy or plan. This increase doubled existing out-patient treatments.

Your Committee, however, agreed with the amendments offered by EIC. The amendments delete the proposed added coverage for the specified children and those with severe mental illness. Your Committee supports the increased out-patient visits to a minimum of twenty-four visits, versus the old twelve visit minimum.

To monitor the correlation of increased mental health treatment and improved personal health and productivity, your Committee has authorized the Department of Labor and Industrial Relations to study the effects of increased mental health outpatient treatment as a prepaid health care benefit, and the decrease in net job days lost, and the value of the correlation, if any. The department shall report its findings to the Legislature.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2346, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2346, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 2 (Kanno, Tanaka).

SCRep. 2330 Commerce, Consumer Protection, and Information Technology on S.B. No. 2411

The purpose of this bill is to provide judges handling uninsured motorist cases greater flexibility in assessing appropriate punishment under the circumstances by allowing them to suspend any penalty, or grant community service in lieu of any penalty, for a motor vehicle insurance violation upon finding that the violation was beyond the person's control or due to undue temporary hardship.

Testimony in support of the measure was received from the Consumer Lawyers of Hawaii and an interested individual. The Department of Commerce and Consumer Affairs stated that it does not support the bill. State Farm Insurance Companies submitted comments on the bill and strongly suggested and supported the repeal of mandatory insurance in Hawaii.

After considering the merits of the bill and the testimonies received, your Committee has amended the measure by clarifying that judges may consider undue hardship as a mitigating circumstance when assessing punishment for motor vehicle insurance violations; provided that the failure to have insurance was beyond the person's control or due to undue hardship and was not a result of prior traffic violations.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2411, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2411, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2331 Commerce, Consumer Protection, and Information Technology on S.B. No. 2558

The purpose of this bill is to restructure the Hawaii Hurricane Relief Fund (Fund), ease the financial burden faced by Hawaii's homeowners, and put substantial revenues back into the general economy of the State by requiring the Fund to develop, or cause to be developed, using its own resources, a modeling of hurricane risk zones in Hawaii.

Specifically, the model is to include among other things:

- (1) The development of hurricane risk zones;
- (2) A determination of the size and number of risk zones appropriate for the State;
- (3) A plan to phase out the Fund coverage for low-risk and medium-risk zones over a three to five year period;
- (4) A mitigation plan to harden structures based on the degree of risk to these structures; and
- (5) The development of a "fair plan" for those high risk areas in the State where it is determined that private sector coverage will not become available.

Testimony in support of the measure was received from an interested individual. The Hawaii Hurricane Relief Fund, State Farm Insurance Companies, and the Hawaii Insurers Council submitted testimony opposing the measure.

In its testimony, the Fund offered language intended to among other things:

- (1) Provide exemptions from certain assessments of the Fund. These exemptions are intended to provide an incentive to entice the private insurance market into writing hurricane insurance;
- (2) Allow the Fund to issue reinsurance contracts to the private insurance market. This is also intended to be an incentive for the private insurance market to write hurricane insurance; and
- (3) Strengthen the claims paying capabilities of the Fund. This is intended to make available more financing options to the Fund.

After considering the merits of the bill and the testimonies received, your Committee has amended the measure by incorporating the Fund's suggestions. Specifically, these amendments would:

- (1) Provide exemptions from certain assessments of the Fund to property insurers that elect to offer hurricane coverage and forego utilizing the Fund. These assessments are:
 - (a) The annual assessments on residential property insurance premiums written by licensed property and casualty insurers;
 - (b) The annual assessments on the same line of business of commercial property insurance premiums written by licensed property and casualty insurers;
 - (c) The annual assessments on residential property insurance premiums written by licensed property and casualty insurers for an amount of premiums up to the annual amount of premiums paid for reinsurance provided by the Fund to the insurer; and
 - (d) Insurance on properties that fall within the construction classes set forth in the Fund's rate filing approved by the Insurance Commissioner (Commissioner) that are designated for exemption by the Board of Directors of the Fund.

These exemptions are intended to entice the private insurance market to write hurricane insurance;

- (2) Specify the requirements insurers must meet before the Commissioner is allowed to grant an exemption certificate. These requirements are as follows:
 - (a) The insurer must file a business plan showing the scope of hurricane coverage intended to be provided by the insurer and demonstrate a reasonable effort to market the policies;
 - (b) The insurer must demonstrate that it has the financial assets and ability to provide hurricane coverage in the scope described in its business plan;
 - (c) The insurer must demonstrate that the rates applicable to the lines of insurance for which the insurer desires to provide hurricane coverage are not excessive, inadequate, or unfairly discriminatory; and
 - (d) Insurers that have been granted an exemption must provide the Fund with a report no later than thirty days after the end of the calendar quarter showing the aggregate residential and aggregate commercial hurricane coverage written by the insurer in that calendar quarter;
- (3) Specify the situations in which the Commissioner may revoke an exemption certificate. These situations are:
 - (a) Subsequent noncompliance with the aforementioned requirements;
 - (b) The insurer is not providing hurricane insurance in Hawaii in accordance with its exemption certificate;
 - (c) The insurer is not collecting premiums for policies of property insurance that provide coverage for a covered event in the amount at least equal to fifty percent of the aggregate premiums that are exempted from assessments;
 - (d) The insurer is using hurricane coverage provided by the Fund for a line of business that is exempted from assessments; or
 - (e) The insurer that is acting as a servicing facility is in noncompliance with the Fund's program documents or with its agreement with the Fund;
- (4) Authorize the Fund to among other things:
 - (a) Issue or purchase reinsurance contracts. This is intended to entice insurers to write hurricane coverage;
 - (b) Require insurers that purchase reinsurance from the Fund to provide insurance for loss or damage due to a covered event on risks selected by the Fund;
 - (c) Create loss mitigation incentives, including premium credits, premium rebates, loans, or cash payments;
 - (d) Enter into claims financing transactions, including reinsurance transactions, debt transactions, and other transactions incorporating elements of reinsurance. This is intended to make more financing options available to the Fund; and
 - (e) Establish business and corporate entities or organizations.

Additionally, your Committee included an amendment that requires the Fund to submit a report to the Legislature regarding:

- (1) The results of its modeling efforts to establish hurricane risk zones in Hawaii; and
- (2) The feasibility of establishing rate differentials based on the hurricane zones it establishes.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2558, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2558, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2332 Commerce, Consumer Protection, and Information Technology on S.B. No. 2582

The purpose of this bill is to further protect consumer when dealing with insurers by:

- (1) Requiring insurers to establish and maintain a complete claims service office or engage an independent adjusting service as its claims agent in the State for the processing and payment of property and general casualty insurance claims;
- (2) Establishing civil penalties for insurers that fail to comply with the aforementioned requirement;
- (3) Specifying that insurers that violate the above mentioned requirement for more than thirty days may be enjoined by the court from transacting the insurer's business in Hawaii as long as the violation continues; and
- (4) Requiring the Attorney General to enforce the requirements if requested to do so by the Insurance Commissioner.

Testimony in support of the bill was received from the Department of Commerce and Consumer Affairs (Department), the Consumer Lawyers of Hawaii, and an interested individual. The Reinsurance Association of America submitted comments on the measure.

The Department stated in its testimony that it viewed this bill as an important consumer protection measure because out-of-state adjusters may not know Hawaii's laws, important court decisions, administrative hearing decisions, and department rules well enough to assist claimants and expeditiously resolve disputes.

The Consumer Lawyers of Hawaii testified that the bill should help Hawaii consumers receive prompt and fair claims assistance because consumers will be able to deal with adjusters, whether employees of the insurance company or independent adjusters, that are familiar with the laws, practices, procedures and customs in Hawaii. Additionally, the measure will eliminate the situation where Hawaii consumers are required to make long distance calls to the mainland. While many of these calls are via 1-800 numbers involving no additional long distance charges, the time difference, particularly with the East Coast, can make claims handling difficult for ordinary Hawaii consumers.

The Reinsurance Association of America requested that reinsurers be exempted from the requirements of the bill because:

- (1) Reinsurers have no direct relationship to the policyholder. Therefore, they would not be called upon for payment of policyholder claims;
- (2) Reinsurance is a contract between two sophisticated parties. The contract includes an agreed upon arbitration clause for the redress of nonpayment of claims;
- (3) The way in which reinsurance programs are structured, it could take many years before a reinsurer would even know that a claim existed; and
- (4) There would be no benefit to the policyholder to require a reinsurer to establish a claims office in the State.

Your Committee finds that the reasons enumerated by the Reinsurance Association of America to exempt reinsurers from the requirements of this bill has merit. Therefore, your Committee has amended the measure by exempting reinsurers from the provisions of this bill by requiring only insurers writing direct business, rather than every insurer, to establish and maintain a complete claims service office or engage an independent adjusting service as its claims agent in Hawaii.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2582, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2582, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2333 Commerce, Consumer Protection, and Information Technology on S.B. No. 2587

The purpose of this bill is to establish within the Insurance Division, the Health Insurance Revolving Fund and the Insurance Licensing Administration Revolving Fund.

The health insurance industry is an evolving industry with major changes occurring to meet the demand to provide high quality health care while attempting to keep costs down.

The Insurance Division testified that it has no staff to meet the demands of this industry. Instead, resources are being borrowed from other revolving funds and lines of insurance. There is an urgent need to find a dedicated source of funding to address the shortage of staff within the Insurance Division.

Your Committee received testimony from the Insurance Division stating that funding for licensing administration should come directly from the industry. Your Committee feels that the insurance agents, solicitors, and adjusters should bear the cost of their profession. Testimony in support of increasing licensing fees to fund insurance licensing administration was submitted by the Hawaii State Association of Life Underwriters and the Hawaii Independent Insurance Agents Association.

Your Committee recognizes the problems the Insurance Division is encountering and believes that establishing these revolving funds will provide the Insurance Division with sufficient staff who can build expertise in their respective areas and who will ultimately serve the consumers by providing better and more efficient services with respect to insurance.

Your Committee notes the concerns of the Department of Budget and Finance that a revolving fund should meet the criteria of the Legislative Auditor and would like to address these concerns.

The first criteria requires a clear link between the source of fund and the beneficiaries.

As noted earlier, the health industry is ever changing, to meet demands on health care and cost. Unfortunately, there are unscrupulous entities that are driven by profit and have no problem with the corporate practice of medicine. Consumers are the losers if the Insurance Division is unable to retain an expert staff who know health insurance. Your Committee believes that there is no quick solution to the problems encountered by the health care industry and that a dedicated staff will be in the best interest of the public. The cost of the assessment will be passed down to consumers, who are the ultimate beneficiaries of the fund.

Your Committee believes that the first criteria is also met by the Insurance Licensing Administration Revolving Fund. The agents, solicitors, and adjusters who pay into the fund are the direct beneficiaries of the fund because licensing protects the insurance industry

from undesirable activity. With sufficient staffing, licensing administration will be more efficient and therefore, the Insurance Division may offer better service to the industry.

The second criteria is that the fund must be self-sustaining and fully fund the level of program activities and costs.

As the Insurance Division noted, \$300,000 should be sufficient to retain staff needed in the health insurance area. Your Committee notes that the bill as introduced was open-ended, i.e., the Insurance Commissioner could assess any level so desired, but the Insurance Division took the initiative to offer a ceiling. Your Committee believes that this action shows that the level of administration can be funded solely by the revolving fund and believes the amount reasonable in relation to the size of the industry.

Your Committee believes that the Insurance Licensing Administration Revolving Fund also meets the second criteria because licensing fees collected will support staff needed for licensing administration. Your Committee notes funding should be sufficient especially since the industry is willing to fund its own regulatory scheme.

Your Committee has amended this bill to address concerns raised by the Hawaii Medical Association, Kaiser Permanente, and the American Council of Life Insurance. The bill was amended as follows:

- (1) A ceiling of \$300,000 was added to the Health Insurance Revolving Fund and the Insurance Commissioner may make a one-time initial assessment up to \$300,000 for purpose of start-up;
- (2) Insurers regulated under the Insurance Code have been removed from the Health Insurance Revolving Fund. Your Committee agrees with the Insurance Division that these insurers are currently paying a premium tax and any additional assessment is not fair to them, especially since other health insurers do not pay premium taxes; and
- (3) The assessment for the moneys shall be made on a pro rata basis instead of on a per premium basis.

The Insurance Division, like other divisions in the Department of Commerce and Consumer Affairs, is moving towards self-sufficiency. Your Committee would like the Ways and Means Committee to take into consideration that the Insurance Division will be giving up some general funds from its licensing branch in order to rely on the insurance industry for support.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2587 as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2587, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2334 Commerce, Consumer Protection, and Information Technology on S.B. No. 2600

The purpose of this bill is to authorize the Department of Budget and Finance to issue special purpose revenue bonds to allow electric utility companies to finance additional plant construction at a lower public bond financing cost.

Hawaiian Electric Company testified in support of the bill.

Utility companies normally pass on financing costs for construction projects in the rates charged its users. With special purpose revenue bond financing for these same projects, the utility company will pay the state all principal and interest owed to the bond purchasers. The utility company, however, will benefit from the tax exempt status of the bonds, which significantly reduces the financing costs of construction. This savings is then passed on to the users as lower electric rates. The State therefore helps reduce the cost for electric utility plant construction at no risk to its revenues.

Your Committee adopted the recommendation of Hawaiian Electric Company for technical, nonsubstantive amendments to the bill.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2600, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2600, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Solomon).

SCRep. 2335 Commerce, Consumer Protection, and Information Technology on S.B. No. 2607

The purpose of this bill is to provide the Public Utilities Commission with the necessary resources to adequately keep pace with rapid advances in telecommunications technology and the ever growing expansion of telecommunications competition in the State of Hawaii. Specifically, the bill:

- (1) Horizontally restructures the existing three-member Public Utilities Commission into a six-member, two panel Commission, each panel comprised of two members and a chairperson to streamline and expedite the processing of dockets by commissioners;
- (2) Affords one panel exclusive jurisdiction over all public telecommunications issues, while the other panel will have jurisdiction over all remaining public utility matters; and

- (3) Provides that persons appointed to the telecommunications panel shall be experienced in telecommunications matters to ensure that they possess the necessary expertise to make sound judgments in a field rapidly changing with each new dramatic technological advancement.

Your Committee received written testimonies regarding this bill, as summarized below:

- (1) Supportive testimony on the bill was received from the International Brotherhood of Electrical Workers; and
- (2) Testimony in opposition to the bill was received from the Public Utilities Commission, while the Department of Commerce and Consumer Affairs and other parties offered comments.

It is stressed that the intent of the bill is to provide appropriate independent and knowledgeable commissioners on the Public Utilities Commission to facilitate and expedite action on dockets pending before the Commission, improve competition and technology in the telecommunications industry, and not to create additional governmental bureaucracy.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2607 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Kanno).

SCRep. 2336 Commerce, Consumer Protection, and Information Technology on S.B. No. 2703

The purpose of this bill are to require the operator of a borrowed motor vehicle to make a good faith effort to ascertain that the borrowed vehicle was insured at the time of operation. This bill also deletes an obsolete provision in the Insurance Code.

Section 431:10C-117, Hawaii Revised Statutes (HRS), is amended to allow for the raising of an affirmative defense to a citation if the:

- (1) Operator's own motor vehicle insurance covers the operation of another motor vehicle owned by another person;
- (2) Motor vehicle is owned by the operator's employer and the operation of the motor vehicle was in the normal scope of employment; or
- (3) Operator of a borrowed motor vehicle has made a good faith effort to ascertain that the borrowed motor vehicle was insured at the time of operation.

Section 805-13, HRS, is being repealed because under a recent court decision, a citing officer must also cite the registered owner on the same citation. Your Committee feels as a matter of fairness, this provision should be repealed since there is the strong possibility that the registered owner may never be notified of a citation.

Your Committee received testimony in support of this bill from the Department of the Prosecuting Attorney, City and County of Honolulu, Consumer Lawyers of Hawaii, and a private citizen. The Department of Commerce and Consumer Affairs did not have any objections to the bill.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2703 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 2337 Commerce, Consumer Protection, and Information Technology on S.B. No. 2778

The purpose of this bill is to allow pooled insurance for specific public works construction projects where total estimated cost is \$50,000,000 or more, and the projects may have multiple sites, or ongoing construction in phases.

The Department of Accounting and General Services, the Department of Finance of the City and County of Honolulu, and Marsh & McLennan, Inc., an insurance broker, all testified in support of the bill.

Pooled insurance provides construction cost savings in the form of reduced insurance premiums, improved uniform and comprehensive insurance coverage, reduced job-site injuries because of coordinated loss prevention and safety programs, and more efficient claim resolution resulting from coordinated claims management. Because of project size, the substantial savings in insurance costs can exceed \$1,000,000.

Your Committee adopted the amendment suggested by Marsh & McLennan, Inc., to expand the definition of "specific construction project" contained in the bill to include private construction projects. The original language included only public works, public financed and public interest construction projects.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2778, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2778, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2338 Commerce, Consumer Protection, and Information Technology on S.B. No. 2805

The purpose and intent of this bill, by adding a new section to part I of Chapter 269, Hawaii Revised Statutes, is to clarify that all appealable orders issued by the Public Utilities Commission (PUC) under Chapter 269 in contested case proceedings are directly appealable to the Hawaii Supreme Court, whether the appeals are from rate case or non-rate case orders, thus affording public utilities and aggrieved parties with standing due process in all PUC contested case proceedings.

Your Committee received written testimonies in support of this bill from the Public Utilities Commission, Hawaiian Electric Company, Inc., AT&T, and GTE Hawaiian Tel.

Testimony from the PUC, AT&T and GTE Hawaiian Tel supports the intent of this bill in restoring the right of appellate review directly to the Hawaii Supreme Court to parties that participate in non-ratemaking proceedings at the PUC. In Peterson v. HELCO, Haw. Sup. Ct. slip op., No. 18024 (Sept. 5, 1997), the Hawaii Supreme Court held that parties to non-ratemaking cases at the PUC had no right to a direct appeal. The Peterson decision reversed an accepted and long-standing practice of the Hawaii Supreme Court, the PUC, and the public utilities, and denies a whole class of important PUC proceedings the due process right to legal review by the State's highest court. Hawaiian Electric further supports the effect of the measure in expediting the appeal process through the courts on appeals from all PUC orders.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2805 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 1 (Solomon).

SCRep. 2339 Commerce, Consumer Protection, and Information Technology on S.B. No. 2808

The purpose of this bill is to establish a new special fund administered by the Public Utilities Commission ("PUC") to pay for the delivery of universal telephone service; that is, service to those who otherwise cannot afford it, such as low income customers, the elderly, or those in high cost, rural areas.

The PUC presented testimony in support of the bill, and proposed an amended draft. The Consumer Advocate, GTE Hawaiian Tel, Oceanic Communications and GST Telecom Hawaii all presented testimony supporting the intent of the bill.

As drafted, the bill created a separate special fund to implement the goals and policies of providing universal service. On second review, however, the PUC proposed amendments to the bill, which your Committee chooses to adopt.

The amendments create a private universal service association administered by a private universal service board to meet the goals and policies of universal service. The board shall consist of the PUC chairman and Consumer Advocate as ex officio voting members. Representatives of various segments of the telecommunications industry would comprise the remaining members. All telecommunications carriers would be members of the association, and contribute moneys that comprise the fund. The penalty for nonparticipation in the fund is suspension or revocation of the telecommunication license. The board shall administer, operate and enforce compliance with the fund.

The PUC, however, shall set policy, provide guidance, and direction to the board and the administrator as the commission deems necessary. The PUC may also adopt Chapter 91 rules to carry out the purposes of universal service.

Your Committee clearly intends by passage of this amended bill that the PUC control what is paid out of the universal service fund through its rules and regulations.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2808, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2808, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 1 (Solomon).

SCRep. 2340 Commerce, Consumer Protection, and Information Technology on S.B. No. 2835

The purpose of this bill is to clarify the law regarding insurance premium taxes by among other things:

- (1) Eliminating the monthly premium tax payment method;
- (2) Requiring unauthorized insurers to pay premium taxes for any life and accident and sickness insurance; and
- (3) Clarifying the penalties for late filings.

The Department of Commerce and Consumer Affairs (Department) submitted testimony supporting the bill.

The Department stated that:

- (1) The elimination of the monthly premium tax payments will result in tremendous time savings for the Examination Branch of the Insurance Division. This change is needed due to the personnel shortage in the Examination Branch;

- (2) Unauthorized life insurance companies collecting life and accident and sickness premiums from Hawaii residents are currently not paying taxes on this business. The new tax rate applicable to this business will generate approximately \$50,000 in premium taxes and result in a level playing field for insurers; and
- (3) When an insurer fails to file the tax statement or pay the required taxes, it will be liable for a fine of \$500 or ten percent of the tax due, whichever is greater. This will result in equity for all insurers, since a percentage will be used rather than a fixed dollar amount.

Additionally, the Department requested that the language relating to fines for failure of unauthorized insurers to file the annual statement be deleted because no statement is filed by unauthorized insurers.

After considering the merits of the bill and the testimony received, your Committee has amended the measure by incorporating the Department of Commerce and Consumer Affairs' suggestion to delete the language specifying the fine for the failure of unauthorized insurers to file the annual statement, as unauthorized insurers do not file annual statements.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2835, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2835, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2341 Commerce, Consumer Protection, and Information Technology on S.B. No. 2836

The purpose of the bill is to minimize insurance fraud and maximize savings to Hawaii's consumers by clarifying insurance fraud laws and strengthening effective enforcement.

Specifically, the bill, among other things:

- (1) Eliminates the often varying and high rates charged by financial institutions in responding to a subpoena issued in an insurance fraud investigation;
- (2) Creates consistency in the language used to define the offense of insurance fraud and its associated penalties with the Penal Code;
- (3) Provides additional remedies of declaratory and injunctive relief from ongoing insurance fraud violations; and
- (4) Affords the insurance fraud investigation unit's attorneys the investigative and prosecutorial authority to bring judicial and administrative proceedings on behalf of the State to enforce the fraud prohibitions.

Testimony in support of the measure was received from the Consumer Lawyers of Hawaii and the Insurance Commissioner on behalf of the Department of Commerce and Consumer Affairs (DCCA). The Reinsurance Association of America offered comments to amend Section 431:10C-307.7(g) in order to exempt reinsurers from the requirement to include fraud warning statements on claim forms and applications for insurance.

In its testimony, the DCCA supported among other things:

- (1) The use of language in the bill consistent with the Penal Code, particularly as it relates to defining the state of mind necessary to commit the offense of insurance fraud, and grades the seriousness of the offense, consistent with the Penal Code, based on dollar amount of the fraud or attempted fraud;
- (2) The provision of additional enforcement measures by authorizing a court of competent jurisdiction to provide declaratory and injunctive relief from ongoing insurance fraud violations so that fraudulent practices may be stopped in the short term, and also making insurance fraud a crime giving rise to forfeiture of the proceeds of the crime and the instrumentalities used to commit it; and
- (3) The limitation of fees which financial institutions may charge for researching and reproducing records in response to a subpoena issued in an insurance fraud investigation to those fees which the attorney general and county prosecutors pay for these same services, thus eliminating widely varying and often high rates for these services which can create an impediment to vindicating the public interest in preventing insurance fraud.

After considering the merits of the bill and the testimonies received, your Committee has made various technical, non-substantive amendments to the measure that clarifies form, style and content.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2836, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2836, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2342 Commerce, Consumer Protection, and Information Technology on S.B. No. 2841

The purpose of this bill, by amending Section 431:2-105(c), Hawaii Revised Statutes (HRS), is to permit the Insurance Commissioner to hire an Insurance Examiner III and staff attorneys who shall be exempt from HRS Chapters 76 and 77. Specifically, this bill:

- (1) Restores the exemption for the Insurance Examiner III position which existed up until July 1997 and inadvertently expired at the start of the new biennium, the exemption enabling the Insurance Division to hire a qualified examiner with insurance experience; and
- (2) Provides the Insurance Commissioner with needed flexibility in the hiring and retention of staff attorneys exempt from classification as civil service employees.

Testimony in support of the measure was received from the Insurance Commissioner testifying on behalf of the Department of Commerce and Consumer Affairs. The Commissioner testified that there are currently three attorneys on the Insurance Division staff and in the absence of specific exemption authority for these positions by the Legislature, state government policy will require that these positions be considered as civil service. The Insurance Division is unaware of any attorneys classified as civil service anywhere in state government.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2841 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2343 Commerce, Consumer Protection, and Information Technology on S.B. No. 3213

The purpose of this bill is to establish a continuing education program for insurance licensees, such as general agents, subagents, and solicitors licensed in Hawaii.

The Insurance Commissioner of the Department of Commerce and Consumer Affairs, the Hawaii Independent Insurance Agents Association, and the Hawaii State Association of Life Underwriters all submitted testimony supporting the measure. The Insurance Commissioner also submitted proposed amendments.

As originally drafted, the bill sets forth continuing education requirements before an insurance license is renewed. The bill also proposed an insurance education board ("board"), which determines the license renewal issues, such as extensions of time to obtain the education requirements, "inactive", "deactivated", and "reactivated" license status.

Your Committee, however, chose the Insurance Commissioner's amendments. These changes to the bill increase the scope and depth of the insurance education requirements. The definition of "licensee" is broadened to include designated representatives and non-resident agents in addition to the licensees described above and in the original bill. The amendments also define an "approved continuing (insurance) education course" as one either approved by the board, or approved in at least five other states. The definitions also restrict "approved course provider" to those organizations or individuals approved by the board and offering an approved course. The revisions broaden those persons who are exempt from the education requirements: those holding limited licenses under section 431:9-214, Hawaii Revised Statutes (HRS); non-resident agents whose domiciliary state has a reciprocity agreement with Hawaii that waives that state's continuing education requirements for Hawaii licensees holding that state's nonresident license; and exemptions obtained from the commissioner.

In addition, the amendments require each licensee to keep their own record of their continuing education credits for four years after course completion. The approved course providers must maintain attendance records for five years.

The authority of the board expands in the amended bill. The board shall develop objective standards to review and investigate course providers, and make recommendations to accept or reject the providers. The board shall review course materials, and recommend acceptance or rejection of courses to the commissioner, and determine credit hours and fees charged for each course. The board shall also review courses from other states to determine equivalency with Hawaii's courses, as well as make recommendations to the commissioner about reciprocity agreements, and whether to begin, continue, or end such agreements. Members of the board shall also earn reimbursement for necessary travel, and other expenses incurred during the performance of their duties.

A new revolving fund specifically for insurance licensing administration, which is also the fund name, is created in the amended bill. The fund will both support personnel serving the board, as well as reimburse the board members for their travel and per diem expenses. One half of of the fees charged in section 431:7-101, HRS, as amended in Section 4 of the bill, shall remain in the fund to finance insurance education purposes.

As a last change, the amended bill increases all fees charged insurance licensees, doubling the existing fee schedule.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3213, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3213, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2344 (Joint) Human Resources and Commerce, Consumer Protection, and Information Technology on S.B. No. 2326

The purpose of this bill is to exclude the Hawaii Employers' Mutual Insurance Company (HEMIC) from any assessments of the Hawaii Hurricane Relief Fund (HHRF) through December 31, 2007, and to allow HEMIC to participate in the Hawaii Insurance Guarantee Association (HIGA).

Your Committees received testimony in support of this bill from the Insurance Commissioner and HEMIC. Testimony in partial support and partial opposition was received from HHRF, the Legislative Information Services of Hawaii, and the Hawaii Insurers Council.

HEMIC was created by the legislature in Act 261, Session Laws of Hawaii 1996, to avoid a crisis in the availability of workers' compensation insurance. A major concern was to avoid involving the State directly in the funding of HEMIC. This bill exempts HEMIC from assessments by the HHRF as required by statute.

According to testimony of the Insurance Commissioner, if there was another workers' compensation market crisis an exemption for HEMIC from assessments to the HHRF may seriously threaten the viability of HHRF, thereby significantly impacting rates charged to homeowners by HHRF and precipitating a homeowners insurance crisis as well. Based upon the last market crisis HEMIC's premium volume could approach \$140 million should another crisis occur. The insurance commissioner recognizes the fact that building HEMIC surplus is important to keeping the market stable.

Your Committees have amended this bill on recommendation of the Insurance Commissioner:

- (1) To apply the exclusion from HHRF to the first \$25 million of premiums in each calendar year with anything over that limit being assessed as required by law; and
- (2) To delete language requiring HEMIC to participate in HIGA because HEMIC should be able to stand on its own without reliance on HIGA, and to avoid passing on HIGA surcharges to policyholders in the event HEMIC should fail.

Your Committees have further amended this bill to provide that the President of the Senate and the Speaker of the House shall each appoint one member from their respective bodies to serve on HEMIC's oversight council.

As affirmed by the records of votes of the members of your Committees on Human Resources and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2326, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2326, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, none. Excused, none.

SCRep. 2345 Human Resources on S.B. No. 2628

The purpose of this bill is to require that civil service employees who are promoted to managerial or supervisory level positions receive management training before commencing work in the supervisory or managerial position.

The bill also mandates ongoing management training for supervisors and managers.

Your Committee received testimony in support of the bill from the Department of Human Resources Development. The Hawaii Government Employees Association supported the intent of the measure but suggested that the employer be required to provide the training within a specific timeframe promptly after the promotion occurs.

Your Committee believes that government operations and efficiency could greatly benefit from enhanced management training of personnel who serve in supervisory and managerial capacities.

Your Committee has amended the bill by requiring that the management training of newly promoted supervisors and managers be completed within one year of the promotion and clarifying that the person who receives the promotion may serve in the promoted capacity while concurrently attending the mandated training.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2628, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2628, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Fukunaga).

SCRep. 2346 Human Resources on S.B. No. 2817

The purpose of this bill is to require the Hawaii Public Employees Health Fund (Fund) to offer medical, hospital, and surgical benefits to part-time, temporary, seasonal or casual employees (collectively PTS) at no cost to the employers.

Your Committee received testimony in support of this bill from the Department of Budget and Finance, Hawaii Medical Association, Hawaii State Commission on the Status of Women, the Fund, and the Hawaii State Teachers Association, and a private individual. The Department of Education supports this bill only if there are no additional work requirements or costs to the Department.

Your Committee finds that health insurance is a necessity for everyone, whatever their employment status with the state or county governments. According to testimony of the Department of Budget and Finance there are an estimated 14,000 PTS employees of the State, of which approximately fifty per cent may have health insurance through their spouses. This bill allows the uninsured half an opportunity to obtain coverage.

Your Committee has made technical amendments on the recommendation of the Fund.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2817, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2817, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2347 (Joint) Health and Environment and Human Resources on S.B. No. 2439

The purpose of this bill is to make permanent the laws relating to the provision of mental health and alcohol and drug abuse treatment insurance benefits.

The bill also removes the two episode per lifetime limit on how often a person may utilize these insurance benefits.

Your Committees received testimony in support of the bill from the Mental Health Association in Hawaii, the Salvation Army's Addiction Treatment Services and Family Treatment branches, the National Association of Social Workers, the Hawaii Nurses' Association, the Hawaii Psychological Association, the Hawaii Psychiatric Medical Association, the Hawaii Government Employees Association, and the Drug Addiction Services of Hawaii, Inc.

The Department of Health testified that the Administration has introduced a similar bill that extends, rather than eliminates the sunset provision to the year 2002, and does not eliminate the two episodes per lifetime limit on alcohol and drug dependence benefits.

Kaiser Permanente testified that they did not oppose the elimination of the sunset provision but opposed the expansion of alcohol and drug dependence benefits from two episodes per lifetime to an unlimited amount as provided under the bill. The HMSA opposed passage of the bill.

Your Committees find that the provision of insurance benefits for the treatment of mental illness, alcohol abuse, and drug dependence enables persons afflicted with these problems to return to a normal and productive life, thereby relieving society of the burden of providing long term care for these individuals in the future.

Your Committees have amended the bill by making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2439, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2439, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 1 (Metcalf).

SCRep. 2348 (Joint) Health and Environment and Commerce, Consumer Protection, and Information Technology on S.B. No. 2851

The purpose of this bill is to establish an immunization records system within the Department of Health to collect and maintain information pertaining to immunization of individuals aged from birth through nineteen years, and to set forth the guidelines for contributing information to and obtaining information from the system while maximizing confidentiality of the immunization information.

The Director of Health, Board of Health, Hawaii Primary Care Association, Hawaii Council of Private Schools, Hawaii Academy of Family Physicians, Hawaii Nurses' Association, and Keiki Booster Club submitted written testimony supporting this bill. The Hawaii Medical Association submitted written testimony supporting the intent of the bill but expressed concerns regarding the administrative burdens imposed by the system and the lack of clarity regarding voluntary participation in the system. The Office of Information Practices submitted written testimony supporting the intent of the measure and recommended several amendments to strengthen the provisions.

After considering all pertinent issues and testimonies presented, your Committees find that the immunization records system is intended to improve tracking of immunizations and to make the information pertaining to immunizations more readily available to health care providers.

Your Committees were concerned with the measure's limitation of the system only to those persons born in Hawaii, lack of clarity regarding the voluntary nature of participation in the system, lack of specificity in types of information that will be collected, and the unclear role of foster parents in the system. To address these concerns, your Committees amended the bill by:

- (1) Adding six new definitions for clarity;
- (2) Conforming the measure to refer to the system uniformly as the immunization records system;
- (3) Clarifying that participation by health care providers is not mandatory and that individuals and their parents, guardians, or foster parents may choose not to participate in the system; and
- (4) Conforming the measure to include foster parents as authorized custodians of individuals who are minors.

Your Committees also amended this bill by making technical, nonsubstantive changes.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2851, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2851, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 2349 (Joint) Health and Environment and Commerce, Consumer Protection, and Information Technology on S.B. No. 2855

The purpose of this bill is to expand and reduce the barriers to the use of telehealth by removing the prerequisite of face-to-face examinations for payments for services received under health care plans.

The Director of Health, State Health Planning and Development Agency, Tri-Isle Subarea Health Planning Council of the State Health Planning and Development Agency, Hawaii Medical Association, Hawaii Psychological Association, Healthcare Association of Hawaii, Hawaii Medical Service Association, Hawaii Nurses' Association, GTE Hawaiian Tel, AT&T, and a concerned citizen submitted written testimony supporting this bill. The Hawaii Medical Service Association recommended amendments for clarification.

After considering all pertinent issues and testimonies presented, your Committees find that expanded use of Telehealth will reduce health care costs for our citizens because it can minimize the cost of travel to a different island for medical care. Telehealth provides affordable access to health care expertise for those who do not have the means to travel, through telecommunications at the location they live in. Telehealth benefits patients, providers, insurers, and our society as a whole by providing improved access to health care, improved quality of care, better continuity of care, and ongoing care, if necessary.

Your Committees agreed with the testimony of the Hawaii Medical Association that the measure needed clarification and amended the bill by:

- (1) Clarifying the definition of "telehealth";
- (2) Adding new language to provide for a professional community standard for telehealth services; and
- (3) Making technical, nonsubstantive changes.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2855, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2855, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 2350 (Joint) Health and Environment and Human Resources and Commerce, Consumer Protection, and Information Technology on S.B. No. 2866

The purpose of this bill is to allow the Department of Health (DOH) to appoint a director of psychosocial rehabilitation and a chief of the nursing department and to permit uncertified occupational therapists and occupational therapy assistants to work at the Hawaii State Hospital for up to one year after hire.

Your Committees received testimony in support of the bill from the Director of Health. The Occupational Therapy Association of Hawaii, American Occupational Therapy Association, and a concerned individual submitted testimony opposing the bill.

Your Committees believe that due to the current shortage of qualified medical personnel at the Hawaii state hospital, permitting uncertified occupational therapists and occupational therapy assistants to work for up to one year will facilitate compliance with the Department of Justice Plan of Corrective Action. Your Committees were concerned that the privilege provided by this measure could be abused by uncertified personnel seeking to work consecutive terms of employment.

To address this concern, your Committees amended the bill by clarifying that the uncertified occupational therapist or occupational therapy assistant may only work for the one-year period following graduation from the institution of higher education at which that person received the requisite educational training for the position. Your Committees also made technical, nonsubstantive changes to this measure.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2866, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2866, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 4 (Fukunaga, Solomon, Tanaka, Anderson).

SCRep. 2351 (Joint) Health and Environment and Human Resources on S.B. No. 3124

The purpose of this bill is to restore recently reduced funds for coordinated education and prenatal support services for at risk pregnant women and their infants.

Your Committees received testimony in support of this measure from the Department of Health, Community Clinic of Maui, Hawai'i Early Intervention Coordinating Council, Hawaii Nurses Association, Hawai'i State Primary Care Association, Healthy Mothers Healthy Babies Coalition of Hawai'i, Keiki Injury Prevention Coalition, Kokua Kalihi Valley Comprehensive Family Services, Malama Family Recovery Center, Maui Family Support Services, Inc., Mothers Care for Tomorrow's Children, Papa Ola Lokahi, The Salvation Army, Waianae Coast Comprehensive Health Center, and over forty individual health care professionals and clients.

Your Committees find that the importance of early prenatal care and coordinated support services for high risk pregnant women is well documented and cost effective. While the majority of women enrolled in these programs have insurance coverage, twenty per cent of pregnant women have no other source of subsidized care. In addition, the early identification of risk factors, health education and outreach services particularly for substance using women are not currently reimbursable by many health care plans.

Your Committees support the importance of these services in meeting the needs of Hawaii's at risk women and children, and note that in Hawaii's current economic climate, other sources of funds for these programs may be difficult to find.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3124 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 1 (Metcalf).

SCRep. 2352 Judiciary on S.B. No. 2399

The purpose of this bill is to enact a "clean money campaign funding" law.

Your Committee received testimony in support of this bill from the Hawaii Clean Elections, Common Cause Hawaii, League of Women Voters of Honolulu, Hawaii Green Party, and two individuals. Testimony in opposition to this bill was received from a private individual. Informational testimony was provided by the Hawaii Campaign Spending Commission.

Your Committee finds that a clean money campaign law is a form of public financing of campaigns with tight restrictions on the amount of contributions from private sources. Testimony at a hearing on this bill indicated that Maine and Vermont have recently passed such a law, with no reports yet on its efficacy.

Your Committee further finds that a clean money campaign law has the following benefits:

- (1) Reduces the escalating costs of campaigning;
- (2) Levels the electoral field so that any qualified candidate has an opportunity to run for office regardless of wealth or access to wealth;
- (3) Eliminates the undue influence of large contributors;
- (4) Breaks the connection between special interest money and its influence on elections; and
- (5) Frees candidates and public officials from the burdens of fundraising and allows them more time to serve the public interest.

Your Committee is not unmindful of the adverse publicity surrounding political campaigns, including incidences of misuse of campaign funds and accusations of special interest influence. However, your Committee has no easy solution or quick fix to a difficult problem that encompasses first amendment issues and that is inherent in a voting system dependent to a large extent on extensive and expensive use of media advertising. From that perspective, this bill represents a utopia of sorts but may not be a panacea for the ills of the election system in a democracy. Your Committee also is mindful of the potential cost of public financing of a clean money campaign. These dollars come predominantly from the income tax check-off and from general fund appropriations which the State cannot afford at this time. However, your Committee feels that the bill has merits and should be passed on for further discussion and consideration.

Your Committee believes that a clean money campaign should be a pilot program and limited to the governor's and lieutenant governor's election in 2002. Your Committee prefers the term "clean election campaign" to "clean money campaign" to broaden the intent of the law and has amended this bill accordingly. Your Committee also made amendments to streamline the bill and to merge it with existing campaign laws because it is a pilot program, and because the adoption of administrative rules by the Campaign Spending Commission has helped to ameliorate problem areas. Your Committee also has:

- (1) Amended the language of the purpose section for accuracy and conformity;
- (2) Deleted limits on location of campaigning;
- (3) Deleted restrictions on political party activity;
- (4) Deleted the voter information commission;
- (5) Deleted the provision on televised debates;
- (6) Deleted the provision on free media advertising;
- (7) Deleted the provision on use of mailing privileges;

- (8) Deleted the establishment of a clean money fund and substituted the existing Hawaii election campaign fund;
- (9) Deleted the new penalties;
- (10) Deleted amendments to existing definitions;
- (11) Deleted amendments to the duties of the commission;
- (12) Deleted the provision on additional electronic filing requirements;
- (13) Deleted restrictions on fundraising times;
- (14) Deleted amendments to political party solicitations and contributions;
- (15) Deleted the requirement for return of contributions to donors under certain conditions;
- (16) Deleted amendments to income tax check-off;
- (17) Deleted the sections that would have repealed numerous sections from chapter 11, HRS, in the bill;
- (18) Deleted the appropriation section;
- (19) Clarified that the Hawaii election campaign fund may be expended as necessary by the commission for administration purposes; and
- (20) Made necessary conforming amendments to the terminology by deleting "clean money" and inserting "clean elections".

This bill, as amended, establishes a clean money campaign law that essentially:

- (1) Provides eligibility criteria for clean money campaign funding for candidates, both partisan and nonpartisan (§11-A and B);
- (2) Prohibits clean money candidates from (a) receiving private campaign contributions (except seed money) from any source other than the candidate's own political party (§11-E(a)), and (b) receiving loans from any source (§11-E(b));
- (3) Restricts use of personal funds contributed as "seed money" (§11-F);
- (4) Allows clean money candidates to receive "seed money" or private contributions in specified amounts (§11-G);
- (5) Delineates benefits that clean money candidates receive (§11-K), schedule of clean money payments (§11-L), and amounts of clean money funding for candidates (§11-M);
- (6) Restricts candidate expenditures of clean money funds (§11-N); and
- (7) Utilizes the Hawaii election campaign fund to disburse funds to pay for publicly financed campaigns, and provides sources of revenue for the fund (§11-R).

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2399, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2399, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2353 Judiciary on S.B. No. 2906

The purpose of this bill is to transfer the administration and supervision of parole field services from the Paroling Authority to the Department of Public Safety.

Your Committee finds that in 41 states, parole field services are administratively attached to the department of corrections or an equivalent agency. Furthermore, your Committee notes that parole services are part of the continuum of correctional services, and appropriate training and support will be more effectively provided by the Department of Public Safety. Therefore, your Committee agrees that parole field services would be better administered by the Department of Public Safety.

Testimony in support of this bill was submitted by the Department of Public Safety and the Hawaii Paroling Authority. Testimony in opposition to the bill was submitted by the Hawaii Government Employees Association and three private citizens.

Upon further consideration, your Committee has amended the bill by:

- (1) adding specific provisions directing the transfer of personnel and equipment assigned to parole field services from the Hawaii Paroling Authority to the Department of Public Safety;
- (2) making alternative programs that treat selected parolees in lieu of incarceration discretionary; and
- (3) making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2906, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2906, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2354 Judiciary on S.B. No. 3206

The purpose of this bill is to establish a substance abuse assessment and treatment program to identify repeat offenders within the criminal justice system who are in need of substance abuse treatment and monitoring.

Your Committee finds that there is an increasing correlation between substance abuse and criminal behavior in that drug and alcohol addiction contribute to criminal behavior by repeat offenders. The Hawaii Paroling Authority has estimated that eighty per cent of parolees have a history of moderate to serious substance abuse problems. Your Committee further notes that research studies have shown that untreated addicts cost taxpayers around \$130,000,000,000 per year in both social and economic costs from increased medical treatment of birth defects and drug-exposed infants; serious and fatal auto accidents; child and spousal abuse; and unemployment and absenteeism. Additionally, these same studies have shown that treatment saves the state government money, and for every dollar spent on treatment, taxpayers save seven dollars during the period of treatment, mostly due to reduction in crime.

Your Committee further finds that studies have proven that coerced criminally involved clients do as well, if not better, than voluntary clients in treatment. Therefore, the decision to treat addicts is an essential component in putting a wedge into the criminal justice system's revolving door, and thereby putting a lid on the exploding criminal justice costs that our current economy can not continue to sustain.

Testimony in support of this bill was submitted by the Judiciary, the Department of Health, and the Honolulu Police Department.

Upon further consideration, your Committee has amended the bill by:

- (1) Amending the definition of "assessment" to mean an ongoing process through which a substance abuse professional collaborates with a client and other persons to gather and interpret information necessary for planning treatment and evaluating the client's progress;
- (2) Amending the definition of "assessment program" to refer to not-for-profit corporations, government agencies, and entities that are accredited--rather than licensed--by the Department of Health, and to include substance abuse professionals who are certified by the department pursuant to section 321-193, Hawaii Revised Statutes;
- (3) Deleting the definition of "controlled substance";
- (4) Defining "substance abuse program", and amending the definition of "treatment program", to mean a program concerned with education, prevention, or treatment directed toward achieving the prevention of substance abuse, or the social, mental, and physical restoration of substance abusers;
- (5) Amending the definition of "test" and "drug test" to include alcohol;
- (6) Requiring repeat offenders to submit to an assessment rather than a drug test;
- (7) Adding a provision requiring confirmatory testing and compliance with the law regarding substance abuse testing as it relates to protecting the chain of custody;
- (8) Providing for unannounced prerelease assessments before the granting of parole or other release from a correctional center or facility;
- (9) Allowing assessments to be performed by certified substance abuse professionals;
- (10) Deleting the provision implying that a state court may set aside the confidentiality protections afforded to drug test results and assessment results by federal law;
- (11) Deleting those provisions requiring the court to notify the Department of Health of its decision not to require participation in a treatment program;
- (12) Providing for unannounced drug tests as a condition of probation;
- (13) Deleting the provision requiring the court to notify the Department of Health of its decision not to impose a sanction upon a positive drug test or other violation of a person's participation in a treatment program;
- (14) Deleting the provision excusing a person from having to pay a fee for a drug test or assessment if the test results are negative, the person is acquitted of the charges, or the charges against the person are dismissed;
- (15) Deleting the provision allowing a person to be credited for time served in an inpatient residential treatment program while awaiting trial or the disposition of pending charges;
- (16) Adding a provision requiring the Department of Public Safety to assist the Department of Health with the preparation of reports to the Governor and the Legislature on the implementation and evaluation of this bill, and the establishment of an advisory board;

- (17) Deleting the provision requiring the Department of Health to convene a conference within two years concerning the implementation and evaluation of this bill;
- (18) Deleting the provision requiring the Department of Health to maintain a drug use, drug dependency, and alcoholism training program for criminal justice professionals;
- (19) Deleting the provision requiring the Department of Health to prescribe program standards for resolving conflicts of interest;
- (20) Adding a provision granting immunity from liability to certified substance abuse professionals; and
- (21) Making technical nonsubstantive changes for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3206, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3206, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2355 Commerce, Consumer Protection, and Information Technology on S.B. No. 3232

The purpose of this bill is to repeal all professional and occupational licensing boards and commissions attached to the Department of Commerce and Consumer Affairs.

Furthermore, this bill reassigns the licensing and regulatory responsibilities of the respective boards and commissions to the Director of Commerce and Consumer Affairs.

Your Committee received testimony on this measure from the Department of Commerce and Consumer Affairs; Board of Electricians and Plumbers; Real Estate Commission; Contractors License Board; Board of Speech Pathology and Audiology; Board of Public Accountancy; Board of Dental Examiners; Motor Vehicle Industry Licensing Board; Board of Examiners in Naturopathy; Board of Professional Engineers, Architects, Surveyors, and Landscape Architects; Board of Acupuncture; Board of Pharmacy; Board of Veterinary Examiners; Board of Physical Therapy; Board of Barbering and Cosmetology; Board of Osteopathic Examiners; Board of Massage Therapy; Board of Chiropractic Examiners; Board of Psychology; Elevator Mechanics Licensing Board; Pest Control Board; Hawaii State Boxing Commission; Local Union No. 126, International Union of Elevator Constructors; Hawaii Academy of Audiology; Hawaii Society of Professional Engineers; Hawaii Nurses' Association; Hawaii Operating Engineers Industry Stabilization Fund; Hawaii Institute of Hair Design; and ten individuals.

In light of the State's austere fiscal situation, your Committee has sought ways to achieve savings by streamlining government operations, while continuing to provide necessary law enforcement and consumer protection functions. Your Committee considered merging the Department of Commerce and Consumer Affairs with the Departments of Agriculture, and Business, Economic Development, and Tourism, but rejected this proposal because the dislocation, cost of restructuring, and negative impact on the morale of the personnel of the affected departments would have far outweighed the fairly minimal cost savings. In comparison, your Committee believes that the repeal of professional and occupational licensing boards and commissions coupled with the retention of licensing and regulatory authority with the Director will promote efficiency in state government by reducing costs and streamlining administrative and decision making processes.

Your Committee, however, has strong concerns over whether the public's interests are served by the repeal of certain boards and commissions related to the building industry. Therefore, your Committee has amended this measure as follows:

- (1) By deleting provisions that repeal the following boards or commissions:
 - (a) Contractors license board;
 - (b) Board of electricians and plumbers;
 - (c) Elevator mechanics licensing board; and
 - (d) Real estate commission of the State; and
- (2) By deleting conforming provisions that repeal references to all professional and occupational licensing boards and commissions in the Department of Commerce and Consumer Affairs. Repeal of these provisions is now inappropriate as several boards and commissions are now being retained.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3232, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3232, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Kanno, Tanaka).

SCRep. 2356 (Majority) Human Resources on S.B. No. 416

The purpose of this bill is to raise the State's minimum wage from the current \$5.25 per hour to \$6.50 per hour beginning July 1, 1997.

Your Committee received testimony in support of this bill from the Hawaii State Commission on the Status of Women, Welfare and Employment Rights Coalition, Honolulu Community Action Program, Inc., American Friends Service Committee, Hawaii State AFL-CIO, and several private individuals. Testimony in opposition to this bill was received from the Department of Labor and Industrial Relations (DLIR), National Federation of Independent Business, Hawaii Business League, Liberty House, Legislative Information Services of Hawaii, Kyotaru Hawaii Corp., Hawaii Restaurant Association, Chamber of Commerce of Hawaii, Jose's Mexican Cafe & Cantina, and a private citizen.

The last time the minimum wage was raised was January 1, 1993, when it was increased to the present \$5.25 per hour. There has been a period of five years in which Hawaii's lowest paid workers have not seen a raise in wages. During this time, inflation and Hawaii's cost of living have risen.

Your Committee further finds that although providing for automatic annual cost-of-living increases in the minimum wage computed in the manner as proposed by this bill is a novel idea, according to the testimony of the DLIR, the statistics required to do the computation may not exist.

In spite of the difficulties with this bill, your Committee desires to continue discussions of this bill along with discussions on the package of bills of the Economic Revitalization Task Force. This bill could be used to augment the Task Force's proposal to raise the general excise tax by providing an income offset for lower wage earners much in the way the Task Force's proposed lower personal income tax rates would assist middle income earners. A raise in the minimum wage would promote economic growth because more money would be pumped into the economy in the form of higher wages. This means more spending and higher tax collections.

Your Committee has amended this bill by:

- (1) Inserting a blank dollar amount for the specified increase in the minimum wage;
- (2) Commencing the statutory increase from July 1, 1997, to July 1, 1998; and
- (3) Removing the automatic cost-of-living wage increase language from the bill.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 416, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 416, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Sakamoto). Excused, 2 (Fukunaga, Anderson).

SCRep. 2357 Human Resources on S.B. No. 2816

The purpose of this bill is to delete the clergy member from the Board of Trustees (Board) of the Hawaii Public Employees Health Fund (Health Fund).

Your Committee received testimony in support of this bill from the Department of Budget and Finance. Your Committee received testimony in opposition to this bill from the Hawaii State Teachers Association and the Health Fund.

Your Committee finds that the Board has had difficulty in filling that seat and that there is no clear rationale for the clergy requirement. Deletion of the clergy member will allow greater flexibility to respond to the evolving dynamics and complexities of the health care industry, which require a level of participation and expertise not available in the current structure.

Your Committee has amended this bill by inserting a retiree as a Board member.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2816, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2816, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2358 Education on S.B. No. 2043

The purpose of this bill is to propose a constitutional amendment to ensure the rapid disbursement and timely expenditure of legislative appropriations for educational purposes.

Specifically, the bill proposes an amendment to Article V, Section 5, of the Constitution of the State of Hawaii to require the Governor and the Board of Education to:

- (1) Expend all funds appropriated by the Legislature for lower education for the purposes for which they were allocated without alteration or delay; and
- (2) Hold a public hearing to solicit public comment if, due to unavoidable circumstances, budgetary restrictions or modifications appear necessary.

Your Committee received testimony in general support of the bill from the Department of Education. The Department of Budget and Finance opposed the measure.

Your Committee finds that in many instances, funds appropriated by the Legislature for educational program funding are delayed unnecessarily by "bureaucratic red tape". This bill ensures prompt funding in the future.

Your Committee has amended this bill to require notification of the legislature, rather than the holding of a public hearing, and made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2043, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2043, S.D. 1, and be referred to the Committees on Judiciary and Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2359 Education on S.B. No. 2079

The purpose of this bill is to appropriate funds to establish permanent, full-time registrar positions at the Kauai, Kona, and Maui community schools for adults.

Testimony in support of the intent of the bill was received from the Department of Education.

Your Committee finds that it is necessary to provide staffing for the enrollment growth at all Community Schools for Adults, and has amended the bill to include the islands of Hawaii and Oahu.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2079, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2079, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Ige, M.).

SCRep. 2360 Education on S.B. No. 2169

The purpose of this bill is to require the Department of Health to provide a registered nurse at each public school where the services of a registered nurse are required by at least one student at the school.

Testimony in support of the bill was presented by the Department of Education, the Board of Education, and the Hawaii State PTSA. Testimony in support of the bill with reservations was received from the Hawaii Nurses Association. Testimony in opposition to the bill was received from the Department of Health.

Your Committee is in agreement with the intent of this bill to provide appropriate health services in the schools. Your Committee has amended this measure to add an in-service training component. At this time, your Committee has not received any recommendations for a specific appropriation amount to be included in this bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2169, as amended, and recommends that it pass Second Reading, in the form attached hereto as S.B. 2169, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Ige, M.).

SCRep. 2361 Education on S.B. No. 2209

The purpose of this bill is to provide the statutory framework to implement the economic revitalization task force's proposals to make structural changes in Hawaii's public school system.

Your Committee received testimony in support of this measure from the Department of the Attorney General and the Department of Education. The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, the Hawaii State Teachers Association, and two individual members of the Economic Revitalization Task Force submitted comments.

Your Committee finds that the task force recommendation to restructure public education is laudable in its intent, but lacking in specifics. Your Committee believes this undertaking is too important to be undertaken with insufficient information and deserves further detailed study.

Your Committee has amended this measure by replacing its contents with provisions to:

- (1) Direct the Board of Education to evaluate the task force department of education related proposals and to determine if they will improve the department's ability to achieve the Hawaii goals for education, as agreed to by participants of the Hawaii education summit in 1990;
- (2) Direct the Board of Education to design an action plan and timetable, with public input; and
- (3) Report on the findings of the study to the 1999 Legislature.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2209, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2209, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2362 Education on S.B. No. 2210

The purpose of this bill is to provide additional guidelines to ensure the implementation of school-based budgeting beginning with fiscal biennium 1999-2001, to require the governor to submit the department of education budget on a school-by-school basis, and to establish an education contingency fund to adjust for unanticipated changes in school budgets as a result of personnel movement among schools.

Your Committee received testimony in support of this measure from the Department of Budget and Finance, the Department of Education, the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, the Hawaii Business Roundtable, and two individual members of the Economic Revitalization Task Force.

Your Committee finds that this measure expands upon the statutory mandate contained in Act 272, Session Laws of Hawaii 1994, giving individual schools more flexibility and autonomy through school-based budgeting.

Your Committee is supportive of the intent of this measure, but believes more information is needed that adequately reflects school expenditures at the lowest program level. Your Committee has amended section 37-71(c), Hawaii Revised Statutes, to make it clear what types of programs are to be included under the department of education's display of financial requirements at the school level and to make a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2210, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2210, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2363 Education on S.B. No. 2278

The purpose of this bill is to establish a state refund policy to comply with Title IV federal aid for students enrolled in post-secondary education institutions.

Your Committee received testimony in support of this measure from the University of Hawaii.

Your Committee finds that this bill is necessary so that the university may be exempt from applying the federally mandated formula to federal financial aid recipients who totally withdraw.

Your Committee supports this measure and has amended it at the request of the university to state that a statewide policy shall be established by the board of regents.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2278, S.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.B. No. 2278, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Slom).

SCRep. 2364 (Joint) Education and Health and Environment on S.B. No. 2730

The purpose of this bill is to establish an international exchange program at the University of Hawaii schools of medicine and nursing and at foreign healthcare provider educational institutions, and to establish an international healthcare exchange revolving fund.

Your Committees received testimony in support of this measure from the University of Hawaii and the Hawaii Nurses' Association. The Office of Information Practices submitted comments.

Your Committees find that this exchange is essential to the development of health related tourism. The university's school of nursing is already negotiating with universities from Japan, Thailand, and Malaysia to establish such exchange programs and the medical school is currently conducting exchanges with Japan and Thailand with agreements for future exchanges with Taiwan, China, Hong Kong, and Indonesia.

Your Committees support this exchange program as a way of building strong economic and medical ties with our Asian neighbors.

As affirmed by the records of votes of the members of your Committees on Education and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2730 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 10. Noes, none. Excused, 1 (Ige, D.).

SCRep. 2365 (Joint) Education and Economic Development on S.B. No. 3103

The purpose of this bill is to direct the University of Hawaii, with assistance from the department of business, economic development, and tourism, to explore the feasibility of a golf management program within the university system and to explore the

feasibility of a Professional Golf Association (PGA) certification of such a degree program, with an advisory committee to support in this effort.

Your Committees received testimony in support of this measure from the Department of Business, Economic Development, and Tourism (DBED&T), the University of Hawaii, The Estate of James Campbell, and five individuals.

Your Committees find that currently only four higher education institutions in the nation are PGA certified. The PGA will consider four additional institutions in months to come, and the addition of such a program at the University of Hawaii could make the State an attractive education and tourism destination, especially in light of the the number of world class golf courses in Hawaii.

Your Committees understand the university has concerns about the costs of a feasibility study and the implementation of such a program, but believes it is a worthwhile venture. It is the intent of these Committees that this effort be self sustaining, if possible.

Your Committees have amended this bill at the request of DBED&T, to delete the reference to the office of state planning in section 2 of the bill.

As affirmed by the records of votes of the members of your Committees on Education and Economic Development that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3103, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3103, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 10. Noes, none. Excused, 7 (Bunda, Fernandes Salling, Ige, D., Ige, M., Kawamoto, Matsunaga, Tanaka).

SCRep. 2366 (Joint/Majority) Government Operations and Housing and Human Resources and Transportation and Intergovernmental Affairs on S.B. No. 2496

The purpose of this bill is to authorize a procurement officer to require bidders on a public contract to abide and be bound by a project labor agreement between the bidder and the Hawaii building and construction trade unions as a condition to being awarded the contract.

Hawaii Operating Engineers Industry Stabilization Fund, United Association Plumbers and Fitters Local 675, International Union of Elevator Constructors, Pacific Resources Partnership, and Industry Management Consultants, Inc. submitted testimony in support of this bill.

The Department of Accounting and General Services, NFIB Hawaii, Associated Builders and Contractors, Inc., QN Electric, Inc., T&T Electric, Inc., Jas. W. Glover, Ltd., Wahine Builders, Maryl Development, Territorial Builders, Inc., Hawaii Island Contractors' Association, Big Island Marine, Inc., San Juan Construction, Inc., JE Merck & Associates, deVaneys Construction and Design, BCP Construction of Hawaii, Inc., Metcalf Construction Company, Inc., Pacific Hydroelectric Co., Inc., Henry's Equipment Rental & Sales, Inc., Starbird Construction, Inc., Abhe & Syoboda, Inc., Metzler Contracting Co., West Hawaii Concrete, CAS Ltd., Western Pacific Building Materials, Inc., American Fence & Security Co., Inc., and individuals submitted testimony opposing this bill.

Your Committees received testimony indicating that the construction industry in this State has severely declined. The State's construction industry needs every possible resource to help revive the slumping construction industry. By requiring the bidder and all subcontractors on a public works project to abide by the project labor agreement for the duration of the project, the contractors, subcontractors, and their employees will be ensured stable employment.

A project labor agreement is a form of a pre-hire agreement with labor organizations under which a contractor and all subcontractors agree to use the members of specified labor organizations on a project in exchange for the member unions' guarantee of labor stability. They are designed to ensure continuity of work throughout the various trade groups needed for major construction projects. As is often the case, different trades have different work practices, including specific holidays, wages paid for overtime and the like. A project labor agreement seeks to match all work practices for project harmony and stability.

In Building & Construction Trades Council of the Metropolitan District v. Associated Builders & Contractors of Massachusetts/Rhode Island, Inc., et al., 507 U.S. 218 (1993)(hereinafter "BCTC Case"), the U.S. Supreme Court held that a state authority acting as a proprietor in a construction contract rather than a regulator may enter into pre-hire project labor agreements. This bill authorizes the procurement officer to require that project labor agreements be incorporated in public works contracts and is therefore consistent with the BCTC Case.

Your Committees received testimony in opposition indicating that passage of this bill will adversely affect small business contractors because a procurement officer is required to make the project labor agreement a condition to being awarded a public works contract regardless of the contract amount. Furthermore, small projects do not require the same level of guarantee for labor stability as do large projects.

Upon consideration of all pertinent issues and testimony presented, your Committees find that this bill will improve and provide more opportunities for the State's construction industry.

Your Committees have amended this bill by:

- (1) No longer requiring the procurement officer to condition award of a contract on the adoption of the project labor agreement;
- (2) Designating the building and construction trade "council" of the State rather than "unions";
- (3) Indicating that the collective bargaining agreements of organizations and licensed contractors are to be included in the project agreement;

- (4) Limiting the application of the project labor agreement requirement to contracts of \$75,000,000, or greater; and
- (5) Making technical, nonsubstantive amendments.

As affirmed by the records of votes of the members of your Committees on Government Operations and Housing and Human Resources and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2496, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2496, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, 3 (Chumbley, Matsunaga, Slom). Excused, none.

SCRep. 2367 (Joint) Education and Human Resources on S.B. No. 536

The purpose of this bill is to establish the University of Hawaii workers' compensation and unemployment insurance compensation special fund, establish the university's workers' compensation and unemployment insurance compensation revolving fund, and appropriate special and revolving fund moneys to allow the university to meet its fiscal obligations.

Your Committees received testimony in support of this measure from the University of Hawaii.

Your Committees find that Act 328, Session Laws of Hawaii 1997, transferred budget responsibility for workers' compensation and unemployment insurance compensation to the university and appropriated general fund revenues for these purposes. However, there was no corresponding increase in expenditure ceilings for revolving or special funds for the current fiscal year. This measure would statutorily establish the necessary special and revolving funds and the necessary expenditure ceilings through legislative action.

Your Committees understand this bill is of utmost importance to the university in meeting its obligations for these payments, and urge swift and timely passage of the measure.

As affirmed by the records of votes of the members of your Committees on Education and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 536, S.D. 1, and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 5 (Fernandes Salling, Fukunaga, Ige, D., Anderson, Slom).

SCRep. 2368 (Joint) Human Resources and Transportation and Intergovernmental Affairs on S.B. No. 2684

The purpose of this bill is to delete the counties from the requirement of a specified time for government offices to be open.

Your Committees received testimony in support of this bill from the Department of Human Resources Development, Department of Civil Service of the County of Kauai, and the Department of Civil Service of the County of Hawaii.

Your Committees find that each county should determine for itself the implementation of methods and procedures which best suit their need for public services and their particular type of operations.

Your Committees have amended this bill to:

- (1) Restore the requirement that counties have a specified time for their offices to be open; and
- (2) Require that county offices who modify their hours must have an equivalent number of open hours of service for the transaction of public business.

As affirmed by the records of votes of the members of your Committees on Human Resources and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2684, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2684, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2369 Health and Environment on S.B. No. 2970

The purpose of this bill is to clarify that the Department of Health shall have jurisdiction over noise control at the Hawaii Convention Center.

Your Committee received testimony in support of the bill from the Neighbors of the Ala Wai, the Waikiki Area Action Association, and the Ala Moana Residents Advisory Council. The Department of Health and the Convention Center Authority provided qualified support for the measure.

Your Committee finds that the bill clearly places with the Department of Health, jurisdiction over noise monitoring and enforcement for the Hawaii Convention Center. The bill also requires the Department of Health to establish rules and standards for acceptable noise levels emanating from the convention center and enables the Department to establish fines for violation of these rules and standards.

Your Committee has amended the bill by:

- (1) Removing the requirement that the Department of Health adopt rules to regulate excessive noise arising from vehicular traffic around the convention center;
- (2) Removing the provision that required the Department of Health to use the moneys collected from fines to defray the cost of operating the program;
- (3) Removing the provision that establishes a special account within the State General Fund for the deposit of moneys collected from enforcement activities; and
- (4) Making a technical, nonsubstantive amendment for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2970, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2970, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2370 (Joint) Health and Environment and Human Resources on S.B. No. 3158

The purpose of this bill is to create regional boards within the Hawaii Health Systems Corporation (Corporation) to serve in both advisory and consenting capacities to the corporation board.

Two concerned individuals submitted written testimony supporting this bill. The Hawaii Health Systems Corporation and United Public Workers, AFSCME, Local 646, AFL-CIO submitted written testimony opposing this bill.

After considering all pertinent issues and testimonies presented, your Committees believe the matters raised in this bill merit further discussion. Your Committees have amended the bill by deleting its substance and inserting therefor provisions that reduce the number of members on the Hawaii health systems corporation from thirteen to nine and change the board's composition to include five members who are chairpersons of the Corporation's regional management advisory committees.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3158, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3158, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2371 (Joint) Transportation and Intergovernmental Affairs and Human Resources on S.B. No. 2529

The purpose of this bill is to allow county police departments to exclude applicants with criminal records from police positions.

Your Committees received testimony in support of this measure from the Police Department of the City and County of Honolulu and the State of Hawaii Organization of Police Officers.

Your Committees concur that Hawaii's law enforcement employees serve for the public's best interest and for general public safety. This measure provides county police departments with a process to ensure the continued integrity of persons who work in county police departments.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2529 and recommend that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 4 (Chumbley, Fernandes Salling, Ihara, Metcalf).

SCRep. 2372 (Joint) Transportation and Intergovernmental Affairs and Human Resources on S.B. No. 2559

The purpose of this bill is to amend the occupational safety and health law pertaining to explosives to:

- (1) Remove manufacturers of explosives from the requirement to obtain a certificate of fitness;
- (2) Exempt the State and county police and fire departments from provisions relating to the handling of explosives; and
- (3) Expand the definition of "dealer" to include corporations, partnerships, associations, associations of dealers, or other forms of business enterprise.

The bill also appropriates moneys to each county to administer the permit process.

Your Committees received testimony in opposition to this measure from the Department of Labor and Industrial Relations (DLIR), the Police Department of the City and County of Honolulu, the Fire Department of the City and County of Honolulu, and the Oahu Civil Defense Agency of the City and County of Honolulu. Jas. W. Glover, Ltd. submitted testimony in support of the intent of the bill and opposition to the administration of the permit process by the counties.

Your Committees agreed to the recommendations made by the DLIR to incorporate language from Senate Bill No. 1592, S.D.1, which clarifies that the responsibility for a certificate of fitness relating to explosives will remain with the State, and took into consideration all of the testimony presented.

Therefore, your Committees have amended this measure by appropriating \$19,000 to the DLIR to administer the permit process for explosives and eliminating the county appropriations.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2559, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2559, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 4 (Chumbley, Fernandes Salling, Ihara, Metcalf).

SCRep. 2373 (Joint) Human Resources and Transportation and Intergovernmental Affairs on S.B. No. 2667

The purpose of this bill is to authorize the City and County of Honolulu to establish procedures to conduct criminal history record checks on employees and persons seeking employment in positions which place them in close proximity to children. The bill exempts persons who have been employed with the City and County of Honolulu continuously on a salaried basis prior to June 1, 1998.

Your Committees received testimony in support of this measure from the Department of Parks and Recreation of the City and County of Honolulu. The Hawaii Civil Rights Commission submitted testimony in support with reservations, and the Attorney General submitted comments and recommended amendments.

Your Committees find that the Hawaii Criminal Justice Data Center is unable to meet the growing demand for criminal history record checks and fingerprinting with its current resources. The Attorney General has begun discussions with the City and County of Honolulu for assistance in obtaining the fingerprints for the national criminal history record checks and in developing a secure automated means to facilitate the transfer of confidential state non-conviction data.

Upon further consideration of the testimony provided by the Attorney General that the Federal Bureau of Investigation (FBI) must approve all enabling legislation before national criminal history record checks are authorized, and that the FBI check must be a requirement for employment, your Committees have amended this measure to:

- (1) Specify in the definition of "criminal history record check" that the search is to be made in the FBI's criminal history record files;
- (2) Allow the Hawaii Criminal Justice Data Center to charge a reasonable fee for FBI criminal history record checks; and
- (3) Clarify that the permission to be fingerprinted that employee's or applicant's may be required to provide is for the purpose of the FBI criminal history record check.

Your Committees have made technical, nonsubstantive amendments throughout this bill for the purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Human Resources and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2667, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2667, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 4 (Chumbley, Fernandes Salling, Ihara, Metcalf).

SCRep. 2374 Transportation and Intergovernmental Affairs on S.B. No. 2954

The purpose of this bill is to increase the penalty for resisting an order to stop a motor vehicle by a law enforcement officer, from a misdemeanor to a class C felony.

Your Committee received testimony in support of this measure from the Police Department of the City and County of Honolulu and the State of Hawaii Organization of Police Officers. The Office of the Public Defender submitted comments.

Your Committee finds that resisting an order to stop a motor vehicle is not an offense limited to persons who lead police officers on dangerous high speed chases. Your Committee received various testimony citing recent instances of women drivers who were afraid to stop and continued driving because they were either alone, or panicked when the police officer turned on their siren and lights.

It is the intent of your Committee to distinguish between a person who intentionally fails to obey an order to stop, and a person who intends to evade or flee the pursuing police officer at an excessive speed in a reckless manner.

Therefore, your Committee has amended this measure to include recommendations from the Office of the Public Defender to:

- (1) Create a new class C felony offense -- resisting an order to stop a motor vehicle in the first degree when:
 - (a) A person intentionally fails to obey a direction to stop by a peace officer; and
 - (b) The vehicle is driven by the person with the intent to evade or flee the pursuing peace officer's motor vehicle at an excessive speed and in a reckless manner; and

- (2) Amend the current law on resisting an order to stop a motor vehicle by making it a second degree offense.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2954, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2954, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 2375 Transportation and Intergovernmental Affairs on S.B. No. 3094

The purpose of this bill is to repeal the requirement that the registered, but non-legal owner of a motor vehicle must present the notarized letter of consent of the legal owner when shipping motor vehicles via interisland. This bill also makes provisions for shipment of motor vehicles by an authorized agent of the owner, and exempts dealerships that ship in quantities of five or more motor vehicles at one time.

Your Committee received testimony in support of this measure from Young Brothers, Ltd. Testimony in opposition of this measure was received from the Police Department of the City and County of Honolulu and the Hawaii Bankers Association.

Your Committee finds that current laws imposing certain documentation requirements for the interisland shipping of motor vehicles have created a logistical bottleneck for carriers, registered non-legal owners, and certain lien holders.

Therefore, your Committee has amended this bill by deleting all amendments made in this bill as received by your Committee, and also by removing the requirements for all non-legal owners of vehicles to submit to the shippers a notarized written consent from the legal owner or a notarized bill of sale.

Your Committee further recommends that the Police Department of the City and County of Honolulu, Young Brothers, Ltd., and the Hawaii Bankers Association continue further discussions to come to agreement in alleviating stumbling blocks created by cumbersome documentation requirements associated with shipping motor vehicles interisland.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3094, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3094, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 2376 Commerce, Consumer Protection, and Information Technology on S.B. No. 2340

The purpose of this bill is to regulate the profession of marriage and family therapy.

Your Committee received testimony in support of the bill from the Department of Commerce and Consumer Affairs Professional and Vocational Licensing Division, employees of the Department of Health's Hawaii County Community Mental Health Center, the National Association of Social Workers, the Hawaii Association for Marriage and Family Therapy, and numerous marriage and family therapists, religious organizations, and social service agencies. The Board of Psychology testified in opposition to the bill.

Your Committee finds that the potential for harm to public health, safety, and welfare is great when an unregulated mental health professional can engage in the private practice of psychotherapy, or when agencies and state departments do not have government imposed minimum standards of education, experience, and ethics to rely on in the hiring of mental health professionals. Private citizens seeking mental health services are in great emotional pain, are extremely vulnerable, and cannot readily discern the unskilled, untrained, and ill-prepared mental health professional. Without state regulation of the profession, citizens are at a distinct disadvantage in knowing who is qualified to treat mental and emotional disorders.

The profession of marriage and family therapy is recognized by the National Institute of Mental Health as one of the five core mental health professions along with psychiatry, psychology, clinical social work, and advance practice nurses. At present, marriage and family therapy is the only mental health profession which is unregulated in the State of Hawaii. Any individual may call oneself a marriage and family therapist regardless of training or experience. There are no special safeguards in place to assure consumers of the quality of services they are receiving. This has led to documented cases in Hawaii of unethical individuals representing themselves as marriage and family therapists and preying on vulnerable individuals seeking mental health services. Marriage and family therapists are presently licensed and regulated in forty other states to ensure quality of care. Lack of licensure in Hawaii creates a loophole through which those disbarred from other mental health professions can come to Hawaii and continue to practice.

Your Committee also finds that the *Felix v. Waihee* consent decree demands substantial improvement in the State's children's mental health delivery system. A key component of the decree is the inclusion of family therapy, a service for which marriage and family therapists are uniquely trained and qualified. Presently, a lack of qualified mental health professionals, especially on islands other than Oahu, has cost Hawaii thousands of dollars in airfare to transport mental health practitioners to the more rural areas of Hawaii when qualified marriage and family therapists on those islands could provide services. Lack of regulation of marriage and family therapists prevents the citizens of Hawaii from utilizing their medical insurance plans to cover the cost of medically necessary psychotherapy and prevents the State, nonprofit agencies, and providers from seeking third party reimbursement from insurance plans when a marriage and family therapist provides mental health services.

Moreover, issues related to family violence and child abuse are becoming an increasing strain on state resources. Marriage and family therapists are uniquely trained and qualified in the treatment of violent and abusive family systems. The associated cost of

foster care in Hawaii also could be significantly reduced through the use of marriage and family therapists in the treatment and reunification of these families.

Your Committee has amended the bill by:

- (1) Deleting the appropriation section of the bill to allow the Department of Commerce and Consumer Affairs to pursue other funding alternatives;
- (2) Conforming registration filing dates for the licenses with other licenses issued by the Department of Commerce and Consumer Affairs;
- (3) Clarifying that registered nurses are considered by the National Institute of Mental Health as one of the professions recognized as being one of five core mental health professions; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2340, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2340, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Kanno, Tanaka).

SCRep. 2377 Health and Environment on S.B. No. 2632

The purpose of this bill is to establish an osteoporosis prevention and treatment program, and to appropriate funds to the Department of Health to carry out the program.

Your Committee received testimony in support of the bill from the Department of Health and the Hawaii Nurses Association.

Your Committee finds that establishing such a program would help raise public awareness, and educate and train consumers, health professionals, teachers, and community service providers on the effects and treatment of osteoporosis.

Your Committee has amended the bill by inserting \$1 as the appropriated amount for the program.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2632, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2632, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 2378 Health and Environment on S.B. No. 2732

The purpose of this bill is to require that the Office of Environmental Quality Control (OEQC) publish in its periodic bulletin, notices of its receipt of completed applications for various land use activities that may affect the environment, economy, culture, or social welfare of the State.

Your Committee received testimony in support of the bill from the Land Use Commission, the OEQC, the Sierra Club, Hawaii Chapter, and Hawaii's Thousand Friends. The Department of Health (DOH) and the Department of Business, Economic Development, and Tourism testified that most land use decision making bodies already voluntarily comply with the requirements specified in the bill and did not see the need to codify this intent. The OEQC recommended changes which would conform the bill to the actual practices of the various agencies affected by this measure.

Your Committee believes, based on the favorable testimony provided by the agencies who will be most acutely affected by the measure, that requiring the publication of such notices will benefit all parties interested in participating in the land use decision making process.

Your Committee amended this bill by excluding actions permitting agricultural burning from the publication requirements.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2732, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2732, S.D. 1, and be referred to the Committee on Water, Land, and Hawaiian Affairs.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, none.

SCRep. 2379 (Joint) Human Resources and Government Operations and Housing on S.B. No. 2213

The purpose of this bill is to provide for the development and implementation of a three-year transformation of the state government's budgeting, accounting, and procurement systems into an integrated system that supports the efficient use of public funds and assets in accordance with the recommendations of the Economic Revitalization Task Force.

Your Committees received testimony in support of the bill from the Economic Revitalization Task Force, the Director of Finance, Department of Accounting and General Services, the Attorney General, the United Public Workers Union, the Hawaii Government

Employees Association, and the Building Industry Association of Hawaii. The Haku Alliance testified that it was in support of transforming the State's existing budgetary planning system, but was opposed to the composition of the committees. The County of Maui Department of the Corporation Counsel, County of Kauai Office of the County Attorney, American Institute of Architects Hawaii State Council, Fowell Geotechnical Engineering Ltd., Pacific Geotechnical Engineers, Inc., Consulting Engineers Council of Hawaii, and Associated Building Contractors, Inc., Hawaii Chapter, all testified in opposition to the measure.

Your Committees find that over the past decade, many changes have taken place in the world's economy. Trade barriers among nations have been reduced; countries once suppressed by communist regimes have entered the global marketplace of trade and investment; the international movement of goods has seen great reductions in time and cost; and capital, technology, and the supply of labor have become global commodities.

Economies such as Hawaii's that were once protected or that faced only limited competition are now forced to compete in a global economy with competitors ranging from Bangladesh to Chile to Germany.

Your Committees find that the state government's budgeting, accounting, and procurement systems should serve as effective tools for the efficient use of scarce resources in pursuing the goals and objectives of the people of Hawaii by:

- (1) Describing the links between the resources of the state government and actions to implement the state government's strategies and operating level objectives;
- (2) Developing a focus on the provision and measurement of outputs and their relationship to outcomes rather than simple inputs of funds and personnel positions;
- (3) Implementing activity-based costing, including the means of allocating the cost of assets with lives greater than one year over multi-year periods;
- (4) Providing decision-makers and the public with clear and easily understood information about resource allocation choices, decisions, and implementation;
- (5) Providing a means of establishing resource allocation priorities based on desired outcomes and related outputs; and
- (6) Establishing a managed process that enables state and county governments to implement public-private competition for government services through a managed process that determines whether a particular service can be provided more efficiently, effectively, and economically by a public agency or private enterprise. The managed process shall consider all relevant costs, shall establish protections for affected state and county employees, and ensure that civil service laws and merit principles are not violated.

The bill accomplishes this goal by creating two separate committees to address the State's budgetary transformation and to formulate a managed process that enables state and county governments to implement public-private competition for government services.

The first committee's responsibility shall be to develop and oversee the implementation of plans for the transformation of the state government's budgeting, accounting, and procurement systems. The committee members are appointed by the Governor and shall include the Director of Finance, the Comptroller, and the Director of Human Resources Development. The remaining four members shall be chosen from members of the public skilled in the areas of budgeting, accounting, or the management of large organizations.

To initiate the implementation of the process of transforming the budgeting and accounting systems, the committee shall select three departments that differ in function and organization to develop prototype models of implementation. The committee and the selected departments are to complete the implementation of its prototype transformations by December 31, 1999.

The second committee is charged with developing a managed process that enables state and county governments to implement public-private competition for government services. The managed process shall include criteria that determines whether a particular service can be provided more efficiently, effectively, and economically by a public agency or a private enterprise and consider all relevant costs, establish protections for affected state and county employees, and ensure that civil service laws and merit principles are not violated. The committee members are appointed by the Governor and include the Director of Finance, the Comptroller, the Attorney General and representatives from affected public employee bargaining units.

To begin the process of consolidating the various bills relating to strengthening the State's ability to forge a strong public-private partnership into one legislative proposal, your Committees have amended the bill by incorporating several provisions from S.B. No. 2630 into this bill. The incorporated language expressly permits state and county agencies to continue obtaining services from private organizations which receive state and county grants, subsidies, and purchase of service contracts, without violating the State's civil service laws, while the two processes initiated to restructure government practices are being completed. Identically worded paragraphs have been added to sections 46-33, 76-16, and 76-77, Hawaii Revised Statutes. In addition, to ensure that the June 30, 1998, repeal of section 42D-10, Hawaii Revised Statutes, by Act 190, Session Laws of Hawaii 1997, does not undermine the counties' present ability to award grants, subsidies, and purchase of service contracts to private organizations, a new section, essentially restating provisions of section 42D-10, Hawaii Revised Statutes, has been added to Chapter 46, Hawaii Revised Statutes.

Your Committees have also included language to the bill that:

- (1) Clarifies that the committees established pursuant to sections 4 and 7 shall be appointed within sixty days of the bill's effective date;
- (2) Imposes a moratorium on initiating any action or proceeding against the state or county governments starting from January 1, 1998, and until June 30, 2001, so that the committees will have a window of opportunity to address all the issues under their jurisdiction; and

- (3) Makes technical, nonsubstantive amendments for the purposes of style and clarity.

In effectuating this incorporation, it is your Committees' intent to provide the Legislature with a legislative vehicle that embraces a comprehensive strategy to solve the complex issue of government contracting and service provision.

Your Committees understand that there is concern that this incorporation is a violation of Article III, Section 14, of the State Constitution. Given the title of the measure, there may be a concern that incorporation of S.B. 2630's provisions relating to the State's counties adds a new subject to the bill which does not come within the subject expressed in this bill's title. Your Committees do not believe that this incorporation is a violation of Article III, Section 14, of the State Constitution. In City and County of Honolulu v. Ariyoshi, 67 Haw. 412 (1984), the Supreme Court concluded that by constitutional design, the civil service system of the State and its several counties encompasses matters of statewide concern, and that personnel matters, including civil service and compensation matters, remain subject to legislative control. With this guidance, we believe, the title of this measure amply encompasses the incorporated material.

In this light, your Committees believe that the intent of the measure has merit and recommends its passage to foster further discussion on an issue that will require additional input, collaboration, and understanding from all parties involved.

As affirmed by the records of votes of the members of your Committees on Human Resources and Government Operations and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2213, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2213, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 2 (Fukunaga, Matsunaga).

SCRep. 2380 Human Resources on S.B. No. 2231

The purpose of this bill is to exempt from civil service, compensation, and collective bargaining laws certain public contracts with private entities that provide rehabilitative programs and services.

Your Committee received testimony in support of the bill from the State Procurement Office, Goodwill Industries of Hawaii, Goodwill Industries of Greater New York, and numerous social service agencies that provide community rehabilitation programs across the State. The United Public Workers opposed the passage of the measure.

Your Committee finds that the bill amends statutory provisions affecting the expenditure of public moneys and public contracts for products and services of handicapped individuals by:

- (1) Replacing the term "handicapped individual" with "person with disabilities" to more accurately describe a person who is severely incapacitated by any physical or mental disability so that the person cannot engage in normal competitive employment because of the disability;
- (2) Replacing the term "quality rehabilitation facility" with "qualified community rehabilitation program";
- (3) Requiring that a qualified community rehabilitation program hold a certificate from the United States Department of Labor under Section 14(c) of the Fair Labor Standards Act, as amended, and 29 C.F.R. Part 525, and be certified by the State Department of Labor and Industrial Relations under section 387-9, Hawaii Revised Statutes, and section 12-20-64, Hawaii Administrative Rules; and
- (4) Exempting contracts entered into with private sector entities for the purchase of products and services assisting persons with disabilities from civil service, compensation, and collective bargaining laws, and grandfathering pre-existing contracts from those laws.

Your Committee believes that the intent of the bill has merit and believes that it should move on for further discussion so that an amicable and fair solution may be crafted through the deliberations of the legislative process. Your Committee hopes that a comprehensive measure such as S.B. No. 2213, can be modified to address the concerns raised in this measure and other measures attempting to amend our civil service laws in a piecemeal manner.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2231 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2381 Human Resources on S.B. No. 2336

The purpose of this bill is to provide an early retirement incentive to qualifying employees who are under the employees' retirement system.

Your Committee received testimony in support of this bill from the Hawaii Government Employees Association, Hawaii State Teachers Association, and University of Hawaii Professional Assembly. Testimony in opposition to this bill was received from the Department of Budget and Finance. Informational testimony was provided by the Employees' Retirement System, Department of Education, and Department of Human Resources Development.

Your Committee finds that providing an early retirement incentive is effective in reducing employee compensation costs without forced reductions in staffing. Although a number of substantive concerns have been raised, your Committee believes this subject merits further discussion.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2336 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 2382 (Joint) Human Resources and Commerce, Consumer Protection, and Information Technology on S.B. No. 2768

The purpose of this bill is to establish a two-year statute of limitation from the date that services were rendered on a health care provider's ability to collect payment from an employer or the Special Compensation Fund under the State's Workers' Compensation Law.

The bill also makes it unlawful for the health care provider to seek compensation from the injured employee.

Your Committees received testimony in support of the bill from the Department of Labor and Industrial Relations, the ILWU, the HSTA, and the Hawaii's Insurer's Council. The Hawaii Medical Association opposed the passage of the measure.

The Department of Labor and Industrial Relations recommended in its testimony that insurers be included in the list of entities required to pay for medical provider services since, in many cases, it is the insurer that pays on behalf of the employer.

Your Committees find that under existing law, there is no time limit on how long from the date of health care service provision that a health care provider may have to bill an employer or the Special Compensation Fund. What results is a situation where health care service bills may be received by an employer or the Special Compensation Fund years after the date that the service was provided.

Your Committees believe that the imposition of a two-year statute of limitation on the collection of payment from a health care provider is reasonable and would reduce the necessity for employers and the Special Compensation Fund to perform time consuming research on health care services that were performed over two years prior to a billing.

In accordance with the Department of Labor and Industrial Relations' testimony, your Committees have amended the bill to include insurers in the list of entities that pay for health care services under the State's Workers' Compensation Law.

As affirmed by the records of votes of the members of your Committees on Human Resources and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2768, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2768, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, none. Excused, none.

SCRep. 2383 Human Resources on S.B. No. 2776

The purpose of this bill is to clarify the payment process for after-the-fact payroll for employees having a salary overpayment balance.

Your Committee received testimony in support of this bill from the Department of Accounting and General Services (DAGS), Department of Public Safety, Department of Health and Department of Education. Testimony in opposition to this bill was received from the University of Hawaii Professional Assembly.

According to the testimony by DAGS, this bill will significantly reduce the occurrence of salary overpayments. The State pays its salaried employees on a predicted basis which assumes that these employees have sufficient vacation and sick leave hours to offset any leave taken in a pay period. The predicted basis and the early cut-off dates required to process the payroll have resulted in overpayments to salaried employees who do not maintain sufficient vacation and sick leave balances. Salary overpayments in the executive branch exceeds two and a half million dollars. The intent of this bill is to facilitate the collection of funds already disbursed by requiring that certain salaried employees with salary overpayment be placed on after-the-fact pay which is how non-salaried employees are paid.

Your Committee has made technical amendments on recommendation of DAGS.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2776, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2776, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2384 (Joint) Government Operations and Housing and Human Resources and Transportation and Intergovernmental Affairs on S.B. No. 3201

The purpose of this bill is to require the governor and the mayors of the respective counties to develop a viable process to eliminate duplication of government services at the State and county levels with respect to highway and road maintenance and parks services.

Consulting Engineers Council of Hawaii, Associated Builders and Contractors, AIA Hawaii State Council, and Construction Industry Legislative Organization, Inc. submitted testimony in support of this bill. The Mayor and the Department of Budget for the City and County of Honolulu and the Department of Transportation submitted testimony in support of the intent of this bill.

The United Public Workers, AFSCME, Local 646, AFL-CIO, and the Board of Land and Natural Resources submitted testimony opposing this bill.

Your Committees received testimony indicating that there is unnecessary duplication of highway and road maintenance and parks services at the state and county levels.

Upon consideration of all pertinent issues and testimony presented, your Committees find that this bill will move the state and county governments closer to eliminating government inefficiency and waste.

Your Committees have amended this bill by requiring that the final plan, including any necessary proposed legislation submitted to the legislature, shall not diminish, abridge, or eliminate any of the currently existing services relating to highways, public and private roads, and parks, whether provided by the State or counties.

As affirmed by the records of votes of the members of your Committees on Government Operations and Housing and Human Resources and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3201, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3201, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 5 (Chumbley, Fernandes Salling, Fukunaga, Ihara, Matsunaga).

SCRep. 2385 Government Operations and Housing on S.B. No. 3220

The purpose of this bill is to increase the conveyance tax for the purpose of increasing the amounts deposited into the rental housing trust fund (RHTF) to alleviate the affordable housing crisis.

The Governor's Assistant for Housing, Affordable Housing and Homeless Alliance, Legal Aid Society of Hawaii, Catholic Charities of the Diocese of Honolulu, American Association of Retired Persons, and Community 2010 submitted testimony in support of this bill.

The Rental Housing Trust Fund, Hawaii Association of Realtors, Land Use Research Foundation of Hawaii, Department of Land and Natural Resources (DLNR), and Tax Foundation of Hawaii submitted testimony opposing this bill.

The Department of Taxation submitted comments but did not take a position on this bill.

Your Committee received testimony indicating that there is an urgent need for affordable housing and that the RHTF provides a proven, efficient means to ease the affordable housing crisis by assisting private non-profit developers to build permanent affordable rental housing.

DLNR opposed this bill but suggested that if this bill is enacted, two cents from the conveyance tax collections should be deposited into the bureau of conveyances equipment modernization special fund for staff, operations and maintenance, and acceleration of the modernization of the computer systems.

The Hawaii Association of Realtors opposed this bill but concurred with DLNR's testimony with respect to allocating a percentage of the conveyance tax to the bureau of conveyances equipment modernization fund to accelerate the modernization of the bureau's computer systems which will make the bureau more efficient and accessible.

Upon consideration of all pertinent facts and testimony presented, your Committee finds that increasing the amount paid to the RHTF will provide the needed funds to alleviate the affordable housing crisis. Your Committee amended this bill by allocating percentages of the conveyance tax as follows:

- (1) Thirty-two and one-half per cent to the RHTF;
- (2) Twelve and one-half per cent to the natural area reserve fund;
- (3) Twenty per cent to the bureau of conveyances equipment modernization special fund until December 31, 2000; and
- (4) Ten per cent to the housing and community development corporation for the purposes of providing assistance to the homeless.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3220, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3220, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2386 (Joint) Commerce, Consumer Protection, and Information Technology and Health and Environment on S.B. No. 2204

The purposes of this bill are to:

- (1) Require all issuing agencies to establish maximum time frames for the review and approval of all permits, approvals, and licenses;
- (2) Establish time frames for administrative appeal;
- (3) Require that issuing agencies clearly articulate application requirements; and
- (4) Automatically grant approval to applications not completed within the established maximum time frame.

Your Committees received testimony in support of this measure from the Department of Business, Economic Development and Tourism, the Board of Land and Natural Resources, the Department of Labor and Industrial Relations, General Contractors Association of Hawaii, Building Industry Association of Hawaii, the Construction Industry Legislative Organization, and the Hawaii Association of Realtors. Testimony opposing this bill was received from the Department of Health, Hawaii's Thousand Friends, and the Audubon Society.

Your Committees find that this bill seeks to implement recommendations of the Economic Revitalization Task Force in an effort to improve the State's regulatory climate.

Proponents of this bill note that approvals not granted in a timely manner add considerable additional cost to a business or development project. Your Committees agree, but also recognize that government's obligations to protect health, safety, and the environment must not be compromised to the detriment of Hawaii's citizens.

Your Committees find that establishing time frames will compel agencies to prioritize permitting and approval activities, streamline and eliminate any requirements for unnecessary application information, and in the process identify critical application information. This can be accomplished by establishing time frames that are goals rather than "maximums".

Your Committees amended the bill by:

- (1) Replacing the contents of the new section with amended language for clarity and completeness;
- (2) Denying an application unless a majority of all members present and not disqualified vote to approve the application;
- (3) Deleting the "maximum" requirement and requiring that agency rules establish time periods for completing the approval process;
- (4) Rewriting the purpose section in section 2 to reflect the amended new section; and
- (5) Changing the effective date to July 1, 2005 to encourage further discussion.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2204, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2204, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 6. Noes, none. Excused, 4 (Kanno, Solomon, Tam, Tanaka).

SCRep. 2387 Commerce, Consumer Protection, and Information Technology on S.B. No. 2923

The purpose of this bill is to expand the responsibilities of the Ombudsman to include assisting small business.

Your Committee received testimony in support of this measure from The Hawaii Business League, the Small Business Task Force on Regulatory Relief, and the National Federation of Independent Business.

Your Committee finds that the Small Business Regulatory Flexibility Act was developed by the governor's Small Business Task Force on Regulatory Relief and was passed out of committee.

Your Committee notes that the Act allowed small business participation in the regulatory development process.

Your Committee further finds that expanding the Ombudsman's duties to assist small business is an important part of the success of the Small Business Regulatory Flexibility Act.

However, the intent of your Committee is not to expand the Ombudsman's duties to include involvement in litigation between the State and private parties.

Your Committee amended the bill by replacing the Ombudsman's duty to intervene with a duty to mediate on behalf of small business.

At this time, your Committee has not received any recommendations for a specific appropriation amount to be included in the bill.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2923, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2923, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Kanno, Tanaka).

SCRep. 2388 (Joint) Commerce, Consumer Protection, and Information Technology and Judiciary on S.B. No. 3224

The purpose of this bill is to authorize special purpose revenue bonds not to exceed \$200,000,000 for the planning, design, and construction of a correctional complex and an electrical cogeneration facility in the Ka'u district of the island of Hawaii.

Your Committees received testimony in support of this bill from Hui 'Enekinia Hawai'i, Hawaii Operating Engineers Industry Stabilization Fund, the Hawaii Island Economic Development Board, and two interested citizens. Testimony opposing this bill was received from the Department of Public Safety. The Department of Budget and Finance submitted testimony commenting on this bill and an architectural firm offered its assistance.

Your Committees find that while there is an excess of minimum security beds, additional medium security beds are needed. Medium security prison overcrowding in Hawaii has reached emergency proportions.

Your Committees further find that the construction and operation of a correctional complex and a cogeneration facility will create jobs in the Ka'u district, initially in construction then in operations.

However, your Committees harbor concerns regarding the constitutionality of constructing a correctional complex with the proceeds from special purpose revenue bonds.

Consequently, your Committees believe, because of the abovementioned concerns, the bill title is incorrect and a short form bill is needed to rectify the bill title problem.

Moreover, your Committees take no position on the size or site of a proposed correctional complex in Ka'u.

Further, your Committees have no intention of creating a potential unfair advantage by favoring one bidder over any others.

Your Committees amended the bill by:

- (1) Removing all reference to construction of a correctional complex with proceeds from special purpose revenue bonds; and
- (2) Reducing the authorized issuance of special purpose revenue bonds to an amount not to exceed \$100,000,000 conditioned on the construction of a correctional complex in Ka'u.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3224, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3224, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 10. Noes, none. Excused, 5 (Bunda, Kanno, Solomon, Tanaka, Anderson).

SCRep. 2389 (Joint) Commerce, Consumer Protection, and Information Technology and Education on S.B. No. 3258

The purposes of this bill are to:

- (1) Exempt software development companies from paying the general excise tax;
- (2) Establish the Hawaii Internet Exchange in the University of Hawaii's Office of Technology Transfer and Economic Development;
- (3) Include the advancement of internet services and improvement of student access to technology in the state plan guidelines;
- (4) Establish a work force development training program at the University of Hawaii; and
- (5) Authorize the issuance of government obligation (GO) bonds to establish a fiber optic connection to the internet for the University of Hawaii and the Department of Education.

Your Committees received testimony in support of this measure from the University of Hawaii, the Department of Education, and the HyperMedia Corporation. Testimony opposing the bill was received from the Department of Budget and Finance. The Department of Taxation submitted testimony opposing the software corporation exemption section.

Your Committees recognize that there is a need to support technology entrepreneurs in Hawaii. Active involvement by government to stimulate the creation of information industries in Hawaii would serve to expand and diversify Hawaii's economy.

Your Committees believe that Hawaii is a geographically ideal location in which to operate an internet exchange. Vast opportunities for developing new industries are available by connecting Hawaii with the mainland United States, Japan, and other Asian countries.

Your Committees find that the University conceived of the Hawaii Internet Exchange (HIX) in 1995 and worked with the private sector to establish an initial HIX that year.

Your Committees note that the service was initiated and continues to operate at the University where it successfully interconnects the major internet service providers with the University, the State, and each other.

Your Committees further find that interconnecting the current HIX with providers of high-speed internet capacity in addition to the retailers of internet access is a necessary step in developing and supporting the information industry within Hawaii.

However, your Committees recognize the disadvantageous costs of high-speed internet access from Hawaii. The University has begun to seek matching federal funds in anticipation of the issuance of GO bonds.

Your Committees amended the bill by adding language suggested by the University of Hawaii which permits the work force training program to contract with other public, private, and for-profit institutions.

At this time, your Committees have not received any recommendations for specific appropriation amounts to be included in the bill.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3258, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3258, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 4 (Fernandes Salling, Ige, M., Kanno, Tanaka).

SCRep. 2390 Health and Environment on S.B. No. 2350

The purpose of this bill is to:

- (1) Allow the Department of Health (DOH) to make direct transfer of funds from the environmental management special fund to the counties;
- (2) Exempt glass container importers of less than 1,000 glass containers annually from fees; and
- (3) Require importers of 1,000 or more or less than 100,000 glass containers to provide a report to DOH, and pay annual rather than quarterly fees.

Your Committee received testimony in support of the bill from the Director of Health, City and County of Honolulu, and Hawaii Food Industry Association. The Director of Health proposed changes to the bill which would conform to current recycling practices and demands to facilitate its implementation.

Your Committee believes, based on the favorable testimony provided by the agencies and parties who will be most acutely affected by the measure, that amending the glass recycling laws to allow the counties to impose fees for glass container recycling and raising the threshold for small quantity importers of glass containers will streamline government recycling efforts.

Your Committee amended this bill by:

- (1) Repealing the State's exclusive jurisdiction over integrated solid waste management matters;
- (2) Allowing counties to impose and collect fees on glass containers for recycling;
- (3) Reinstating the DOH's ability to transfer funds to the counties through contracts under Sections 103 and 103D, Hawaii Revised Statutes;
- (4) Raising the threshold for exempt glass container importers to those who import less than 5,000 glass containers annually; and
- (5) Amending the lower threshold for glass container importers who are subject to the fees and reporting requirement to 5,000 or more containers imported annually.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2350, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2350, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2391 Health and Environment on S.B. No. 2413

The purpose of this bill is to amend the law relating to the environmental response revolving fund (ERRF) to allow moneys to be used for water pollution control and solid and hazardous waste matters, and repeal the \$7,000,000 ceiling and \$3,000,000 floor. The bill also increases the environmental response tax from 5 cents to 10 cents per barrel.

The Director of Health and the Sierra Club, Hawaii Chapter, submitted testimony in support of this bill.

The Western States Petroleum Association, BHP Hawaii, Inc., Chevron, Hawaiian Electric Company, Inc., Hawaii Fueling Facilities Corporation, and Tax Foundation of Hawaii submitted testimony opposing this bill.

After considering all pertinent issues and testimony presented, your Committee agreed with the concerns raised in the opposing testimony regarding the increase in oil tax and expanded use of the special fund. Your Committee amended the bill by deleting the expanded uses of the special fund and the oil tax increase and by raising the \$7,000,000 ceiling to \$20,000,000.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2413, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2413, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 2392 (Joint) Health and Environment and Education on S.B. No. 2953

The purpose of this bill is to establish a pilot project to implement an interdisciplinary team approach, to provide funding for educational audiologists in the Department of Education, to provide funding for advocates to educate and support parents who have children with central auditory processing deficits (CAPD), and to establish a commission on CAPD.

Your Committees received testimony in support of the intent of this measure from the Department of Education, the Department of Health, the State Planning Council on Developmental Disabilities, and twenty-five individuals.

Your Committees find that CAPD is a condition that often goes undiagnosed or misdiagnosed, causing anguish for CAPD children and their families that is likely to have long-term repercussions in the child's development and ability to learn. Your Committees believe that an interdisciplinary team approach is necessary if appropriate services are to be provided to the children and their families, and much needed resources to educators and health professionals.

Your Committees have amended this bill to appropriate \$10,000 to reimburse the work of the commission, \$540,000 for educational audiologist positions, and \$200,000 to provide educational and supportive services to students and their parents, and made technical, nonsubstantive amendments.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2953, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2953, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 2 (Ige, M., Metcalf).

SCRep. 2393 Human Resources on S.B. No. 2096

The purpose of this bill is to appropriate \$750,000 to the Institute for Human Services.

Your Committee received testimony in support of this bill from the Institute for Human Services (IHS), Safe Haven, Kalihi-Palama Health Center, Hawaii Lawyers Care, Kaiser Foundation Health Plan, Inc., and several private individuals.

The IHS is the only organization that provides a twenty-four hour walk-in, emergency homeless shelter service on Oahu. The IHS also provides accommodations to over three hundred people each night, clothing, medical and dental services, and educational services. The IHS also serves as many as eight hundred meals daily, and provides access to shower and toilet facilities. All of these services are provided to people who have no place to live.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2096 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 2394 Human Resources on S.B. No. 2262

The purpose of this bill is to encourage and develop pilot partnerships between the State and private foundations and trusts to provide resources for early childhood education and care for Hawaiian children.

Testimony was heard in support of the bill from the Childcare Business Coalition. The Department of Human Services testified that the Department is supportive of the concept of providing early childhood education for all children, but cannot support the bill because of the economic condition of the State.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2262 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 2395 (Joint) Human Resources and Health and Environment on S.B. No. 2618

The purpose of this bill is to maximize the availability of combined state and federal resources to ensure the viability and sustainability of the nonprofit community-based system of care for the uninsured and persons covered by QUEST. Specifically, this bill:

- (1) Provides that whenever the DHS contracts with a federally qualified health center or rural health center for the provision of QUEST services to enrollees, payment by the DHS to the health center shall be comparable to and no less than the amount paid by the DHS to its other providers in the same geographic area for comparable services;
- (2) Provides that at least quarterly, the DHS shall pay health centers under contract the difference between the payment received by the health center and the reasonable cost of the health center in providing services to QUEST enrollees;
- (3) Requires the DHS to provide financial resources to nonprofit, community-based providers to care for the uninsured, including community health centers, school-based clinics, and Care-A-Van for the homeless; and
- (4) Appropriates \$3 million to support health care for medically underserved populations.

Your Committees received testimony in support of this bill from the Department of Human Services (DHS), Department of Health, Kokua Kalihi Valley, Community Clinic of Maui, Waikiki Health Center, Papa Ola Lokahi, Hawaii State Primary Care Association, Aloha Care, Ke Ola O Hawai'i, Inc., and Kalihi-Palama Health Center. The DHS also provided informational testimony.

Your Committees find that this bill is necessary to alleviate the shortage of medical services to certain gap group populations in the areas of primary and preventive health care, thereby reducing publicly supported costs for hospital and emergency room use for preventable conditions. The gap group is the medically uninsured, which is estimated to be 105,600 individuals. The gap group is served by community-based providers such as health care centers whose financial viability in these hard economic times is of major concern to the State.

As affirmed by the records of votes of the members of your Committees on Human Resources and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2618 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 1 (Metcalf).

SCRep. 2396 Human Resources on S.B. No. 2621

The purpose of this bill is to generate a comprehensive effort to facilitate the transition of public assistance recipients from dependence to self-sufficiency, or from welfare to work, by establishing policies that eliminate employment disincentives, enhance work readiness, and promote creation of new job opportunities by government, community organizations, and private businesses.

Your Committee received testimony in support of this bill from the Department of Labor and Industrial Relations, Office of Hawaiian Affairs, Welfare and Employment Rights Coalition, American Friends Service Committee, International Longshoremen's and Warehousemen's Union Local 142, and several private individuals. The Department of Human Services (DHS) believes there is sufficient authority under current law to implement the projects contained in this bill.

Your Committee finds that the State is under a great deal of pressure to move welfare recipients off of the welfare rolls and into jobs, as required by the federal Personal Responsibility and Work Opportunity Act of 1996. This law abolished the sixty-one year old Aid to Families with Dependent Children (AFDC) entitlement program and replaced it with a transitional aid program called Temporary Assistance for Needy Families program which requires recipients who are able to work to secure employment at the earliest opportunity in order to receive welfare benefits. To comply with the new law, Hawaii must ensure that twenty-five per cent of employable public assistance recipients are working by 1998, and fifty per cent by 2002. In Hawaii, this translates into thirteen to fifteen thousand families needing to enter the work force in the next two to five years.

Your Committee further finds that Hawaii's economy and job market are not conducive to economic growth to afford employment opportunities to welfare recipients. The intent of this bill is to strengthen our present public assistance system, empower individuals and families to successfully transition from dependency to self-sufficiency and provide skills, knowledge, and hope to welfare recipients in their efforts to secure employment. Your Committee is aware of the distraught condition of people on welfare, many being hopelessly and helplessly quagmired in an unsympathetic job market that looks askance at a lack of education, skills, and experience.

Your Committee has amended this bill to require a master plan by the DHS as well as to provide for a transitional benefits program, a work preparation program, a micro-enterprises program, public works employment program, and a DHS feasibility study of these programs.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2621, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2621, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 2397 Human Resources on S.B. No. 2743

The purpose of this bill is to increase the amount of resources available for early childhood education and care in the State.

Your Committee heard testimony in support of the bill from the Childcare Business Coalition, Seagull Schools, Inc., American Friends Service Committee, and an individual. The Department of Human Services testified that the Department is supportive of the concept of providing early childhood education for all children, but cannot support the bill because of the economic condition of the State.

Your Committee agrees with the testimony at the hearing on this bill that the development of universal early education and child care programs as envisioned by this bill is a five-year effort involving a public and private alliance, which should involve discussions among government agencies about the development of universal early childhood education and care and which should include the counties in recognition that the counties also have proposed initiatives in this matter. The five-year period is to allow for proper planning and to provide a gradual phase-in transition time.

After considering all pertinent issues and testimony presented, your Committee amended this bill by changing the appropriation to one dollar.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2743, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2743, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 2398 Human Resources on S.B. No. 2744

The purpose of this bill is to create a pilot program to allow existing domestic abuse shelters to accept minor teens who are victims of domestic violence.

Your Committee received testimony in support of this bill from the Hawaii State Commission on the Status of Women, YWCA of Oahu, Hawaii Catholic Conference, and Parents and Children Together. Testimony in opposition to this bill was received from the Department of Human Services (DHS), Hawaii State Coalition Against Domestic Violence, the Family Crisis Shelter, Inc., and Hawaii Youth Services Network. Informational testimony was provided by the Domestic Violence Clearinghouse.

Your Committee finds that domestic abuse against teens, particularly girls, is increasing. Your Committee further finds that there needs to be more options to quickly and adequately address the safety needs of minor teens in the form of shelters, particularly in the 48 hours following an incident which is the most intensely dangerous time for a victim. Your Committee received testimony at a hearing on this bill that there are an increasing number of reports made to many private agencies indicating that minor teens are desperate for emergency shelter.

Your Committee has amended this bill by deleting the provisions establishing a pilot program and directing the Legislative Reference Bureau to conduct a study, as well as a reference in the purpose section to community groups receiving complaints. Your Committee has inserted provisions to:

- (1) Require the DHS to establish and administer specialized foster homes for minors who are victims of domestic violence;
- (2) Require the DHS to enlist the consultation and cooperation of domestic violence shelters and organizations serving children, youth, and families, in establishing specialized foster homes;
- (3) Require the DHS to report to the legislature prior to the convening of the 1999 Legislature on its progress and evaluation on item (1); and
- (4) Make the Act take effect upon approval.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2744, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2744, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, none.

SCRep. 2399 Human Resources on S.B. No. 2635

The purpose of this bill is to establish an ombudsman program within the Department of Human Services (DHS) to represent consumers in the QUEST II program.

Your Committee received testimony in support of this bill from the Commission on Persons with Disabilities, State Planning Council on Developmental Disabilities, Hawaii Medical Association, Hawaii Federation of Physicians and Dentists, Protection and Advocacy Agency of Hawaii, The Arc in Hawaii, Mental Health Association in Hawaii, Advocates for Independent Living, Goodwill Industries of Hawaii, American Association of Retired Persons, and several individuals. Informational testimony was provided by the DHS.

Your Committee finds that the QUEST II program serves a vulnerable population of the aged, blind, and disabled that are most in need of assistance in navigating through the Medicaid system of managed care. An ombudsman type program is necessary to ensure that they understand their benefits, receive those benefits to which they are entitled, and receive them on a timely basis. Your Committee believes that an ombudsman would improve the QUEST II program by helping those most in need of help, which is the purpose of the program.

Your Committee has amended this bill on agreement between the DHS and the State Planning Council on Developmental Disabilities to clarify the confidentiality of information provisions to afford greater protection to affected individuals.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2635, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2635, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2400 Human Resources on S.B. No. 2873

The purpose of this bill is to extend the exemption of the Office of Youth Services (OYS) from state and county requirements relating to planning, land use, construction, and renovation of existing facilities or construction of new facilities on the grounds of the Hawaii Youth Correctional Facility (HYCF), and to provide that no new construction or development shall be initiated on the site after July 1, 1999.

Your Committee received testimony in support of this bill from the Department of Human Services (DHS), Department of Accounting and General Services, and Department of the Prosecuting Attorney of the City and County of Honolulu. Testimony in opposition to this bill was received from State Representative David A. Pendleton, Honolulu City Council Member Steve Holmes, Department of Land Utilization of the City and County of Honolulu, Pohakupu Community Association, and several individuals.

Your Committee finds that the HYCF was required to be relocated from the makai to the mauka side of Kalaniana'ole Highway in Kailua as part of Act 151, Session Laws of Hawaii 1991. Act 151 was enacted to satisfy a consent decree between the State and the American Civil Liberties Union to improve conditions at the Oahu Community Correctional Center and the Women's Community Correctional Center (WCCC). The relocation of HYCF was necessary to rebuild WCCC. Essentially, the plan called for the WCCC and the HYCF to switch sites.

Testimony on this bill indicated that the HYCF is very close to completion and must be completed to fulfill the consent decree. Your Committee is aware that community and county objections to the exemptions granted HYCF from the various county and state zoning and building requirements have been raised because of the lack of community input, the propriety of the project, and the bad precedent. However, the project has been many years in the making and moneys have been appropriated. Your Committee feels that in view of the progress of the project to nearing completion and to avoid jeopardizing the consent decree (resulting in more litigation), this bill should proceed but with the following amendments:

- (1) That Act 151 be amended by:
 - (A) Clarifying that the exemption pertains to construction of "minimum" new facilities;
 - (B) Deleting reference to "and construction of other needed structures there" in reference to the exemption;
 - (C) Specifying where the new maintenance facility and vocational training center shall be located;
 - (D) Deleting reference to "expansion" in reference to existing structures sought to be renovated;
 - (E) Specifying that the piggery/barn area may be renovated for existing purposes but not other purposes;
 - (F) Deleting reference to "replacement" in reference to buildings and facilities that are exempted;
 - (G) Requiring that certain approvals be required for the construction of any water tank at the base of Mount Olomanu; and
 - (H) Extending the date of the exemptions to July 1, 1999; and
- (2) That the bill sections be delineated appropriately as to the sections of Act 151 that are being amended.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2873, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2873, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, none.

SCRep. 2401 (Joint) Human Resources and Commerce, Consumer Protection, and Information Technology on S.B. No. 2876

The purpose of this bill is to clarify the qualification requirements and the allowance calculation in regards to general assistance to households without minor dependents.

This bill:

- (1) Increases the number of hours of work per week from twenty to thirty in the definition of "substantial gainful employment" for purposes of determining eligibility for benefits;
- (2) Deletes "the standard of need" and inserts reference to the federal poverty level of 1993; and
- (3) Exempts, from the open meetings law, meetings of a board of physicians or psychologists to determine and certify mental and physical disability.

Your Committees received testimony in support of this bill from the Department of Human Services (DHS). Informational testimony was provided by Na Loio No Ka Kanaka.

According to testimony of the DHS, the increase in the number of hours to thirty brings this provision in line with other definitions of employment used by the DHS.

Your Committees find that the 1993 poverty level is inadequate and unrealistic for 1998. Your Committees are sensitive to the financial plight of benefit recipients and desire to afford them a better way of life. Therefore, your Committees have amended this bill by deleting reference to the 1993 poverty level for computing general assistance payments, thereby requiring that the most recent federal poverty level be used. Your Committees have also made a technical, nonsubstantive amendment for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Resources and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2876, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2876, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, none. Excused, none.

SCRep. 2402 Human Resources on S.B. No. 2880

The purpose of this bill is to delete the appeals board for compensation appeals and to replace it with the directors conference of personnel directors in the compensation law for civil service employees.

Your Committee received testimony in support of this bill from the Department of Human Resources Development. Testimony in opposition to this bill was received from the Hawaii Government Employees Association.

This bill eliminates the requirement for convening a separate pricing appeals board biennially and requires the conference of personnel directors to hold appeal hearings to assure that affected employees have an opportunity to be heard and to assure inter-jurisdictional consistency. This bill also assures the responsiveness of the civil service system by providing each jurisdiction with flexibility to adjust pay range assignment of classes.

Your Committee finds that the present appeals process is a fair one that allows employees an opportunity to present their appeals to an unbiased board. This bill eliminates a long-standing process that protects the rights of employees to appeal decisions of the conference on personnel directors, effectively making the conference the final arbiter of pricing. Your Committee believes that the present process should not be revised.

Your Committee has amended this bill by:

- (1) Allowing personnel directors to reassign classes to higher salary ranges;
- (2) Allowing members of the Public Employees Compensation Appeals Board to appoint their own alternates rather than having the Governor appoint the alternates; and
- (3) Establishing an interim study group to develop a plan to reform the Public Employees Compensation Appeals Board process.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2880, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2880, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2403 (Joint) Human Resources and Health and Environment on S.B. No. 2986

The purpose of this bill is to establish a pilot Hawaii alternative living initiative as a Medicaid long-term care demonstration project.

Your Committees received testimony in support of this bill from the Department of Human Services (DHS), State Planning Council on Developmental Disabilities, AlohaCare, Hawaii State Primary Care Association, Kokua Kalihi Valley, Hawaii Long Term Care Association, and Waianae Coast Comprehensive Health Center. Informational testimony was provided by the Healthcare Association of Hawaii.

Your Committees believe that Hawaii should have a long-term care program for the elderly and disabled, who cannot care for themselves and who need continuous medical attention. Your Committees note that the Senate and the House have established a two-year joint legislative committee to develop a sound financial plan to address the current and future long-term care needs of the people of Hawaii. The work of the joint legislative committee is not limited to a focus on the Medicaid program. However, your Committees find that the only existing models in the country on long-term care happen to be within the Medicaid program. Therefore, the joint legislative committee is interested in Medicaid programs for long-term care.

Your Committees agree with the intent of this bill but feels that it is premature in initiating a Medicaid long-term care program. Your Committees prefer that the DHS have an opportunity to plan and structure a Medicaid long-term care program rather than having the legislature impose one. Legislative action might also inadvertently jeopardize federal Medicaid funding.

Your Committees have amended this bill by:

- (1) Clarifying the purpose section to conform to the amendments;

- (2) Deleting section 2 of the bill, relating to establishment of the demonstration project;
- (3) Inserting an appropriation to the DHS to obtain services for planning, research, and actuarial work to prepare a waiver application for submittal to the federal Health Care Financing Administration; and
- (4) Requiring the DHS to submit a report to the legislature before the 1999 session on the status, progress, and evaluation of the demonstration managed care program.

As affirmed by the records of votes of the members of your Committees on Human Resources and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2986, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2986, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2404 (Joint) Human Resources and Judiciary on S.B. No. 2987

The purpose of this bill, as received, is to require substance abuse testing for illegal drugs of pregnant woman under the jurisdiction of the Department of Human Services.

The purpose of this bill, as amended, is to reform the child protective services system.

Your Committees received testimony in support of this bill, as amended, from the Department of Human Services (DHS), The Salvation Army, National Association of Social Workers, Hawaii State Foster Parents Association, and two private individuals. Informational testimony was provided by the Judiciary and by a foster parent.

This bill, as amended, is a result of many months of roundtable CPS discussions among CPS workers, foster parents, medical professionals, law enforcement personnel, the DHS, and legislative committees of both houses. Information was presented, explanation was provided, issues were raised and discussed, questions were asked and answered, feelings were communicated, and solutions were forthcoming. This bill represents the major legislative solutions to the many suggestions arising from the roundtable CPS discussions.

Your Committees are acutely aware of the seriousness and prevalence of child abuse in Hawaii. Your Committees grieve for the innocent child victims who are helpless and blameless for their predicament. Unfortunately, child abuse does not lend itself to simplistic solutions because its cause is symptomatic of society's fundamental ills, such as substance abuse, poverty, violence, and isolation. Children who are raised in this environment are at significant risk for being abused. The cost of preventing and treating child abuse is staggering in terms of dollars and ruined lives. Beyond costs, the ultimate tragedy could be death or near death, as in the case of Reubyn Buentipo, Jr., a four-year old who is in a vegetative state from suffering repeated violent attacks from his drug addicted mother. Other examples are too numerous to mention and too tragic to describe.

Your Committees are committed to doing what needs to be done to improve CPS, while realizing that child abuse will never be extinguished with laws or money alone. A total community effort on all fronts is necessary, including public awareness, public reporting, police response, medical intake, and social services and court procedures. Everyone in the process must become vigilant in identifying child abuse or potential abuse, and aggressive in prevention. However, your Committees recognize that laws cannot substitute for the professional performance and judgment of the CPS worker who is the first front of defense.

As amended by your Committees, this bill:

- (1) Assures that child safety is the primary concern in child protective services (CPS);
- (2) Requires that CPS be open, accessible, and communicative;
- (3) Requires the DHS to submit any required reports to the court;
- (4) Allows physicians to share medical information on a CPS child without parental consent; and
- (5) Requires that a child in foster care be provided with health insurance coverage to ensure that the child receives appropriate medical care and is not inhibited or prevented from foster placement.

Your Committees did not insert funding provisions into the bill although they recognize that appropriations for CPS programs are crucial, as the State's fiscal situation makes this unfeasible at this time. Your Committees intend that DHS allocate moneys from its existing budget.

As affirmed by the records of votes of the members of your Committees on Human Resources and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2987, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2987, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 4 (Bunda, Fukunaga, McCartney, Metcalf).

SCRep. 2405 Human Resources on S.B. No. 2991

The purpose of this bill is to establish a community-based pilot project to coordinate services to children and families to achieve improved outcomes as well as to blend funding streams from different sources to create more effective and efficient service plans.

Your Committee received testimony supporting the intent of the bill from the office of the governor, director of human services, director of health, and the superintendent of education. The director of labor and industrial relations submitted testimony supporting the intent of the bill but recommended holding the bill due to concerns regarding the commingling of federal funds among different programs. Testimony in support of this bill was received from Communities in Schools--Hawaii, Project of the YMCA and an individual. Testimony in opposition to this bill was received from an individual.

The legislature enacted section 209 of Act 328, Session Laws of Hawaii 1997, which authorized state agencies to work cooperatively to establish an interdepartmental decategorization program for pilot projects that would demonstrate more effective ways of delivering services. This measure allows for the implementation of decategorization by designating the community of Waipahu as a pilot site.

Your Committee finds that there exists duplication and overlap when services from a number of government agencies are not coordinated. By working collaboratively with members of the community, agencies could eliminate areas of duplication as well as access sectors of the community that may have been previously neglected.

The bill calls for the coordination of programs and services of the department of human services, the department of health, the department of education, the department of labor and industrial relations, the office of youth services, the family court of the first circuit and appropriate federal agencies.

This measure would allow the above entities to redirect their programs to allocate resources which would create a service delivery design incorporating both the joint performance partnership objectives in collaboration with their own scope of services. Partnership in decategorized initiatives would require commitment to accept the rewards, risks, and accountabilities which are elements of effective collaborative initiatives.

Your Committee finds that the State is faced with continuing fiscal constraints that must be approached with the realization that government needs to be restructured to promote more efficient and cost-effective delivery of public services. In order to carry out the most essential public services, the State must make the best use of every resource, every tax dollar, and every personnel position.

Government agencies must adapt to the ever-changing needs and demands of the public they serve. A key part of this legislation is allowing the community to have input in the services it receives. The community will be able to voice what services it needs and how best to deliver those services.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2991 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 2406 Human Resources on S.B. No. 3003

The purpose of this bill is to allow the Department of Human Services (DHS) to contract out the administration of child care facilities licensing and registration and to establish reasonable fees for the issuance or renewal of licenses.

Your Committee received testimony in support of this bill from the DHS. Testimony in opposition to this bill was received from the Childcare Business Connection. Informational testimony was provided by the Good Beginnings Alliance and People Attentive to Children.

Your Committee finds that due to the rising demands and increased workload of the DHS, the DHS should be given the authority and flexibility to contract out for child care licensing and related administrative services that it now does directly.

Your Committee has amended this bill by:

- (1) Providing that family-based child care providers shall not be assessed a licensing or renewal fee;
- (2) Clarifying that the fee assessment shall be made on center-based child care facilities; and
- (3) Establishing a special fund for the fees.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3003, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3003, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2407 (Majority) Human Resources on S.B. No. 3066

The purpose of this bill is to change the formula for calculating the average weekly wage of a part-time employee for workers' compensation purposes.

Your Committee received testimony in support of this bill from the Insurance Commissioner, Hawaii State Teachers Association, Hawaii State AFL-CIO, and International Longshoremen's and Warehousemen's Union. Testimony in opposition to this bill was received from the Hawaii Insurers Council, the Hawaii Restaurant Association, and Haku Alliance.

This bill repeals the amendments made in Act 234, Session Laws of Hawaii 1995, that provided a formula for the calculation of an injured part-time worker's weekly temporary partial disability and weekly temporary total disability benefits. Your Committee finds that the effect of Act 234 was to abrogate essential protections to those employed in industries that utilize many part-time workers, such as tourism and agriculture. The law before Act 234 provided a basic minimum standard (safety net) applicable to all employees, whether full or part-time.

Your Committee believes that the amendments of Act 234 should be preserved and clarified to provide fair workers' compensation benefits to part-time workers, especially those that had pending claims at the time of enactment of Act 234 and whose benefits may have been reduced.

Your Committee has amended the bill to restore the amendments of Act 234 as it relates to part time employees who work less than 35 hours per week at the time of the injury. With respect to part time employees with less than 35 hours in the week prior to the injury we provide that the calculation of average weekly wages shall be based on the hourly rate at the time of the injury multiplied by the highest average hours in any 52 week period in any year during the 5 years prior to the injury.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3066, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3066, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Sakamoto). Excused, 1 (Fukunaga).

SCRep. 2408 Human Resources on S.B. No. 3122

The purpose of this bill is to create a financial assistance advisory council and to delete reference to the 1993 federal poverty level for purposes of determining the standard of need to calculate the amount of assistance allowance.

Your Committee received testimony in support of this bill from the International Longshoremen's and Warehousemen's Union Local 142, The Salvation Army, Nā Loio No Nā Kānaka, American Association of Retired Persons, National Association of Social Workers, and two private individuals. The Department of Human Services (DHS) provided testimony indicating that they were unable to support this bill as it exceeds funds appropriated in the executive budget.

Your Committee finds that the 1993 federal poverty level is grossly inadequate as a basis for determining current welfare benefits. Your Committee understands that the state funding is problematic at this time, but believes that the health and well-being of welfare recipients should take precedence over monetary considerations.

Your Committee finds that a financial assistance advisory council is necessary to provide input and guidance to the DHS. It is the intent of your Committee that the council provide the DHS advice and information relating to financial assistance programs including temporary assistance to needy families (TANF), temporary assistance to other needy families (TANOF), and general assistance to households without minor dependents. Discussion, communication, and collaboration would be fostered between the department and consumers and advocacy groups, resulting in improved relations, more effective and efficient programs, and timely and appropriate resolution to challenging situations that may arise.

Your Committee has amended this bill by:

- (1) Changing the name of the "financial assistance advisory council" to "financial assistance advisory committee";
- (2) Clarifying the functions of the financial assistance advisory committee;
- (3) Deleting requirements for reimbursement of committee members;
- (4) Repealing section 346-75, Hawaii Revised Statutes, relating to the general assistance advisory council, since its functions will be absorbed into the financial assistance advisory committee; and
- (5) Providing that terms of members of the general assistance advisory council shall terminate upon approval of the Act, but members may be appointed by the director to the financial assistance advisory committee.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3122, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3122, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 2409 Human Resources on S.B. No. 3189

The purpose of this bill is to include condominiums and apartments in the definition of family child care home for purposes of zoning, and land court and bureau of conveyances purposes.

Your Committee received testimony in support of this bill from the Department of Human Services, People Attentive to Children, Good Beginnings Alliance, and a private citizen. Testimony in opposition to this bill was received from the Community Associations Institute, Hawaii Council of Associations of Apartment Owners, and Hawaii Association of Realtors. Informational testimony was provided by the Real Estate Commission.

Your Committee finds that childcare services are in great demand in Hawaii, since, per population, this State has one of the highest per capita two-income wage-earning families in the nation. Your Committee further finds that allowing persons living in

condominiums and apartments to provide childcare increases opportunities to Hawaii's families in need of early childhood education and care for their children.

Your Committee has amended this bill on recommendation of the Hawaii Council of Associations of Apartment Owners by adding an indemnity and hold harmless provision.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3189, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3189, S.D. 1, and be referred to the Committee on Government Operations and Housing.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2410 (Joint) Human Resources and Health and Environment on S.B. No. 3227

The purpose of this bill is to provide for early intervention services for children's mental health services.

Your Committees received testimony in support of this bill from the Good Beginnings Alliance, The Salvation Army, YWCA Hawaii Island, Maui Family Support Services, Inc., The Autism Society of Hawaii, Molokai Family Support Center, HFSC Healthy Start, Molokai Community Children's Team, Parent-Child Development Center, Hawaii Early Intervention Coordinating Council, American Academy of Pediatrics, East Honolulu Community Children's Council, Hawaii Early Intervention Association, Family Support Services of West Hawaii, Parents and Children Together, and a private individual. Testimony in opposition to this bill was received from the Department of Health (DOH) and the Department of Budget and Finance.

Your Committees are in agreement with the purpose and intent section of this bill. Mental health services for children in Hawaii have long been neglected, as evidenced by Felix v. Waihee. However, your Committee must be cautious about violating the Felix Consent Decree in requiring that the DOH redistribute a proportion of its funds for children's mental health services. The DOH has been honoring the Decree by including funds in its budget for that purpose.

Your Committees have amended this bill by:

- (1) Deleting "proportional" in reference to funding in section 1 of the bill;
- (2) Adding a section to require that the DOH's supplemental budget for fiscal year 1998-1999 include funding for children's mental health services in response to Felix v. Waihee; and
- (3) Adding a section to require the DOH to continue to include funding in each budget beginning in fiscal year 2000.

Your Committees express their commitment to children's mental health services and express their will by the amendments to this bill that the administration satisfy its duty to provide appropriate and adequate mental health services to children.

As affirmed by the records of votes of the members of your Committees on Human Resources and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3227, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3227, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2411 Education on S.B. No. 2277

The purpose of this bill is to establish and fund a three-year pilot project to be known as the University of Hawaii technology institute.

Your Committee received testimony in support of the intent of this measure from the Department of Education. The University of Hawaii submitted comments.

Your Committee finds that in an increasingly competitive world economy, innovative educational models are necessary to ensure a skilled and knowledgeable workforce.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2277, S.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Ige, M.).

SCRep. 2412 (Joint) Education and Human Resources on S.B. No. 3178

The purpose of this bill is to eliminate the Special Assistant to the Librarian and the Special Assistant's secretary positions.

Your Committees received testimony opposing the bill from the Board of Education and the Hawaii State Public Library System.

Your Committees find that changes in the positions are necessary due to an error made when establishing the position of special assistant, which is unfair to collective bargaining employees as well as exempt employees.

Accordingly, your Committees have amended the bill to:

- (1) Amend section 76-16(11), Hawaii Revised Statutes (HRS), to change "special assistant" to "deputy";
- (2) Amend section 76-16(16), HRS, to restore the administrative assistant to the state librarian, which was deleted in a bill drafting error;
- (3) Amend, rather than repeal, section 312-2.2, HRS, to create the position of deputy state librarian, by changing all references of "special assistant" to "deputy", and by making the position exempt from chapters 76 and 77, HRS, subject to section 26-53, HRS, which sets the salaries of deputies, and subject to a master's degree in library science qualification.

As affirmed by the records of votes of the members of your Committees on Education and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3178, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3178, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 10. Noes, none. Excused, 4 (Fernandes Salling, Fukunaga, Ige, M., Anderson).

SCRep. 2413 Health and Environment on S.B. No. 2166

The purpose of this bill is to:

- (1) Allow citizen lawsuits to enforce the Endangered Species Recovery law;
- (2) Provide civil penalties for violations of the State's endangered species law;
- (3) Require proposed habitat conservation plans, safe harbor agreements, and incidental take licenses to be made available for public comment; and
- (4) Make violations of habitat conservation plans, safe harbor agreements, and incidental take licenses, a violation of state law.

Your Committee received testimony in support of the bill from the Hawaii Audubon Society, Earth Justice Legal Defense Fund, the Sierra Club, Hawaii Chapter, and Hawaii's Thousand Friends. The Chairperson of the Board of Land and Natural Resources submitted testimony supporting the portions of the bill which clarify the language and understanding of the Endangered Species law and opposing the portions of the bill which change the scope or intent of those laws. The Nature Conservancy of Hawaii, Chevron Companies, and Hawai'i Forest Industry Association submitted testimony opposing the bill.

After considering the pertinent issues and testimonies presented, your Committee believes it is in the best interests of the public to permit citizens of the State to participate in the oversight and enforcement of programs initiated under the State's endangered species laws. Citizen oversight and enforcement is the cornerstone of a democratic society and any attempts to hinder that right must be examined and weighed with extreme care. While the need for encouraging private landowners to participate in promoting the recovery of threatened or endangered species is critical to the successful recovery of numerous endangered plants and animals, that participation cannot be bargained for at the cost of the reducing the general public's right to participate actively in an important civic activity.

Your Committee amended the bill by:

- (1) Deleting the new definition for "adaptive management strategy" and all references to the term in the bill;
- (2) Deleting the requirement for a bond when applying for an incidental take license;
- (3) Raising the penalties for violations under the endangered species laws;
- (4) Deleting the rebuttable presumption that any breach under a habitat conservation plan or safe harbor agreement is a material breach;
- (5) Deleting the requirement that a conservation easement be created when a safe harbor agreement facilitates economic gain; and
- (6) Removing the endangered species recovery committee's power to bring a civil action under the endangered species law.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2166, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2166, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, none.

SCRep. 2414 (Joint) Health and Environment and Human Resources on S.B. No. 2297

The purpose of this bill is to enact a health care bill of rights.

Your Committees received testimony in support of this bill from the Department of Health (DOH), Department of Commerce and Consumer Affairs, Hawaii Medical Services Association, Hawaii Nurses' Association, Hawaii Federation of Physicians & Dentists, Hawaii Coalition for Health, and several private individuals. Informational testimony was provided by the Office of Informational Practices.

Your Committees find that:

- (1) Managed care is increasing in prevalence as a means of containing health care costs;
- (2) In the process of containing costs, the health and safety of the patient must be protected; and
- (3) Patients in managed health care systems are at risk of restricted access to services, misinformation about treatment decisions, and a lack of grievance procedures, quality reviews, and information about their plan.

Your Committees believe that patients in managed care need to have their rights protected in order to ensure that they are getting the best treatment possible. Your Committees do not intend to cast aspersions on managed care, because Hawaii has been fortunate to escape the negative image of managed care reported on the mainland. Nevertheless, this bill is intended to afford a minimum standard to protect managed care patients. Most or all managed care systems in Hawaii may already have programs described in this bill, in which case this bill should not be a burden.

Your Committees have amended this bill by deleting its contents and inserting provisions to enact a new part to chapter 432D, Hawaii Revised Statutes, relating to the Hawaii Health Maintenance Organization Act. As amended, this bill:

- (1) Ensures that services are accessible;
- (2) Ensures that enrollees can participate in treatment decisions;
- (3) Requires that a managed care plan has a grievance procedure for enrollees;
- (4) Requires that a managed care plan provide specified information to enrollees; and
- (5) Requires that a managed care plan establish a utilization review procedure (quality reviews).

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2297, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2297, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2415 (Majority) Health and Environment on S.B. No. 2418

The purpose of this bill is to make recycling of all office paper mandatory for all businesses.

Your Committee received testimony supporting the intent of the bill from the Director of Health. The Department of Public Works of the City and County of Honolulu submitted testimony opposing the bill.

Your Committee believes, based on the lack of support for this bill, that replacing the contents of this bill with a measure that:

- (1) Increases the advance disposal fee for specified glass containers to 2 cents;
- (2) Requires major retailers of goods packaged in glass container to establish recycling drop-off sites; and
- (3) Establishes guidelines for set up and maintenance of recycling drop-off sites in the counties,

was merited and desirable.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2418, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2418, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Slom). Excused, 1 (Metcalf).

SCRep. 2416 Health and Environment on S.B. No. 2847

The purpose of this bill is to extend the time period in which insurance companies must provide benefits for the treatment of mental illness, drug abuse, or alcohol dependence under insurance policies, health plans, or service plan contracts, from July 1, 1998, to July 1, 2002.

Your Committee received testimony in support of the bill from the Department of Human Services, the Department of Public Safety, the Department of Commerce and Consumer Affairs, the Department of Health, the Hawaii Nurses' Association, the Hawaii Psychological Association, the Hawaii Government Employees Association, the Hawaii Medical Service Association, Kaiser Permanente, the Equal Insurance Coalition, and the Hawaii Substance Abuse Coalition.

Your Committee finds that the provision of these insurance benefits help persons who are afflicted by these conditions return to productive and healthy lives. Without such benefits, many would be unable to afford treatment, thus jeopardizing their lives and possibly others as well.

Your Committee has amended the bill to make the provision of such treatment insurance benefits permanent.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2847, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2847, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Tam, Slom).

SCRep. 2417 (Joint) Health and Environment and Human Resources and Government Operations and Housing on S.B. No. 3076

The purpose of this bill is to establish an Administrative Service Center, to provide centralized, coordinated, and integrated administrative services for the Department of Health (DOH) and the Department of Human Services (DHS), and to reduce duplication of functions and services. It also eliminates unfilled positions and positions not transferred to the Center. The Administrative Service Center will be administratively attached to the DOH.

Your Committees received testimony in support of this measure from the Government Efficiency Teams, Inc. Testimony in opposition was submitted by the Hawaii Government Employees Association, Local 152, AFL-CIO. The DOH submitted testimony recommending this measure be deferred and indicated support for the Administration's bill to consolidate the Department of Accounting and General Services, the Department of Human Resources Development, and the Department of Budget and Finance. The DHS submitted comments with a recommendation to conduct an analysis of the Administrative Service Center established in Maine, in 1995, which combined the DHS, the Department of Mental Health and Mental Retardation, and a substance abuse office.

Your Committees agree that efforts to consolidate departments to reduce duplication of functions and services, and to downsize government is a step in the right direction towards a more efficient government system.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources and Government Operations and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3076 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 10. Noes, none. Excused, 3 (Fukunaga, Anderson, Slom).

SCRep. 2418 Commerce, Consumer Protection, and Information Technology on S.B. No. 2596

The purpose of this bill is to enable the Office of Information Practices to adopt rules subject only to the specific requirements of the administrative procedure laws and not subject to the directive of any other person, agency, or branch of government.

Your Committee received testimony in support of this measure from Common Cause Hawaii. Testimony opposing the bill was received from the State Attorney General; the Open Government Coalition of Hawaii; and the Society of Professional Journalists, Hawaii Chapter. The Office of Information Practices submitted testimony which took no position on the passage of the bill.

Your Committee finds that the rules adopted by the Office of Information Practices (OIP) establish uniform procedures and mechanisms that assist individuals in getting information from the government. Agencies must comply with these rules.

Your Committee further finds that enabling the OIP to adopt rules subject only to chapter 91, Hawaii Revised Statutes, will speed adoption of rules and ultimately reduce the time it takes to administer the Uniform Information Practices Act (Modified) and to resolve disputes over public access.

While your Committee recognizes that rule review by appropriate executive agencies may serve to conform proposed rules to legal and administrative requirements and procedures, your Committee finds that the current process can be extremely lengthy, and recognizes the legal capabilities of the OIP's staff.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2596 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 2419 Ways and Means on H.B. No. 397

The purpose of this bill is to restore the counties' authority to exempt stored motor vehicles from vehicular taxes and to provide procedures for the storing or junking of vehicles.

Your Committee received testimony from the City and County of Honolulu, Department of Finance.

Your Committee finds that Act 164, Session Laws of Hawaii 1995, repealed several sections on vehicular taxes. The intent of the Act, was in part, to repeal the tax refund available to owners of stored or junked vehicles. The Act, however, inadvertently repealed provisions that allowed the exemption of stored vehicles from vehicular taxes and repealed procedures for the storing or junking of vehicles. Accordingly, this bill restores the counties' authority to exempt stored vehicles and also provides procedures for the storing or junking of vehicles.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 397, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., Levin, McCartney).

SCRep. 2420 Human Resources on Gov. Msg. No. 139

Recommending that the Senate advise and consent to the nomination of the following:

BOARD OF TRUSTEES, HAWAII PUBLIC EMPLOYEES HEALTH FUND

G.M. No. 139 JOHN H. RADCLIFFE, for a term to expire June 30, 1999.

Upon review of the resume and testimony submitted by the nominee, your Committee finds that the aforementioned nominee is a volunteer, willing to serve without compensation, and will work with compassion and commitment to assist in administering the Health Fund. Your Committee further finds that the nominee has been appointed based upon his professional credentials, integrity, and a desire to make Hawaii better through his participation on the Board of Trustees, Hawai'i Public Employee Health Fund.

Your Committee notes the following specific qualifications of the nominee:

John H. Radcliffe holds a master's degree in Philosophy of Education. He has extensive experience in government and community affairs and labor/management relations in Hawaii since 1975. He is currently the Associate Executive Director of the University of Hawaii Professional Assembly and a consultant to various business organizations. Most notably, Mr. Radcliffe has been actively involved in numerous professional and community organizations such as serving on the Aloha United Way Board of Directors; Executive Committee, Boy Scouts of America, Aloha Council; and Chair, Hawaii Coalition on the Federal Budget to name a few.

Your Committee received testimony in support of Mr. Radcliffe's nomination from the Department of Human Resources Development; the Special Assistant to the State Librarian; the President, University of Hawai'i and Chancellor, University of Hawai'i at Manoa; the President of the University of Hawai'i Professional Assembly and Chair of the Senate Executive Committee - University of Hawai'i at Manoa; the Executive Director of the University of Hawai'i Professional Assembly; the Hawai'i Government Employees Association, HGEA/AFSCME Local 152; the President of the Hawai'i Hotel Association; Hawaii State Teachers Association; and thirteen private citizens.

Your Committee diligently questioned the nominee who appeared before the Committee about his role on the board to which he has been nominated and believes that the nominee adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Fukunaga).

SCRep. 2421 Education on S.B. No. 2509

The purpose of this bill is to repeal the sunset date for the Hawaii teacher standards board and to repeal the sunset date for the law providing for the issuance of certificates to teachers who are not required to obtain a license or credential from the teacher standards board.

Your Committee received testimony in support of this measure from the Hawaii Teacher Standards Board.

Your Committee finds that the board was created as a temporary body in 1995 to establish licensing and credentialing standards for public school teachers. Since that time, the board has prepared draft standards and is in the process of scheduling public hearings on the draft to move them toward adoption.

Your Committee believes the work of crafting rigorous standards for beginning teachers is critical to the future success of Hawaii's public schools, and supports the board's request to continue its existence beyond the year 2000 in order to complete its commitment to educational excellence. Your Committee has amended this bill to require staggered terms for new members appointed to the board.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2509, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2509, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Ige, M.).

SCRep. 2422 Human Resources on S.B. No. 2903

The purpose of this bill is to clarify matters for the operation of the Hawaii State Commission on the Status of Women (Commission). Specifically, this bill provides that ex officio members shall be nonvoting members, that ex officio members may be represented by their respective designees, and that a quorum for doing business shall be a majority of the seven members.

Your Committee received testimony in support of this bill from the Commission and the Director of Health.

Your Committee finds that the ex officio members serve in an advisory and informational capacity, and not for voting purposes. Your Committee also finds that there is need to clarify the quorum requirement for the Commission to ensure that it is based on appointed members only.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2903 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2423 Ways and Means on H.B. No. 1649

The purpose of this bill is to make wilful falsification of any return, statement, or other document required by the tax laws of Hawaii a class C felony.

Your Committee received testimony in support of the bill from the Department of Taxation. The Tax Foundation also submitted comments.

Your Committee finds that current law refers to perjury; however, perjury only applies to false statements made under oath in an official proceeding. Tax documents such as income tax returns are not signed under oath in an official proceeding. Therefore, your Committee agrees that the statute should be amended to eliminate the reference to perjury.

Your Committee, finds, however, that if the Department of Taxation intends to require taxpayers to declare liability for use tax transactions on the income tax return, the imposition of a class C felony is too high a penalty. Your Committee finds that chapter 238, Hawaii Revised Statutes, relating to the use tax, requires a return to be filed when an individual becomes liable therefor. Declaring use tax liability on an income tax return is a declaration of use tax liability under chapter 238, Hawaii Revised Statutes. Therefore, your Committee has amended this bill to provide that misstatements relating to the use tax on returns, statements, or other documents shall be a misdemeanor.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1649, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1649, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., Levin, McCartney).

SCRep. 2424 Economic Development on S.B. No. 1081

The purpose of this bill is to repeal the exemption for employees of the Department of Land and Natural Resources and other persons authorized by the Board of Land and Natural Resources to destroy game without first obtaining a hunting license.

Testimony in support of the bill with amendments was presented by a representative of the Department of Land and Natural Resources. The department does not oppose requiring hunting licenses for department employees. The department does oppose repealing the exception for private landowners to destroy injurious game animals without a license, because it will prevent the State from dealing swiftly and effectively with game damage problems on private property.

Testimony in support of the measure was presented at the hearing by a representative of the Hawaii Rifle Association. Though not present at the hearing, written testimony in support of the bill was received from the Hawaii Hunting Association and Pig Hunters of Hawaii.

Your Committee finds that it is in agreement with the Department of Land and Natural Resources' request to maintain the exemption for certain individuals. Your Committee also finds that any fees for hunting licenses required for department employees should be waived.

After considering the pertinent issues and testimony, your Committee has amended the bill to maintain the exemption from hunting license requirements for persons who are authorized in writing by the Board of Land and Natural Resources to destroy game animals. Your Committee also amended the bill to exempt employees of the Department of Land and Natural Resources whose duties require a hunting license from payment of any hunting license fees.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1081, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1081, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Chumbley, Levin, Matsunaga).

SCRep. 2425 Economic Development on S.B. No. 2771

The purpose of this bill is to repeal the "sunset clause" in Act 118, Session Laws of Hawaii, 1997, which gives the Board of Agriculture authority to adopt, by rule, specific formulas and criteria for determining minimum prices to be paid to milk producers, and orders determining minimum prices and salvage values for milk.

Testimony in support of this bill was presented at the hearing by a representative of the Department of Agriculture. Though not present at the hearing, written testimony in support of this bill was received by Hawaii Fresh Milk Industry.

Your Committee finds that the procedure to determine minimum milk prices to be paid to producers of milk is workable and acceptable to the milk industry.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2771 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Chumbley, Levin, Matsunaga).

SCRep. 2426 Economic Development on S.B. No. 2772

The purpose of this bill is to repeal Part III of Chapter 148, Hawaii Revised Statutes, which mandates retailers to label pork produced in the State with an "Island Produced Pork" logo.

Testimony in support of this bill was presented at the hearing by a representative of the Department of Agriculture.

Your Committee finds that it is difficult for the Measurement Standards Branch of the Department of Agriculture to enforce the labeling mandates of this section of the Hawaii Revised Statutes. Your Committee has amended this bill to make it effective on July 1, 1999, in order to give the pork industry time to comment on the effectiveness of the statute.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2772, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2772, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Chumbley, Levin, Matsunaga).

SCRep. 2427 (Majority) Economic Development on S.B. No. 2773

The purpose of this bill is to allow the Department of Agriculture to import and maintain snakes for the purpose of research and training of the Department's snake detector dogs.

Testimony in support of this bill was presented at the hearing by a representative of the Department of Agriculture. Though not present at the hearing, written testimony in support of the bill was received from the Department of Land and Natural Resources and the Hawaii Farm Bureau.

Your Committee finds that at this time the research and training activities of the Department of Agriculture are limited to brown tree snake detection. Some members of your Committee expressed reservations about allowing an unlimited number of snakes into the State for research and training purposes.

After considering the pertinent issues and testimony presented, your Committee amended this bill to allow the Department of Agriculture to import and maintain one sterile male brown tree snake for research and training purposes.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2773, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2773, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 2 (Tanaka, Slom). Excused, 4 (Bunda, Chumbley, Levin, Matsunaga).

SCRep. 2428 Economic Development on S.B. No. 2895

The purpose of this bill is to allow the Department of Land and Natural Resources to adopt administrative rules relating to aquatic resource regulations that specify bag limits, sales restrictions, seasons, and regulations on fishing gear.

Testimony in support of the bill was presented at the hearing by the Chairperson of the Board of Land and Natural Resources, representatives of the Hawaii Fishermen's Foundation, the Sierra Club, the Hawaii Audubon Society, Hawaii's Thousand Friends, Boats Hawaii, the Ahupua'a Action Alliance, and seven individuals.

Your Committee finds that there is overwhelming support for this bill from diverse segments of the community.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2895 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Chumbley, Levin, Matsunaga).

SCRep. 2429 Judiciary on S.B. No. 588

The purpose of this short form bill, as received by your Committee, is to amend the Hawaii Revised Statutes related to the Judiciary.

Your Committee finds that during the 1997 Regular Session, the Legislature passed H.B. No. 1393, C.D. 1, which provided a salary increase to judges. Your Committee further finds that Hawaii's judges have not received a salary increase since 1990, and in comparison with the other states, are among the lowest paid members of any judicial branch. Further, your Committee notes that H.B. No. 1393, C.D. 1 was vetoed by the Governor, who indicated in his veto message that he disagreed with providing an additional salary increase for judges without concomitant adjustments to their retirement benefits.

Thus, in order to support an increase in salaries for judges which will be amenable to the Governor's approval, your Committee is amending this short form measure to provide for retirement allowance adjustments for judges which will require that they serve for at least ten years and attain the age of 55 before they are eligible to receive retirement benefits.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 588, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 588, S.D. 1, and be recommitted to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Ihara, McCartney).

SCRep. 2430 Government Operations and Housing on Gov. Msg. No. 135

Recommending that the Senate advise and consent to the nomination of the following:

LLOYD I. UNEBASAMI, gubernatorial nominee as Administrator, State Procurement Office, for a term to expire June 30, 2002.

Upon review of the resume and other background information submitted by the nominee, your Committee finds that Lloyd I. Unebasami holds a Bachelors of Business Administration in Accounting from the University of Hawaii, is a licensed Certified Public Accountant in this State, and has been serving as the administrator of the state procurement office since 1994. Mr. Unebasami also has experience as a deputy comptroller for the department of accounting and general services and as deputy director for the department of taxation. Based on these findings and other information not specifically recounted here, your Committee finds that Mr. Unebasami has an exemplary and distinguished background in accounting, administration, taxation, and finance.

Testimony in support of the nominee was submitted by the manager of the commodities and services activities of the state procurement office, the director of finance for the county of Maui, a deputy county attorney for the county of Kauai, Rosehill & Associates, Hawaii Operating Engineers Industry Stabilization Fund, Hawaii Youth Services Network, National Association of Social Workers, Mental Help Hawaii, Hale 'Opio Kaua'i, Inc., and Waikiki Health Center.

Testimony in support of the nominee submitted to your Committee indicates that Mr. Unebasami has performed in his position with integrity, understanding, and superior judgment. Your Committee further finds that testimony also indicated that Mr. Unebasami is an effective leader who encourages efficient, honest, and thorough collaboration, and has demonstrated his ability to recognize and address the subtleties of administration and procurement.

Your Committee diligently questioned the nominee who appeared before the Committee about his performance as an administrator of the state procurement office and believes that the nominee adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2431 Ways and Means on S.B. No. 2292

The purpose of this bill is to effectuate its title.

Your Committee has amended this short form bill by transferring excess moneys from a number of specified special and revolving funds to the state general fund, repealing the employment and training fund, and transferring the moneys in and from the employment and training fund to the special unemployment insurance administration fund.

Your Committee finds that due to the austere nature of the economy and anticipated cutbacks in government services, this bill is necessary to ensure the efficient use of state funds and to streamline government operations as warranted.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the action to report out S.B. No. 2292, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2292, S.D. 1, and be recommitted to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 6 (Chun Oakland, Ige, M., Ihara, Tam, Taniguchi, Anderson).

SCRep. 2432 Commerce, Consumer Protection, and Information Technology on S.B. No. 2840

The purpose of this bill is to ensure that Hawaii remains an industry leader in the field of captive insurance programs both in the U.S. and the developing Asia-Pacific region by:

- (1) Clarifying the filing requirements for the annual statement and the audited statement for association and risk retention group captives; and
- (2) Requiring association and risk retention group captives to file a risk based capital report. This will assist the Insurance Division in monitoring the financial condition of association and risk retention group captives.

Testimony in support of the bill was received from the Department of Commerce and Consumer Affairs (Department), the Hawaii Captive Insurance Council (Council), and Marsh and McLennan.

Testimony indicated that over the last ten years, the captive insurance industry in Hawaii has become the second largest home for captive insurance companies in the U.S., and is one of the leading domiciles in the Pacific Basin. Your Committee sees this bill as very important for the continued growth of the captive insurance industry in Hawaii. The State of Vermont has the largest captive insurance industry in the country and has a department of approximately fifteen full time employees devoted to promoting, regulating, and administering captive insurance companies. The success of this investment by the State of Vermont can be illustrated by the number of captive insurance companies that have domiciled in Vermont as compared to other states. In 1995, Vermont had 264 domiciled captive insurance companies, whereas the rest of the states had 106, with Hawaii accounting for 50 companies. In 1996, Vermont added approximately 24 more companies, whereas the rest of the states added approximately five, with Hawaii accounting for four companies. The captive insurance industry has steadily contributed to the long-term economic diversification of our State. However, if Hawaii is to remain competitive, the State must take steps to become more attractive to the captive insurance industry.

In its testimony, the Council suggested an amendment to require that the actuarial opinion regarding reserves for claims be due on or before March 1 of each year for association and risk retention group captives. This suggestion is consistent with the National Association of Insurance Commissioners' annual statement filing deadline, which these captives are currently subject to, and generally comply with on a voluntary basis. Your Committee received a letter from the Department stating that the Department supports the amendment proposed by the Council.

After considering the merits of the bill and the testimonies received, your Committee has amended the measure by incorporating the amendments suggested by the Hawaii Captive Insurance Council, which are supported by the Department of Commerce and Consumer Affairs.

Specifically, these amendments would require that the actuarial opinion for association captive insurance companies and risk retention captive insurance companies be filed with the annual statement on or before March 1 each year.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2840, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2840, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2433 Commerce, Consumer Protection, and Information Technology on S.B. No. 2981

The purpose of this bill is to deter the use of fraudulent or counterfeit motor vehicle insurance cards by requiring motor vehicle insurers to issue forgery resistant insurance cards to policyholders.

Testimony in support of the measure was received from the Department of Commerce and Consumer Affairs (Department), the Hawaii Insurers Council (Council), the Hawaii Independent Insurance Agents Association, and the Consumer Lawyers of Hawaii. State Farm Insurance Companies submitted comments on the measure.

Testimony indicated that at one of the several Motor Vehicle Insurance Benefits Task Force (Task Force) meetings, it was pointed out by the police and the Judiciary that forged or fake motor vehicle insurance identification cards are a problem. Several insurance companies' cards are easily duplicated, some by copier machines. In fact, in its testimony, the Department stated that testimony received from Judge Marcia Waldorf, Administrative Judge of the District Court of the First District, during one of the Task Force's hearings indicated that as of December 1, 1997, 1,451 violation were processed in the First Circuit Court for altered or fictitious motor vehicle insurance identification cards. The number as of December 1, 1996 was 944, reflecting an increase of approximately thirty-five percent in one year.

Additionally, Lt. Charles Hirata of the Maui Police Department submitted testimony to the Task Force that motor vehicle insurance identification cards that were "forgery resistant" were almost nonexistent, while forged or altered cards made from regular card stock were found in the vast majority of cases.

The Department also stated that representatives from State Farm and AIG insurance companies indicated that the additional cost of providing cards with "forgery resistant" features was a relatively insignificant 5 to 7 cents per card (out of an average premium of \$963 per vehicle).

While in strong support of the bill, the Department expressed concerns about the bill's language that requires all insurers to have uniform cards. The Department stated that it believes that it would be sufficient for the law to require that motor vehicle insurance identification cards be forgery resistant and for the Insurance Commissioner to determine whether the card issued by each company meets the test. The Council expressed similar concerns as requiring all cards to be uniform would be an unnecessary expense.

The Council also testified that the implementation of forgery resistant cards for those insurers that presently do not issue this type of card will take longer than the proposed September 1, 1998 effective date of the bill and suggested that the effective date be changed to January 1, 1999.

After considering the merits of the bill and the testimonies received, your Committee has amended the measure by:

- (1) Requiring the Insurance Commissioner to approve the construction, form, and design of the identification cards to ensure that the cards are forgery resistant, rather than requiring the cards be uniform. Your Committee believes that this addresses the concerns of the Department and the Council; and

- (2) Changing the effective date of the measure from September 1, 1998, to January 1, 1999, to provide insurers sufficient time to implement the new card law.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2981, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2981, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2434 Commerce, Consumer Protection, and Information Technology on S.B. No. 2586

The purpose of this bill is to enhance the attractiveness of Hawaii as a premier captive insurance domicile for existing and prospective organizers from Hawaii, the U.S. Mainland, and abroad, by clarifying the applicability of laws relating to captive insurance companies.

Specifically, this bill would among other things, clarify that Chapter 431K, Hawaii Revised Statutes (HRS), which relates to risk retention, applies to only risk retention group captive insurance companies. Currently, chapter 431K, HRS, applies to risk retention group captives as well as association captives.

Testimony in support of the bill was received from Hawaii Captive Insurance Management, Inc. and the Hawaii Captive Insurance Council (Council). The Department of Commerce and Consumer Affairs (Department) submitted comments on the measure.

In its testimony, the Department stated that it did not support the deletion of the ten percent limitation of risk provision because the law currently contains language that provides the Insurance Commissioner (Commissioner) the authority to exempt association and risk retention group captive insurance companies from this provision. Therefore, the Department did not see the need to delete the ten percent limitation of risk provision, when the Commissioner already has the discretion to waive that requirement.

The Council stated in its testimony that although the captive industry and regulators in Hawaii have taken the position that employee benefit programs can be underwritten through a Hawaii captive, the current captive law does not specifically allow nor prohibit employee benefits. Consequently, the Council offered an amendment to specifically allow captives to write employee benefits for the employees of the captive's owner and its affiliated companies, or the employees of the association or its members. Additionally, due to the dynamic nature of the components of employee benefit programs, the Council requested that the Commissioner be provided the authority to allow captives to engage in other lines of insurance that may evolve into a component of an employee benefit program or other programs that may become attractive to captive organizers.

The Council provided your Committee with a draft containing its suggestions and language to address the concerns of the Department. Your Committee received a letter from the Department stating that the Department supports the amendments proposed by the Council and that the changes accommodate the Department's objections.

Testimony indicated that over the last ten years, the captive insurance industry in Hawaii has become the second largest home for captive insurance companies in the U.S., and is one of the leading domiciles in the Pacific Basin. Your Committee sees this bill as very important for the continued growth of the captive insurance industry in Hawaii. The State of Vermont has the largest captive insurance industry in the country and has a department of approximately fifteen full time employees devoted to promoting, regulating, and administering captive insurance companies. The success of this investment by the State of Vermont can be illustrated by the number of captive insurance companies that have domiciled in Vermont as compared to other states. In 1995, Vermont had 264 domiciled captive insurance companies, whereas the rest of the states had 106, with Hawaii accounting for 50 companies. In 1996, Vermont added approximately 24 more companies, whereas the rest of the states added approximately five, with Hawaii accounting for four companies. The captive insurance industry has steadily contributed to the long-term economic diversification of our State. However, if Hawaii is to remain competitive, the State must take steps to become more attractive to the captive insurance industry.

After considering the merits of the bill and testimonies received, your Committee has amended the measure by incorporating the suggested amendments of the Hawaii Captive Insurance Council, which are supported by the Department of Commerce and Consumer Affairs.

Specifically, these amendments would among other things:

- (1) Specifically allow captives to write employee benefits for the employees of the captive's owner and its affiliated companies, or the employees of the association or its members;
- (2) Provide the Insurance Commissioner the authority to allow captives to engage in other lines of insurance that may evolve into a component of an employee benefit program or other programs that may become attractive to captive organizers; and
- (3) Remove the deletion of the ten percent limitation of risk provision that the Insurance Commissioner objected to.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2586, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2586, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2435 Human Resources on S.B. No. 1465

The purpose of this bill is to require the Board of Trustees of the Employees' Retirement System (ERS) to release records of its retirants and beneficiaries to the Hawaii Public Employees Health Fund (Fund) for the disbursement of payments by the Fund for Medicare purposes.

Your Committee received testimony in support of this bill from the Fund.

According to testimony, this bill requires the ERS to release to the Fund, records of retiree members to enable the Fund to use electronic fund transfers (direct bank deposits) to disburse Medicare Part B reimbursements to eligible state and county retirees.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1465 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2436 Human Resources on S.B. No. 2885

The purpose of this bill is to authorize hearings officers appointed by the Director of Labor and Industrial Relations (Director) to render final decisions on appeals in cases involving violations of the wages and hours law on public works.

Your Committee received testimony in support of this bill from the Department of Labor and Industrial Relations and Hawaii Operating Engineers Stabilization Fund.

Your Committee finds that the current law of requiring the Director to render decisions prolongs the time in which the appeal can be decided. The delay is attributable to an administrative hearings requirement of presenting the parties with a proposed decision and giving them an additional ten days to respond with exceptions to the proposed decision language before it is signed by the Director. In the meantime, the employer continues work on the project, giving the appearance that contractors can violate the law. This bill ameliorates this problem by conferring authority upon the hearings officer to render the final decisions, which essentially eliminates one layer of bureaucracy.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2885, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2437 Human Resources on S.B. No. 2889

The purpose of this bill is to repeal the Advisory Committee on Labor and Industrial Relations (ACLIR). The bill also repeals an outdated reference to industrial accident boards.

Your Committee received testimony in support of this bill from the Department of Labor and Industrial Relations (DLIR).

According to testimony of the DLIR, this bill streamlines state government by eliminating a nonessential board. Presently, there are a number of other active and essential boards through which the Director of Labor and Industrial Relations may obtain information and feedback and serve the same purpose of the ACLIR. The industrial accident boards were repealed in 1969, but the reference remains in section 26-20, Hawaii Revised Statutes.

Your Committee has amended this bill by deleting the amendment to the nomenclature of the "Hawaii Employment Relations Board," which should not be amended because it serves as a historic reference only. Although the Board's current name is the "Hawaii Labor Relations Board," the reference is to the board that was transferred in 1959.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2889, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2889, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2438 Government Operations and Housing on S.B. No. 2963

The purpose of this bill is to designate the managers or directors of the county boards of water supply as the chief procurement officers for the county boards of water supply.

The department of water for the county of Kauai submitted written testimony and the director of the department of water supply for the county of Maui submitted oral testimony in support of this bill.

Your Committee received testimony indicating that the boards of water supply for the respective counties are semi-autonomous agencies whose funds are maintained and expended for water supply purposes separate from general county funds. It would be appropriate to designate the managers or directors of the boards of water supply as the chief procurement officers.

Upon consideration of all pertinent issues and testimony presented, your Committee concurs with the testimony in support of this bill and has amended this bill by:

- (1) Conforming references to the counties' respective boards of water supply to their appropriate names; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2963, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2963, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2439 Government Operations and Housing on S.B. No. 2327

The purpose of this bill is to require managers or boards of directors of a condominium property to obtain approval from the apartment owners for a maintenance fee increase of greater than eight per cent per year.

The Real Estate Commission (REC) submitted testimony opposing this bill.

Your Committee received testimony from the REC indicating that this bill is unnecessary because apartment owners, under current law, may amend the bylaws of the condominium to require apartment owners' approval of any maintenance fee increase that is above a certain threshold. Furthermore, this bill may impose hardship and increased costs on condominium associations and apartment owners. The REC does believe, however, that the decision making process relating to maintenance fees should be opened up to apartment owners' scrutiny and participation to protect the interests of the apartment owners.

Upon consideration of all pertinent issues and testimony presented, your Committee concurred with the testimony of the REC. Your Committee has replaced the contents of this bill with language that requires the board of directors to give notice to and allow participation by the apartment owners in the decision making process with regards to maintenance fee increases.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2327, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2327, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2440 Ways and Means on S.B. No. 2225

The purpose of this bill is to issue special purpose revenue bonds to assist Quest Media in establishing a twenty-four hour television network and facility on Maui.

Quest Media is part of WAVE Communications Inc., a television and video production company. Quest Media plans to begin broadcasting in October of 1999 and will concentrate in areas such as meditation, environmental awareness, spirituality, health and healing, exercise, nutrition, multiculturalism, metaphysics, ancient mysteries, and world peace. The new television station will be supported primarily by advertising and subscriber fees paid by cable and satellite companies.

Your Committee finds that Quest Media has the potential to create new employment opportunities, increase tax revenues and generate new capital for Maui and is therefore in the public interest.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2225 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 5 (Chun Oakland, Fernandes Salling, Levin, McCartney, Anderson).

SCRep. 2441 Ways and Means on S.B. No. 2581

The purpose of this bill is to regulate perpetual care charges by mortuary, cemetery, and funeral authorities.

Your Committee finds that only by regulation can the cemetery associations be prevented from assessing exorbitant fees upon the transfer of a cemetery plot to another member of a deceased person's family. This protects the elderly and others from financial harm.

This bill prohibits mortuary, cemetery, or pre-need funeral authorities from charging additional fees beyond those originally agreed upon in a contract for perpetual care. Your Committee finds that this prohibition will go a long way toward protecting consumers from unfair, deceptive practices. The fines, ranging from not less than \$500 nor more than \$10,000 per violation, emphasize your Committee's view that there should be serious consequences for preying upon the vulnerability of consumers.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2581 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 5 (Chun Oakland, Fernandes Salling, Levin, McCartney, Anderson).

SCRep. 2442 Ways and Means on S.B. No. 2820

The purpose of this bill is to strengthen the enforcement authority of the Commissioner of Financial Institutions.

The bill allows the Commissioner of Financial Institutions, in certain situations, to assess penalties and fines of up to \$100,000 and to issue temporary and permanent cease and desist orders. The bill targets activity that is not licensed under the Code of Financial Institutions and violations of a rule or order, agreement or written condition made by the Commissioner of Financial Institutions.

Your Committee finds that this authority is needed to insure the integrity of Hawaii's financial institutions and to enhance licensee compliance to the Code of Financial Institutions.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2820 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (McCartney).

SCRep. 2443 Ways and Means on S.B. No. 2835

The purpose of this bill is to improve the collection of insurance premium taxes.

Specifically, this bill amends the insurance premium tax law to streamline the filing of returns, require taxes to be paid on accident and sickness insurance premiums for unauthorized sellers, and modify fines for failure to pay insurance premium taxes.

This bill eliminates the monthly filing requirements of the insurance premium tax and instead requires only quarterly and annual filings. It also establishes a separate rate of tax for accident and sickness insurance premiums for insurance that is independently procured and for other surplus lines brokers. Finally, this bill increases the fines for failure to pay any insurance premium taxes due from \$25 a day to \$500 or ten per cent of the tax due, whichever is greater.

Your Committee is aware that these modifications will streamline certain tasks of the Insurance Division and will allow the Division staff to function more efficiently while at the same time bringing in greater amounts of revenues.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2835, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (McCartney).

SCRep. 2444 Ways and Means on S.B. No. 3134

The purpose of this bill is to allow state agency heads to purchase computer and communication systems in the areas of public safety, electronic government, and education technology, using the proceeds from general obligation bonds.

The bill permits the Director of Finance to issue general obligation bonds for the purchase of these systems. Your Committee finds that the bonds are to be used for computer/electronic equipment and retrofitting, and that the bonds can be issued for periods shorter than the usual thirty years in order to comport with the service life of the equipment purchased with the bond revenues.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3134 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (McCartney).

SCRep. 2445 Ways and Means on S.B. No. 3142

The purpose of this bill is to allow authorized commercial mobile radio service providers to recover the capital costs and associated operating expenses directly related to providing requested phase I or phase II wireless enhanced 911 service through a monthly surcharge imposed on their subscribers.

In addition, this bill:

- (1) Requires commercial mobile radio service providers to submit to the Public Utilities Commission, an audited report that demonstrates that the surcharge imposed recovers only legitimate costs and expenses directly related to the provision of phase I or phase II wireless enhanced 911 service; and
- (2) Grants immunity to commercial mobile radio service providers for damages in a civil action or from criminal prosecution in connection with acts or omissions in developing, adopting, establishing, participating in, implementing, maintaining, or providing access to phase I or phase II wireless enhanced 911 service.

Your Committee has amended this bill by:

- (1) Allowing commercial mobile radio service providers to recover a pro rata share of the foregoing capital costs and associated operating expenses through a monthly surcharge imposed on resellers, where the commercial mobile radio services are provided to resellers on a wholesale basis;
- (2) Deeming the audited report submitted to the Public Utilities Commission to be confidential information and preventing its public disclosure unless required by court order or appropriate administrative agency decision;
- (3) Deleting the provision granting immunity to commercial mobile radio service providers from criminal prosecution;

- (4) Amending the definition of "commercial mobile radio service provider" to delete the provision defining resellers as end users; and to add a provision defining resellers as providers of commercial mobile radio services; and
- (5) Correcting a misspelled word which resulted in the term "ratio" being used instead of "radio" at page 2, line 22.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3142, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3142, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (McCartney).

SCRep. 2446 Ways and Means on S.B. No. 2236

The purpose of this bill is to issue special purpose revenue bonds to construct a new slaughterhouse on Oahu.

Presently, Oahu has only one slaughterhouse that is too small, obsolete, and less than adequate with respect to federal inspection requirements. Additionally, the lease on the slaughterhouse will expire in three years.

Oahu is in desperate need of a new slaughterhouse. Despite the cost of construction and Hawaii's sluggish economy, the cattle and livestock industry is committed to building a new slaughterhouse. This bill will assist the industry by authorizing the issuance of special purpose revenue bonds to not only reduce financing costs but to ultimately benefit the community at large.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2236, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2447 Ways and Means on S.B. No. 3156

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist manufacturing, processing, and industrial enterprises on the island of Hawaii.

Specifically, this bill authorizes the issuance of \$2,500,000 in special purpose revenue bonds to assist manufacturing enterprises, \$2,500,000 for processing enterprises and \$20,000,000 for the industrial enterprise of the establishment of a cogeneration facility by Enekinia Hawaii.

This bill also extends the lapsing date from June 30, 1998 to June 30, 2003, of special purpose revenue bonds for Hawaiian Entrepreneurs' processing enterprise authorized in Act 262, Session Laws of Hawaii 1993, and Hui Enekinia Hawaii's industrial enterprise in Act 263, Session Laws of Hawaii 1993.

Your Committee has amended this bill by changing the effective date from upon approval to June 29, 1998, and making other technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3156, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3156, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2448 Ways and Means on S.B. No. 3035

The purpose of this bill is to make housekeeping amendments to clarify the law establishing the Housing and Community Development Corporation.

Act 350, Session Laws of Hawaii 1997, consolidated various housing programs including those under the Hawaii Housing Authority into the Housing and Community Development Corporation. This bill makes housekeeping amendments which include the repeal of remaining parts of chapter 359, which are obsolete, and other technical, non-substantive changes to those provisions. Additionally, this bill clarifies that the Housing and Community Development Corporation is subject to the rates and fees approved for the various boards of water supply.

Your Committee has amended this bill by making additional technical changes in order to timely resolve statutory conflicts created by the signing of Act 2, Session Laws of Hawaii 1998.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3035, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3035, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2449 Ways and Means on S.B. No. 3114

The purpose of this bill is to dedicate fifty per cent of the rental housing trust fund for housing loans or grants to persons with incomes at or below thirty per cent of median income.

Your Committee finds that more than one hundred thousand people are either homeless or rely on relatives or friends for housing. Nearly two-thirds of the people with household incomes of less than thirty per cent of median income cannot afford their housing payments. Additionally, none of the housing projects developed with the rental housing trust fund funds reaches this segment of the community.

This bill addresses this neglected economic group to assist them with their housing needs.

Your Committee has amended the bill by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3114, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3114, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2450 Ways and Means on S.B. No. 3244

The purpose of this bill is to require the Housing and Community Development Corporation of Hawaii to mail the required notice of a liquor license application hearing to each dwelling unit in a state-operated housing project.

Your Committee finds that while current liquor laws require the residents of nearby dwellings to be notified of liquor license application hearings, the residents of a state-operated housing project often fail to learn of these hearings because the housing project owner is the State, not the individual residents. Allowing this loophole to exist leaves these residents without proper notice and the means to adequately respond with their opinions when a nearby business applies for a liquor license. This is both unfair and unconscionable to these residents. As a government entity, the Hawaii Community Development Corporation must set a good example by forwarding the liquor license application notices to all of its residents in an affected state-operated housing project.

Your Committee has amended this bill by making technical, nonsubstantive amendments on pages 2 and 3.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3244, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3244, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2451 Ways and Means on S.B. No. 2845

The purpose of this bill is to modify some of the duties of the Director of Health.

Specifically, this bill:

- (1) Removes the requirement that the Director of Health convene a committee every odd-numbered year to review determination of death activities and write a report to the Legislature; and
- (2) Allows instead of requires the Director of Health to do certain things for the litter control program.

Your Committee finds that many mandatory duties of the Director of Health are more reasonably removed or made permissive. In the first instance, it might be reasoned that in the early days of this State, the number of deaths was fewer than today, because of the smaller population. An examination of medical practices, and other matters affecting the cause or determination of death could have had a distinct impact on public health policies. Today however, with an increased population, many more demands on the duties of the Director of Health, the increased number of physicians and rules regarding reporting deaths for statistical purposes, it appears less necessary to require the Director of Health to report to the Legislature about deaths in the general population.

Your Committee also finds that similar arguments can be made for changing the Director's duties regarding the particulars of the State's litter control program. The Director is already mandated to keep abreast of research in litter control and recycling efforts. In accomplishing these and related programs, the Director may look for funds, promote educational efforts, and other activities. Your Committee finds that statutorily mandating the Director to make available litter bags and anti-litter signs constitutes unnecessary and undesirable micromangement.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2845, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 2452 Ways and Means on S.B. No. 3248

The purpose of this bill is to authorize special purpose revenue bonds to assist the Queen's Health Systems and its subsidiaries.

The power to issue the special purpose revenue bonds in this bill is found in part II of chapter 39A, Hawaii Revised Statutes, to assist not-for-profit corporations that provide health care facilities to the general public. This bill authorizes bonds in an amount not to exceed \$150,000,000 for the Queen's Health Systems and its subsidiaries.

Your Committee has amended this bill by providing that authorization for these bonds will lapse on June 30, 2000. Your Committee has selected the lapse date because section 39A-52, Hawaii Revised Statutes, provides that no new bonds may be issued under part II, chapter 39A, after that date.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3248, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3248, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 2453 Ways and Means on S.B. No. 2866

The purpose of this bill is to strengthen the mental health programs at the state hospital.

Specifically, this bill allows the Director of Health to appoint two additional state hospital positions, a Director of Psychosocial Rehabilitation, and a Chief of the Department of Nursing. This bill also authorizes occupational therapists to work in a position at the Hawaii state hospital up to one year after their graduation from an accredited school without being certified.

Your Committee recognizes that the Hawaii state hospital has a shortage of medical personnel and permitting students who have just graduated from occupational therapy school will provide an immediate resource to the state hospital as well as provide immediate jobs for these recent graduates. Limiting the exception to one year after graduation for those working as occupational therapists without being certified will prevent abuse of the exception.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2866, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 2454 Ways and Means on S.B. No. 2622

The purpose of this bill is to establish a pilot program to assist low-income people to claim federal earned income tax credits.

The pilot project is under the direction of the Department of Human Services. The comprehensive approach aims to provide free tax counseling and preparation, implement an informational campaign, and provide outreach services. An unspecified amount is appropriated for the pilot project.

This pilot project could provide millions of additional dollars into the State's revenue stream through those who need the resources most. An Illinois study indicated that for every dollar invested in assisting low-income families to claim the federal earned income tax credit, \$27 in credits were brought into the state. This is a particularly timely project to pursue given the economic situation of the State and the federal changes in direct aid to low-income families.

Your Committee has amended this bill to make technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2622, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2622, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2455 Ways and Means on S.B. No. 2777

The purpose of this bill is to allow the Comptroller to pay all new employees by electronic funds transfer and to pay new employees on an after-the-fact basis.

Your Committee finds that the use of technologically efficient methods of making employee salary payments is warranted because the method is both feasible and very cost-effective. By making this provision applicable to new employees, the change will be gradual and eventually reach one hundred per cent as current employees retire or resign. Commercial transactions everywhere are moving into the electronic transfer system as evidenced in grocery stores and gasoline stations.

Your Committee further finds that paying new employees on an after-the-fact basis will also, over time, solve the current problems in salary overpayment to employees with insufficient leave balances.

Your Committee amended this bill by changing the effective date to June 29, 1998, to prevent any confusion with respect to various changes being made by different enactments to section 78-13, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2777, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2777, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2456 Ways and Means on S.B. No. 2816

The purpose of this bill is to change the composition of the board of trustees of the Hawaii public employees' health fund.

This bill as presented repeals the member of the clergy from representation on the board and adds a private citizen and a retired employee for a total of ten members.

Your Committee agrees with your Committee on Human Resources that representation of the clergy on the board of trustees is not necessary. Nevertheless, by adding two more members to the board, the number of trustees is increased to ten. Your Committee finds that the number of trustees should remain at nine. As all of the members are private citizens, that aspect of representation is already encompassed in the selection of other trustees.

Your Committee has amended this bill to retain the number of trustees at nine by removing the requirement that one trustee be a private citizen.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2816, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2816, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2457 Ways and Means on S.B. No. 2874

The purpose of this bill is to include services to abused children under the duties of the Department of Human Services.

The bill also defines the term "abused or neglected" and deletes the definition of "neglected child".

Your Committee finds that the problem of abused children in our State threatens the very fabric of our society. Stronger steps must be taken to ensure the safety of all children. Your Committee finds that this bill is necessary to clarify the lines of responsibility for providing services to abused children.

Your Committee has amended the bill by making:

- (1) Conforming amendments to the definition of "child welfare services";
- (2) A correction on page 2, lines 7 and 8, to reflect present statutory language as it appears in the printed version of the Hawaii Revised Statutes; and
- (3) Technical nonsubstantive changes for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2874, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2874, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Ihara, Anderson).

SCRep. 2458 Ways and Means on S.B. No. 2877

The purpose of this bill is to repeal the requirement that the Department of Health provide personal care services to certain physically disabled medical assistance recipients who have no one to care for their daily needs.

Your Committee finds that this is a housekeeping measure to repeal a state statutory requirement that has been rendered obsolete by the requirements of the federal Medicaid program.

Your Committee has made a non-textual, technical nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2877, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2877, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2459 Ways and Means on S.B. No. 2999

The purpose of this bill is to amend provisions specifying areas of authorized investment that may be made by the Employees' Retirement System.

Your Committee finds that the Employees' Retirement System needs greater flexibility in the investments it makes. Much is made of the "global economy" in which Hawaii must participate. The Employees' Retirement System should be able to get involved in

today's global investment market. This includes global government bonds, preferred and common stock investments, real estate, and venture capital. This bill is designed to allow the Employees' Retirement System to make investments in these areas.

Your Committee has amended this bill by making technical, nonsubstantive changes on pages 6 and 12.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2999, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2999, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 2460 Ways and Means on S.B. No. 3000

The purpose of this bill is to facilitate the administration, calculation, and processing of pension payments.

Specifically, the bill accomplishes this by making the following changes to the Employees' Retirement System law:

- (1) Authorizes a designee of the Employees' Retirement System board to approve service retirements, because the board meets only once a month;
- (2) Establishes one type of service-connected disability retirement benefit, to be calculated at fifty per cent of the member's average final compensation;
- (3) Clarifies the amount payable to beneficiaries upon the death of a retiree under optional plans; and
- (4) Allows a retirant to return to service before July 1998 and to retire again regardless of the number of years of service in the reemployment period.

Your Committee finds that this bill will eventually reduce state and county appropriations to the Employees' Retirement System and in view of the current fiscal crisis, this is one of many steps that can help our State's economy. Your Committee further finds that the changes in this bill will still be fair to the retirant. For example, the fifty per cent calculation for the service-connected disability benefit should still help provide a respectable pension to someone who was disabled on the job.

Your Committee has amended this bill by amending the title of section 88-79 in section 2 to delete the word "disability". This would conform with the amendment made to subsection (a). A technical, nonsubstantive amendment was also made on page 7.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3000, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3000, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 2461 Ways and Means on S.B. No. 3002

The purpose of this bill is to allow the Director of Human Services to impose civil or administrative penalties against health maintenance organizations for specific violations of law or contract.

Through testimony submitted by the Department of Human Services to the Committee on Human Resources, your Committee finds that this bill is necessary to comply with federal mandates requiring such regulation over health maintenance organizations that provide Medicaid related services.

Specifically, the bill allows the Director to sanction health maintenance organizations that fail to provide medically necessary items or services, impose excess premiums or charges, discriminate among enrollees, misrepresent or falsify information, or violate marketing guidelines.

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

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3002, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3002, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 2462 Ways and Means on S.B. No. 2338

The purpose of this bill is to establish a Hoisting Machine Operators' Certification Board and a special fund for the certification of hoisting machine operators.

Furthermore, this bill appropriates moneys out of the general funds for the board and requires subsequent reimbursement of the general fund from the special fund.

Your Committee finds that certification of hoisting machine operators in construction, demolition, and excavation work is necessary to ensure public and worker safety and the economic well-being of employers.

Your Committee has amended this measure by changing the appropriation and reimbursement amounts from specific to blank figures for purposes of continued deliberation on the matter. Your Committee has also made some technical, nonsubstantive amendments for the purposes of clarity.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2338, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2338, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2463 Ways and Means on S.B. No. 2768

The purpose of this bill is to place a two-year statute of limitations from the date services are rendered on a medical service provider's ability to collect payment under the workers' compensation law and prohibit the medical service provider from directly charging the injured employee.

This bill amends the workers' compensation law to provide that when claims are not contested, a medical service provider must bill either the employer, the insurer, or the special compensation fund within two years of the date services are rendered, otherwise the right to payment is forfeited. The medical service provider is prohibited from directly charging an injured employee at any time.

Your Committee finds that the current law has no time limit as to when a provider must submit a bill for services. This results in costly research that must be done to verify claims for payments that are requested to be made substantially after the services are rendered. A two-year period is a reasonable period of time for medical service providers to submit their bills for services rendered and will make the workers' compensation system more efficient.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2768, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2464 Ways and Means on S.B. No. 2987

The purpose of this bill is to improve the safety of children by reforming the child protective services system.

Specifically, this bill:

- (1) Reinforces that child safety is the primary concern of the child protective services;
- (2) Requires that the child protective services be open, accessible, and communicative to all persons affected;
- (3) Requires the Department of Human Services to submit any required reports to the court;
- (4) Allows physicians to share with other physicians medical information of a child under the care of the child protective services without parental consent and requires the Department to share with the foster parents the child's complete medical records and social history; and
- (5) Requires that any child in foster care be provided health care insurance from the State so as not to inhibit or prevent the child from being placed in foster care.

Your Committee has amended this bill to delete a reference on page 1, lines 8 to 9 that appeared to contradict the intent of the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2987, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2987, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2465 Ways and Means on S.B. No. 3031

The purpose of this bill is to create a notary public revolving fund and to increase commission fees.

The revolving fund will be administered by the Department of the Attorney General.

Your Committee finds that notaries public fill a necessary function in civil and commercial law because they are authorized to administer oaths, attest to and certify certain types of documents, and perform other acts in commercial matters. Many people utilize the services of a notary public without realizing the importance of their work.

Your Committee further finds that the eventual goal of this bill, which is to enable the notary public program to be self-sufficient, is a laudable one because government should not be looked at to support such a program indefinitely. The increase in fees will help to develop a computerized system which will speed efficiency in the filing system.

Your Committee has amended this bill by also amending section 456-18 concerning the deposit of fees for purposes of consistency, and by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3031, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3031, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2466 Ways and Means on S.B. No. 2658

The purpose of this bill is to require moneys held in county treasuries for warrants that subsequently lapse to thereby be deposited into a county trust fund rather than the county general fund.

Furthermore, this bill provides that amounts in the trust fund in excess of \$500,000 shall be transferred to the county general fund. Also, this measure allows payees four fiscal years to seek payment from the trust fund, rather than ten fiscal years to seek payment from unencumbered funds in the general fund.

Your Committee believes that the creation of a trust fund dedicated solely to the payment of lapsed warrants facilitates the payment of those warrants. Unlike the present situation where payments are from the general fund, payees will not be subject to delays in payment from a limited source consisting of only those funds that happen to be unencumbered at the time payment is requested.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2658, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2467 Ways and Means on S.B. No. 2759

The purpose of this bill is to require the legal owner or lien holder to pay towing and storage charges on motor vehicles that are removed by order of a county police department for traffic obstruction or hazard; to establish parameters for fees, recovery procedures, or disposal of the vehicle; and to allow each county to enact additional restrictions and criminal sanctions.

Your Committee has amended this bill to bring section (d), regarding an advertisement in a newspaper of general circulation, into conformance with Act 2, Session Laws of Hawaii 1998; and to remove subsection (g), that would have allowed each county to enact additional restrictions and criminal sanctions.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2759, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2759, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Iwase, McCartney, Anderson).

SCRep. 2468 (Majority) Ways and Means on S.B. No. 1469

The purpose of this bill is to establish an emergency and budget stabilization special fund.

Your Committee received testimony in support of the bill from the Department of Budget and Finance. The Tax Foundation submitted comments on the measure.

Your Committee believes that the establishment of an emergency and budget stabilization special fund is necessary in order to ensure the fiscal stability of state governmental operations.

Your Committee has amended the bill by:

- (1) Enabling the Director of Finance to transfer funds from general excise tax revenues, rather than having the Legislature appropriate funds for deposit into the emergency and budget stabilization special fund;
- (2) Deleting the specific purposes for which the Legislature may appropriate money from the emergency and budget stabilization special fund, thereby providing the Legislature with more flexibility to appropriate moneys from the special fund into the general fund and then appropriating as the Legislature deems appropriate;
- (3) Lowering the minimum required majority vote to appropriate funds from the special fund from a mandatory three-fourths majority to a mandatory two-thirds majority; and
- (4) Making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1469, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1469, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, 1 (Ige, M.). Excused, 4 (Iwase, Kawamoto, McCartney, Anderson).

SCRep. 2469 Ways and Means on S.B. No. 2776

The purpose of this bill is to make clearer, the payment process for after-the-fact payroll for employees who have a salary overpayment balance.

Your Committee finds that the State's practice of paying its salaried employees on a predicted basis on the assumption that there is enough vacation and sick leave hours to offset leave taken during a particular pay period has resulted in some cases in overpayment to salaried employees. This means that these employees received more salary than they should have, i.e., for hours not actually worked. In the executive branch this salary overpayment exceeds \$2,500,000. This bill is meant to correct this by requiring employees having salary overpayments to be placed on after-the-fact pay, which is a fair and appropriate solution to this problem.

Your Committee has amended this bill by changing the effective date to June 29, 1998 to prevent any confusion with amendments to section 78-13, Hawaii Revised Statutes, that are made by other measures.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2776, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2776, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2470 Ways and Means on S.B. No. 2346

The purpose of this bill is to increase alcohol and drug dependence benefits and mental illness benefits under prepaid health care insurance.

This bill achieves the foregoing purpose by increasing the number of outpatient visits from twelve to twenty-four each year and providing a minimum of twelve visits for mental illness benefits. The bill also deletes the requirement that hospitalization become imminent before inpatient services are exchanged for these outpatient visits. The Department of Labor and Industrial Relations is also required to conduct a study to determine whether the additional outpatient treatments result in a net decrease in job days lost, and the cost-benefit value of this relationship. The bill further requires the Department to report to the Legislature prior to the convening of the 2000 Regular Session.

Your Committee received testimony in support of this bill from the Hawaii Psychological Association; the Equal Insurance Coalition; the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; the Oahu Alliance for the Mentally Ill; the Hawaii Substance Abuse Coalition; United Self-Help; the National Association of Social Workers; and one individual. The Department of Labor and Industrial Relations testified that it does not have the expertise to conduct the study required. The Department of Health testified in support of this bill with reservations. The Hawaii Medical Services Association testified in support of this bill because there is a requirement for subsequent legislative evaluation of its overall economic impact but suggested certain changes.

Your Committee finds that increasing the number of outpatient visits for mental health benefits will enable consumers to receive more adequate services and will also generate cost savings by avoiding the much more expensive inpatient services.

Your Committee has amended this bill to:

- (1) Clarify that the intent of the bill is to increase mental illness benefits by inserting the phrase "mental illness" in section 1 on page 4, line 7;
- (2) Clarify that the twenty-four outpatient visits are a total benefit; and
- (3) Delete section 3 that required the Department of Labor and Industrial Relations to conduct the required study.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2346, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2346, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, (3) Iwase, Kawamoto, McCartney).

SCRep. 2471 Ways and Means on S.B. No. 2841

The purpose of this bill is to authorize the Insurance Commissioner to appoint staff attorneys and an insurance examiner III exempt from chapters 76 and 77, Hawaii Revised Statutes.

Testimony in support of the measure was received from the Insurance Division.

Your Committee finds that these amendments are necessary to give the Insurance Commissioner flexibility in hiring and retaining qualified personnel.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2841 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 3 (Iwase, Kawamoto, McCartney).

SCRep. 2472 Ways and Means on S.B. No. 1012

The purpose of this bill is to clarify and expand the income-splitting provision for tourism-related services.

Specifically this bill allows a "destination manager" to split-income and includes "goods" along with services as a source of income that is eligible for income-splitting.

Your Committee received testimony from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that destination managers act in a similar manner and capacity as travel agents and should be treated similarly with respect to income that is split with service providers. Despite assurances by the Director of Taxation that the Department has rectified any problem with this bill administratively and that the bill is not needed, your Committee finds that specific statutory provision is warranted considering the present recognition of travel agents and tour packagers under subsection 237-18(f), Hawaii Revised Statutes. This bill will level the playing field and ensure equal treatment for destination managers.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1012 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 3 (Iwase, Kawamoto, McCartney).

SCRep. 2473 Ways and Means on S.B. No. 2026

The purpose of this bill is to exempt from general excise taxation amounts received as grants from the High Technology Development Corporation.

Your Committee finds that the grants made to small businesses for innovative research by the High Technology Development Corporation that supplemented federal awards were intended to be treated similarly under the general excise tax law as certain scientific contracts with the United States exempted under section 237-26, Hawaii Revised Statutes. This bill serves to clarify the legislative intent by specifically exempting the state grants retroactively to the year the program began.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2026, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2474 Ways and Means on S.B. No. 2092

The purpose of this bill is to continue to encourage the use of energy conserving systems.

Specifically, this bill extends the expiration date of the energy conservation income tax credits from January 1, 1999 to July 1, 2003, and creates a task force to explore the most cost-effective means for supporting increased energy efficiency and sustainability.

The energy conservation income tax credit, since 1978, has stimulated the installation of alternative energy systems in Hawaii. Today, Hawaii leads the nation in per capita installations of residential systems. While the energy conservation income tax credit has saved millions of dollars each year in reduced imported oil, it has cost the State in lost revenues to the general fund. It is now time to consider other avenues to continue the pursuit of cost-effective means for supporting efficiency and sustainability. The task force created in this bill has been assigned that goal. The task force will be operational for four years. The income tax credit will be extended for four and one-half years to give the task force time to research and develop ideas and objectives to reach their goal.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2092, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2475 Ways and Means on S.B. No. 2624

The purpose of this bill is to re-enact the Hale Kokua pilot project as a permanent program under the Housing and Community Development Corporation of Hawaii.

Specifically, this bill re-establishes a homeless assistance program that authorizes the payment of a state grant and a monthly rent supplement to property owners who set aside rental units to persons classified as employed but homeless for up to five years. This bill also requires the Executive Director of Housing and Community Development Corporation of Hawaii to appoint a state homeless section Administrator to carry out the program.

Furthermore, this measure authorizes the Administrator to contract with private services to carry out the duties and responsibilities of the program.

Your Committee notes that this measure remedies the unintentional repeal of the project last year. Your Committee believes that re-enactment of the program is worthwhile because it will revive homeowner incentives to shelter homeless persons, particularly those who are employed.

Your Committee has amended this measure by exempting from the civil service, compensation, and collective bargaining laws all contracts entered into between the state homeless program Administrator and private entities both before and after the effective date of this Act. Your Committee believes that these exemptions serve as necessary safeguards against the possible applicability of a recent Hawaii Supreme Court on privatizing work that was previously provided by civil servants.

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

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2624, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2624, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 8. Noes, none. Excused, 5 (Fernandes Salling, Iwase, Levin, McCartney, Anderson).

SCRep. 2476 Ways and Means on S.B. No. 2804

The purpose of this bill is to retain the temporary three-year buy-back restriction for purchasers of real property made under the Housing Finance and Development Corporation.

Your Committee finds that the three-year buy-back restriction was reduced from a ten-year requirement under Act 299, Session Laws of Hawaii 1997. That Act amended chapter 201E, Hawaii Revised Statutes, relating to the Housing Finance and Development Corporation. Act 350, Session Laws of Hawaii 1997, however, is scheduled to consolidate all state housing agencies (including the Housing Finance and Development Corporation) under the Housing and Community Development Corporation of Hawaii as of July 1, 1998. In so doing, Act 350 will replace chapter 201E, Hawaii Revised Statutes, relating to the Housing Finance and Development Corporation, which will in effect, eliminate the three-year buy-back revision under Act 299.

This bill will retain the three-year buy-back provision by amending the appropriate sections under chapter 201G, Hawaii Revised Statutes, created under Act 350.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2804, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2477 Ways and Means on S.B. No. 2812

The purpose of this bill is to exempt the Villages of Kapolei--a project of the Housing and Community Development Corporation of Hawaii--from having to offer a percentage of single-family units to owner-builders or nonprofit organizations assisting owner-builders in the construction of these units.

Although supportive of owner-builder and self-help housing efforts, your Committee finds that it may not be the most feasible approach in certain housing projects. The Villages of Kapolei housing project was contemplated, designed, and partially built before the enactment of the owner-builder/self-help accommodation requirement.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2812, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2478 Ways and Means on H.B. No. 1830

The purpose of this bill is to provide immunity and workers' compensation coverage to volunteer emergency medical disaster response personnel.

Your Committee received testimony in favor of this measure from the Director of Health, the HealthCare Association of Hawaii, and a concerned citizen.

Your Committee agrees with the intent of this administration bill. Although immunity and benefits for volunteer health care personnel are provided under chapter 128, Hawaii Revised Statutes (civil defense and emergency act), once an official declaration of disaster has been made, the critical period before that declaration is not addressed. This bill affords volunteer medical personnel the same protections afforded to volunteers under chapter 128 in a gubernatorial or presidential declaration of a disaster. Without the protection provided by this bill, your Committee finds that the number of volunteers may be reduced, resulting in inadequate response and health care before an official disaster declaration.

Upon further consideration, your Committee has amended this bill by:

- (1) Clarifying that the term "public official", as used in subsection (c) of the new section added by section 1 of the bill, does not include volunteer emergency medical disaster response personnel, since these personnel are primarily from the private sector; and
- (2) Making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1830, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1830, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Iwase, Kawamoto, McCartney).

SCRep. 2479 Ways and Means on S.B. No. 2349

The purpose of this bill is to change certain provisions concerning the Department of Health's environmental health program enhancement and education fund.

The bill makes the fund and its dedicated funding mechanisms permanent, expands the purposes of the fund, and changes the name of the fund to the "environmental health education fund".

Specifically, this bill expands the purposes for which moneys in the environmental health education fund are to be expended by including the provision of consultations and educational programs to industries regulated by the Department of Health.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2349, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 2480 Ways and Means on S.B. No. 2350

The purpose of this bill is to allow counties to impose their own glass container assessment, to exempt glass container importers who import less than five thousand containers from payment of the advance disposal fee, and to reduce reporting requirements for those who import between five thousand and one hundred thousand containers.

Your Committee finds that the advance disposal fee mechanism in the statute is an effective means to deal with the environmental consequences of imported glass containers. Allowing counties to change an assessment similar to the state fee will permit the counties to also have a funding mechanism to deal with their responsibilities toward environmental management in the glass disposal area. Your Committee also finds that removing the assessment for importers who bring in minimal quantities of containers, and reducing the reporting requirements for those who bring in one hundred thousand containers or less, will streamline government recycling efforts.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2350, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 2481 Ways and Means on S.B. No. 2641

The purpose of this bill is to require the Director of Health to use moneys deposited into the separate accounts within the mental health and substance abuse special fund to be used as the primary source for payment of expenses attributable to that account.

Furthermore, this bill requires the Director to bolster the Department's annual report to the Legislature on the special fund with greater detail on projected expenditures that offset operating expenses and the special fund balance.

Your Committee notes that these proposals will implement the Auditor's latest recommendations regarding the management of billings and collections for the Department of Health's outpatient adult mental health services.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2641, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 2482 (Majority) Ways and Means on S.B. No. 2865

The purpose of this bill is to provide for the proper transitioning into the community of residents from the Waimano training school and hospital.

The bill accomplishes this by extending to June 30, 1999, the date by which all programs and services for persons with developmental disabilities or mental retardation shall be community-based. The bill allows the Department of Health to operate various programs to facilitate the transitioning, such as a behavioral crisis intervention program, residential training programs, and training programs for service and care providers. The bill also requires the Department of Health to:

- (1) Assist the individual to develop, with the help of family and friends, if necessary, an individualized service plan;
- (2) Identify the amount of dollars available to the individual to purchase supports; and
- (3) Allow consumers to direct the expenditure of the identified funds.

Your Committee finds that allowing the Department of Health additional time to implement the community transitioning of persons with developmental disabilities is reasonable given the complexity of the implementation process and fiscal and other constraints on resources of the Department of Health. Your Committee also finds that the focus of programs and services for persons with developmental disabilities on individualized service plans, with input from family and friends when appropriate, is the preferred approach for care of those persons.

Your Committee has amended this bill to clarify that the individualized service plan is to be "person-centered" by adding the clause "which shall be person-centered" (page 4, line 12) and by deleting the confusing redundant phrase "and the development of an individualized service plan" (page 4, lines 13-14).

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2865, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2865, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, 1 (Ige, M.). Excused, 3 (Iwase, Kawamoto, McCartney).

SCRep. 2483 Ways and Means on S.B. No. 2970

The purpose of this bill is to give jurisdiction over noise at the Convention Center to the county Liquor Commission, for noise emanating from licensed premises, and the Department of Health, for all other noise.

At present, jurisdiction over noise control at the Convention Center is unclear, as section 206X-6, Hawaii Revised Statutes, gives jurisdiction over health and safety to the Convention Center Authority, which may be interpreted to include noise. However, the counties are specifically given jurisdiction over noise control in section 46-17, and the State, through the Department of Health, is also given jurisdiction over noise under chapter 342F. Your Committee finds that this bill will end the confusion by identifying the entities responsible for noise control at the Convention Center. This will provide a clear line of responsibility for addressing community concerns arising from excessive noise at the Convention Center.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2970, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 2484 Ways and Means on S.B. No. 2851

The purpose of this bill is to authorize the Department of Health to maintain an immunization records system for access by health care providers and departmental programs providing immunization services.

Furthermore, this bill authorizes records to be maintained on individuals from their birth date until age nineteen. Information in the system shall be strictly confidential and shall generally not be disclosed except to health care providers treating an individual whose record is in the system, by the Department of Health in its monitoring and research activities. This measure also specifies that participation in the system is voluntary by both the individual's parents or guardians and health care providers.

Your Committee believes that the establishment of an immunization records system will promote the public health of the State's residents and prevent the spread of infectious diseases by encouraging parents and guardians to ensure that their children receive all specific immunizations in a timely and effective manner.

Your Committee has amended this measure by uniformly using the age of twenty years as the termination point for retaining immunization records on an individual. Your Committee has also amended this measure by clarifying, in instances left unspecified, that the parent having the authority to include a child's records in the system is the custodial parent.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2851, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2851, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 2485 Ways and Means on S.B. No. 2855

The purpose of this bill is to prohibit health insurers and like entities from requiring face-to-face contact between a patient and a health care provider as a prerequisite toward paying the provider for telehealth services.

Specifically, this bill recognizes telehealth as a reimbursable medical service and applies to accident and sickness insurers, mutual benefit societies, and health maintenance organizations.

Your Committee finds that telehealth is a health care provider's use of telecommunications and information technology to provide long-distance services to a patient who would otherwise not be able to receive direct services at the patient's location. The use of telehealth has the potential to reduce health care costs by minimizing long-distance travel costs for elderly or physically challenged patients as well as patients in remote areas without nearby major hospital facilities.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2855, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 2486 Ways and Means on S.B. No. 1480

The purpose of this bill is to streamline certain aspects of the Employees' Retirement System.

This bill combines the minimum pension fund with the pension accumulation fund and makes other housekeeping amendments.

Your Committee finds that the merger of the minimum pension fund with the pension accumulation fund is justified because:

- (1) The minimum pension fund is slowly diminishing as the number of affected retirees decreases;
- (2) The pension bonus fund is no longer being used to pay bonuses as these bonuses are paid from the pension accumulation fund; and
- (3) The merger will reduce paperwork without affecting the assets of the Employees' Retirement System.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1480, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2487 Ways and Means on S.B. No. 2437

The purpose of this bill is to make changes to the 1996 law that required the Director of Finance to establish an ad hoc committee to develop and recommend a proposal to implement an employer-union trust concept and structure for determining and administering public employee and retiree health benefits.

Specifically, this bill:

- (1) Clarifies that the membership of the Committee is to be comprised of an equal number of representatives from state and county public employers and public employee organizations, or their respective designees;
- (2) Requires the state and county public employers and the public employee organizations to each appoint a co-chairperson from among their respective committee members to lead the Committee;
- (3) Requires the membership of the Committee to include one retiree member of the Public Employees Health Fund, who is selected by the Governor from a list of nominees submitted by the Public Employees Health Fund;
- (4) Requires the Committee's proposal to incorporate retirees into the trust structure;
- (5) Requires the Director of Finance to continue submitting progress reports and action plans to the Legislature after 1996; and specifies that the progress reports are to be submitted every May and November, and that the action plans are to be submitted every November;
- (6) Requires the Committee to finalize and submit its proposal to the Legislature in the form of proposed legislation prior to the regular session of 2000; and
- (7) Abolishes the Commission on June 30, 2000.

Your Committee finds that the present governance structure to determine and fund health benefits for public employees and retirees is not only cumbersome and inflexible, but does not foster cost-efficiency. Benefits are statutorily established and administered by an independent board of trustees within a fixed statutory framework. At the same time, public employer contributions for these health benefits are negotiated separately through collective bargaining agreements with public employee organizations. Consequently, there is little connection between benefit levels and costs, and limited latitude to design benefit packages that minimize costs and better meet the health care needs of employees.

Your Committee also finds that public employers and public employee organizations should be involved in determining health care coverage and costs because health benefits have not only become a significant component of the total compensation package for public employees, but represent a significant cost to public employers. The employer-union trust concept for determining and administering health benefits provides a mechanism for linking benefit levels and costs, as well as the necessary flexibility to establish appropriate health benefits coverage.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2437, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2488 Ways and Means on S.B. No. 2621

The purpose of this bill is to require the Department of Human Services to develop a master plan for moving public assistance recipients off of welfare and into the workplace.

Specifically, this bill:

- (1) Requires the master plan to be developed in cooperation with the Department of Business, Economic Development, and Tourism, the Department of Labor and Industrial Relations, other appropriate agencies, and the general public; and to identify the impediments to work for welfare recipients;
- (2) Requires the Department of Human Services to assess the feasibility and costs of the following program proposals, to report its findings to the Legislature before December 1, 1998, and to submit proposed legislation to the Legislature before December 31, 1998:
 - (A) Extended benefits for public assistance recipients who are single parents of children under fourteen years of age and who desire to receive education beyond secondary school;
 - (B) Work preparation to improve the job retention capability, enhance the earnings capacity, and improve the job acquisition potential of selected public assistance recipients;
 - (C) Facilitation of private entrepreneurship by public assistance recipients through the provision of private, nonprofit, technical assistance and other cost-effective and reasonable means; and
 - (D) Giving public assistance recipients who are willing to work but unable to find a job the chance to support themselves and their families by working on public works projects;

and
- (3) Requires the Department of Human Services' activities under this bill to be consistent with the principles and goals of promoting self-sufficiency, eliminating poverty, and safeguarding the health, safety, and welfare of Hawaii's poor children.

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

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2621, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2621, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2489 Ways and Means on S.B. No. 2628

The purpose of this bill is to require a civil service employee to complete a management training course within one year of the employee's promotion to a managerial or supervisory position.

Furthermore, this bill requires present managers and supervisors to attend periodic management training courses.

Your Committee finds that required management training courses for new and seasoned managers and supervisors will promote increased efficiency in governmental operations.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2628, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2490 Ways and Means on S.B. No. 2744

The purpose of this bill is to require the Department of Human Services to establish and administer specialized foster homes for minors who are victims of domestic violence.

Your Committee finds that minors who are victims of domestic violence often have no place to turn for shelter. Domestic violence shelters do not permit minors unaccompanied by adults, leaving these desperate minors without acceptable options. Your Committee notes that the bill requires the Department to enlist the consultation and cooperation of domestic violence shelters and other applicable organizations in establishing these specialized foster homes for minors. The Department is required to use existing resources to establish these foster homes.

Your Committee has amended this bill by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2744, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2744, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2491 Ways and Means on S.B. No. 2878

The purpose of this bill is to allow the Director of Human Services to recover Medicaid overpayments made to providers stemming from the provider's ineligibility, a noncovered service, a noncovered drug, the lack of prior authorization, an incorrect payment allowance, or a claims processing error.

Specifically, this bill:

- (1) Allows the Director of Human Services to recover Medicaid overpayments through recoupment, tax offset, Circuit Court judgment, or other lawful means;
- (2) Requires the Circuit Court to render a judgment in the matter of a Medicaid overpayment without a hearing and in accordance with the decision of the Director of Human Services or an administrative appeals officer; and
- (3) Voids the decree or judgment of the Circuit Court in the matter of a Medicaid overpayment if the decision or award of the administrative appeals officer is later set aside on further court appeals.

Your Committee has amended this bill by making a technical nonsubstantive change for purposes of clarity.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2878, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2878, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2492 Ways and Means on S.B. No. 2879

The purpose of this bill is to establish medicaid home and community-based waiver programs in place of the community long-term care/nursing home without walls program.

This bill aligns the state law with current federal requirements for certain medicaid programs, and is strictly a housekeeping bill. Current institutional care for long-term care populations will not be substantially affected.

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

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2879, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2879, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2493 Ways and Means on S.B. No. 2817

The purpose of this bill is to require the Hawaii Public Employees Health Fund (Fund) to offer medical, hospital, and surgical benefits to part-time, temporary, seasonal, or casual employees at no cost to the employers.

Your Committee finds that many part-time, temporary, seasonal, or casual workers have no health insurance unless they are covered through a spouse. Your Committee further finds that there are about fourteen thousand employees who fall into the category of part-timers, temporary, seasonal, or casual workers. In the long run, the lack of health insurance can result in higher costs to society when illnesses and diseases are allowed to progress well beyond the stage of early intervention. Hospitalization and time lost from work may be longer. The increased seriousness of the illness may require that more expensive measures be taken to cure the patient. Your Committee finds that it is in the interest of society as a whole to have a healthy population. This bill is designed to help toward that end at no additional cost to the public employers. This means that despite the current economic crisis, no additional state funds will be committed toward this benefit.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2817, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2494 Ways and Means on S.B. No. 2848

The purpose of this bill is to make permanent the Department of Health's early intervention special fund and early intervention trust fund, the purpose of which is to expand and enhance early intervention services for infants and toddlers with special needs.

In addition, this bill authorizes the Department of Health to procure community-based, family-centered, early intervention services through purchase of service contracts rather than grants.

Your Committee has amended this bill by exempting purchase of service contracts with private sector entities for community-based, family-centered, early intervention services from the civil service, compensation, and collective bargaining laws to prevent the possibility that these contracts may be declared void in light of the Hawaii Supreme Court's decision in Konno v. County of Hawaii, 85 Haw. 61, 937 P.2d 397 (1997).

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2848, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2848, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 3 (Ihara, McCartney, Anderson).

SCRep. 2495 Ways and Means on S.B. No. 2883

The purpose of this bill is to allow the Public Employees Compensation Appeals Board to videoconference its hearings.

Videoconferencing is a system that allows audio and visual interaction between board members and individuals appearing before them. Your Committee finds that videoconferencing will allow the Board to utilize current technology to not only reduce its inter-island travel costs and expenses but to also insure the accessibility of the board as it performs its statutory duties.

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

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2883, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2883, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2496 Ways and Means on S.B. No. 3123

The purpose of this bill is to require the Department of Human Services to develop and implement a new methodology for the distribution of QUEST funds that is based upon patient health risk characteristics.

This bill ensures that funds appropriated for Medicaid managed care services through the QUEST program are distributed equitably to health plans and to providers of care, by improving the compensation system to plans and providers that care for the most gravely ill enrollees in QUEST. Your Committee finds that the current capitation methodology of managed care in QUEST is an outdated pre-QUEST fee-for-service payment plan that is based predominantly on a healthy population, rather than the current managed care system. The result is that those plans and providers (community health centers) serving adverse risk groups, such as the poor and elderly, are inadequately compensated under QUEST. This results in compromising their ability to provide adequate health care to critical populations. This bill is an effort to redress the problem.

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

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3123, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3123, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 11. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 2497 Ways and Means on S.B. No. 2986

The purpose of this bill is to appropriate funds to the Department of Human Services so that the Department can prepare a waiver application to be submitted to the federal Health Care Financing Administration.

Specifically, the waiver application will include a demonstration managed care program centering on home- and community-based services that will be contracted out to a health plan. The program will integrate preventive, primary, acute care, and long-term care services.

Your Committee finds that at present long-term care recipients are confined in costly nursing facilities that are reimbursed by Medicaid. A potential and significant cost savings could be realized if the recipients were to receive reimbursable services in less restrictive home- and community-based settings such as that to be demonstrated in this measure.

Your Committee has amended this measure as follows:

- (1) By changing the appropriation figure to a blank amount for purposes of continued discussion on the matter; and
- (2) By requiring the Department of Human Services to report on the waiver application as well as the demonstration program.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2986, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2986, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2498 Ways and Means on S.B. No. 3227

The purpose of this bill is to redistribute funds for children's mental health services in compliance with the Felix v. Cayetano consent decree.

In addition, this bill requires the Department of Health to include funds for children's mental health services in future budgets, beginning in fiscal year 2000 and each fiscal year thereafter, in order to address the needs of this population.

Your Committee finds that children's mental health services have been neglected in Hawaii, and that it is imperative that the State make the most of limited funds to ensure that prevention and early intervention services are maintained for infants and toddlers as well as school-aged children. Your Committee has further amended the bill to make technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3227, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3227, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 2499 Ways and Means on S.B. No. 705

The purpose of this bill is to increase the number of personnel hired by the judiciary who are exempt from the civil service law.

Specifically, this bill adds to the exemptions from civil service a secretary for the Judicial Council, and four law clerks, one each for the Civil Motions Judge and the Civil Administrative Judge for the Circuit Court of the First Circuit and one each for the Criminal Motions Judge and the Criminal Administrative Judge of the Circuit Court for the First Circuit. Additionally, this bill moves the exempt law clerk for the Administrative Judge of the Family Court of the Fifth Circuit to the Senior Judge of the Family Court of the First Circuit.

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

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 705, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 705, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2500 Ways and Means on S.B. No. 2684

The purpose of this bill is to require that in any modification of hours and days of office hours by state or county executive order or directive, that the number of hours provided for public business remains the same.

Your Committee finds that this bill, while allowing more flexibility if and when more flexible work time is offered to public employees, ensures that offices will remain open for public business for an equivalent number of hours. Your Committee believes that the public should not be shortchanged in terms of access to public services.

Your Committee finds that as more and novel solutions are sought to reduce employee commute time, or to provide more flexibility for parents to attend their children's school and after school activities, work hours will have to be modified. Thus, the language provided in this bill will permit the State or county to make corresponding modifications to the service hours to accommodate these changes while assuring the public that services will not be reduced.

Your Committee amended this bill by making technical, nonsubstantive correction to page 1, line 12.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2684, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2684, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2501 Ways and Means on S.B. No. 2326

The purpose of this bill is to exempt Hawaii Employers' Mutual Insurance Company's (HEMIC) first \$25,000,000 in annual written premiums from assessments by the Hawaii hurricane relief fund.

Additionally, this bill also creates an oversight council for the Hawaii Employers' Mutual Insurance Company, a legislatively created nonprofit, independent corporation. Specifically, this bill establishes the oversight council within the Department of Commerce and Consumer Affairs to review and determine whether the HEMIC is fulfilling its purposes, and to report its findings to the Governor.

Your Committee finds that clarification is necessary to affirm that the Act which created HEMIC was intended to exempt HEMIC from Hawaii Hurricane Relief Fund assessments as well as to exempt HEMIC from surplus requirements.

Your Committee also finds that creation of the oversight council attached to a public agency is necessary for the State to ensure that the independent HEMIC continues to provide reliable, affordable workers' compensation to Hawaii employers.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2326, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2502 Ways and Means on S.B. No. 2123

The purpose of this bill is to allow the Chief Election Officer to authorize compensation for the members of the Board of Registration to be established by rule instead of the statutorily provided compensation of \$70 per day and necessary expenses.

Your Committee finds that allowing changes or adjustments to compensation to the Board by rule will promote flexibility and fairness in the development of the compensation schedule. This is preferable to the rigidity inherent in the present method of establishment by statute.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2123 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2503 Ways and Means on S.B. No. 2314

The purpose of this bill is to require the Judiciary to include in its budget request to the Legislature the amounts that will be due on unpaid financing agreements for the requested budget period.

Your Committee believes that such information, which is already required of the Governor for executive agencies, will promote public accountability of Judiciary expenses.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2314 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2504 Ways and Means on S.B. No. 2319

The purpose of this bill is to establish a special fund for the purpose of funding the collection of delinquent fines.

In addition, this bill allows the Judiciary to contract with collection agencies for the collection of delinquent fines, and allows the Judiciary to assess a reasonable fee on any fine or restitution imposed by court order for expenses incurred by the Judiciary as a result of actions taken to enforce the collection of delinquent fines or restitution.

Your Committee agrees that this bill addresses the growing problem associated with the collection of delinquent fines or restitution in the courts by establishing a special fund and allowing the Judiciary to contract with collection agencies, which will enable the Judiciary to use more effective collection mechanisms to pursue a significant source of state funds.

Upon further consideration, your Committee has amended this bill by:

- (1) Deleting the appropriation section;
- (2) Amending section 706-643(2), Hawaii Revised Statutes, to exempt the deposit of moneys collected from administrative fees into the special fund from existing statutory law requiring all fines and other final payments received by the court to be deposited in the state general fund; and
- (3) Making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2319, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2319, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2505 Ways and Means on S.B. No. 2705

The purpose of this bill is to increase the length of incarceration for dangerous drug offenses involving crystal methamphetamine.

Specifically, the bill clarifies that the mandatory terms of imprisonment provided for the possession, distribution, or manufacture of methamphetamine are in addition to, and not in lieu of, other mandatory minimum terms of imprisonment that may be imposed. The bill also specifies that a person commits the offense of promoting a dangerous drug in the second degree by possessing one or more preparations, compounds, mixtures, or substances of an aggregate weight of one-fourth ounce or more, containing one or more of any other dangerous drugs not already specified.

Last year, in response to the growing concern over trafficking of crystal methamphetamine, the Legislature initiated stronger sanctions against persons who manufacture and distribute crystal methamphetamine by imposing mandatory minimum prison terms. To ensure the effectiveness of these measures, your Committee finds that this bill is necessary to prevent these mandatory minimum terms from being imposed concurrently with any other mandatory minimum terms that may be imposed under law.

Your Committee has amended this bill by making a technical, nonsubstantive change for purposes of conforming to proper ramseyer style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2705, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2705, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2506 Ways and Means on S.B. No. 2782

The purpose of this bill is to appropriate funds to satisfy claims and judgments against, and settlements made with, the State.

Your Committee finds that this bill contains thirty claims, twenty-five of which are settlements and the remaining five which are judgments. Your Committee notes the testimony of the Office of the Attorney General submitted to the Committee on Judiciary that state policies and procedures are being reviewed to avoid the repetition of claims contained herein.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2782 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2507 Ways and Means on S.B. No. 2945

The purpose of this bill is to enhance indigent legal services by improving the administration of the indigent legal assistance fund.

Specifically, this bill transfers the administration of the fund from the Office of Community Services to the Administrative Director of the Courts and requires the expedient expenditure of moneys in the fund. This change is necessary to insure that moneys in the fund are not left idle because of administrative inattention. The bill also repeals the scheduled June 30, 1999, termination of the fund and requires an annual review of the fund and report thereof to the Legislature.

Your Committee is confident that these proposed changes will enhance the administration of the fund and provide indigent legal services in a more efficient and effective manner.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2945, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2508 Ways and Means on S.B. No. 2909

The purpose of this bill is to authorize the Department of Transportation to issue refunding special facility revenue bonds.

The bill also requires the indemnification of the State with respect to airport special facility revenue bonds. Specifically, the bill requires the purchase of builder's risk, comprehensive, risk casualty, workers' compensation, employer's and aircraft liability insurance.

Your Committee has amended the bill by increasing the amount of special facility revenue bonds the Department of Transportation may issue from \$100,000,000 to \$200,000,000. Your Committee has also made technical changes that have no substantive effect.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2909, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2909, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2509 Ways and Means on S.B. No. 2914

The purpose of this bill is to modify certain procedural requirements applicable to commercial driver licenses.

Specifically, this bill:

- (1) Allows reactivation of an expired commercial driver's license within one year of expiration without requiring the driver to take the driving skills test, but requiring a fee of \$5 per thirty-day period or fraction thereof, after a ninety-day grace period;
- (2) Extends from four to six years the validity of a commercial driver's license except for licensees seventy-two years old or more (instead of sixty-five years old or more) whose licenses would expire on the licensee's second birthday following issuance; and
- (3) Removes the requirement that applicants for renewal of a commercial driver's license pass a knowledge test, but continues the knowledge test for hazardous materials endorsement.

Your Committee finds that the removal of the knowledge test for renewal of a commercial driver's license follows the practice of not requiring a written test for renewal of a regular driver's license. Your Committee also finds that the increased lifespan and

improved health of our population warrants the extension of renewal from four to six years and the increase in age from sixty-five to seventy-two years.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2914, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2510 Ways and Means on S.B. No. 2559

The purpose of this bill is to relieve the Department of Labor and Industrial Relations of the responsibility for regulating the manufacture, storage, and transport of explosives.

In addition, this bill:

- (1) Extends the regulation of explosives by the Department of Labor and Industrial Relations to specifically include corporations, partnerships, associations, associations of dealers, and other forms of business enterprise;
- (2) Requires all persons, including dealers, to obtain a certificate of fitness from the Department of Labor and Industrial Relations in order to store, deal in, or possess explosives;
- (3) Repeals the requirement that a person obtain a permit from the Department of Labor and Industrial Relations in order to purchase, deal in, sell, or deliver explosives;
- (4) Repeals the authority of the Governor to purchase, seize, and hold all explosives possessed or controlled by other persons during times of national emergency or crisis;
- (5) Exempts state and county police and fire departments from the requirement of having to possess certificates of fitness; and
- (6) Appropriates \$19,000 to the Department of Labor and Industrial Relations for necessary operational expenses to administer the permit process for explosives.

Your Committee has amended this bill by deleting the appropriation for necessary operational expenses to administer the permit process for explosives.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2559, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2559, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Iwase, McCartney, Anderson).

SCRep. 2511 Ways and Means on S.B. No. 2910

The purpose of this bill is to authorize the Governor to set aside public lands for use as airports, highways, and harbors without the prior approval of the Board of Land and Natural Resources.

This bill also authorizes the Department of Transportation to enter into contracts, leases, licenses, and other arrangements to permit other persons to use the commercial harbors and maritime facilities that the Department operates.

Your Committee believes that this measure provides the Governor and the Department of Transportation with flexibility in being able to quickly deploy available public lands in order to facilitate interstate and international commerce with and transiting through the State.

Your Committee has amended this measure by making several technical, nonsubstantive changes for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2910, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2910, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2512 Ways and Means on S.B. No. 2228

The purpose of this bill is to provide equity to motor carriers that are taxed twice when subcontracting the services of another motor carrier.

The bill also excludes "tour packagers" from the definition of "carrier" and includes the transportation of "persons" in the definition of "motor carrier". Finally, the bill generally allows accounts charged off for income tax purposes to be deducted from the public service company tax.

Your Committee received testimony from the Department of Taxation, the Tax Foundation of Hawaii, and Roberts Hawaii.

Your Committee finds that a motor carrier that subcontracts part of a job to another motor carrier is taxed on the entire amount of the services provided, even though part of the services is provided by the subcontracting motor carrier. For tax purposes, the subcontracting motor carrier is taxed on the services it provides, but the contracting motor carrier is taxed on not only the services that it provides, but also on the services that were subcontracted. This bill would resolve this inequity and eliminate the taxation of the contracting motor carrier on two levels by requiring that each motor carrier pay taxes in proportion to the services that they provide.

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

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2228, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2228, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Iwase, Kawamoto, McCartney).

SCRep. 2513 Ways and Means on S.B. No. 2340

The purpose of this bill is to regulate the profession of marriage and family therapy.

Your Committee finds that persons engaged in the profession of marriage and family therapy have the potential to help or harm individuals and families, depending upon the skills and training of the individual therapist involved. Without some type of regulation, anyone who professes to be a marriage and family therapist can charge for services as a therapist and individuals who are at a vulnerable period of their lives are at risk both financially and emotionally if the therapist is not adequately trained. Your Committee also finds that recent developments in the effort to protect children, including the consent decree in *Felix v. Waihee* and the need to reduce child abuse raise demands for wider application of therapy for the whole family unit. Regulating marriage and family therapists will allow insurance providers to reimburse users of this service while assuring quality of service.

Your Committee has amended this bill by adding clarifying language on page 10, line 13, and page 12, line 1, and by making other minor technical nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2340, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2340, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Chun Oakland, Fernandes Salling, McCartney, Anderson).

SCRep. 2514 Ways and Means on S.B. No. 3213

The purpose of this bill is to require insurance general agents, subagents, solicitors, and adjusters to complete continuing education courses in order to renew their licenses.

Furthermore, this bill creates a continuing education board to assist the Insurance Commissioner in overseeing the continuing education requirement. This bill also establishes a revolving fund to support the Commissioner's efforts at licensing administration, including monitoring continuing education compliance.

Testimony in support of this measure was received from the Department of Commerce and Consumer Affairs, the Hawaii State Association of Life Underwriters, State Farm Insurance Companies, Hawaii Independent Insurance Agents Association, and a concerned citizen. No testimony was received in opposition to the measure.

Your Committee finds that implementing a continuing education program will revitalize the economic opportunities of licensees under article 9 of the insurance code. The program will entitle licensees in this State to become licensed through reciprocity in other states. They will not need to take another state's licensing exam in order to sell insurance products in that other state.

Your Committee has amended this measure by:

- (1) Deleting adjusters from the continuing education requirements;
- (2) Reducing the required number of credit hours for license renewals from thirty hours to twenty hours for a single class of insurance and from forty-five hours to thirty hours for both classes of insurance;
- (3) Clarifying that continuing education requirements may be met through in-house courses;
- (4) Specifying that all licensing fees shall be deposited into the insurance licensing administration revolving fund rather than general fund;
- (5) Requiring a one-time assessment of licensees in order to capitalize the revolving fund; and
- (6) Making some technical, non-substantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3213, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3213, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Iwase, Kawamoto, McCartney).

SCRep. 2515 Ways and Means on S.B. No. 3024

The purpose of this bill is to establish an animal quarantine special fund to be administered by the Board of Agriculture.

This bill requires that all moneys received under the rabies prevention program for cats, dogs, and other carnivores be deposited into the newly established animal quarantine special fund. Previously, the fees for the rabies prevention programs were deposited into the general fund. The money in the special fund will be used to pay the expenses of the program and no general funds will be needed for the operation of the program. Creating a special fund for the animal quarantine rabies prevention program will enable the program to be self-sustaining.

Your Committee has amended this bill by:

- (1) Limiting the use of reserves within the special fund to accrued vacation leave, unemployment insurance, and workers' compensation in order to prevent abuse; and
- (2) Making a technical nonsubstantive correction.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3024, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3024, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2516 Ways and Means on S.B. No. 3025

The purpose of this bill is to establish a milk control special fund to be administered by the Department of Agriculture.

Your Committee agrees with the intent of this bill, and finds that the special fund created by the bill will assist in covering expenditures under the Milk Control Act, including such items as salaries, operating expenses, and contracts for services. Upon further consideration, your Committee has amended the bill by deleting the word "contingency" and limiting reserve funds to cover costs for accrued vacation leave, unemployment insurance, and workers' compensation in order to prevent potential abuse of funds for unrelated expenses.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3025, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3025, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2517 Ways and Means on S.B. No. 3064

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist the Natural Energy Laboratory of Hawaii Authority in the construction and installation of new seawater pipelines and distribution infrastructure.

Your Committee finds that this bill supports the type of economic development that is consistent with the goals of diversifying the State's economic base, capitalizing on the State's unique ocean resources in a sustainable manner, and developing a strong science and technology base.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3064 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2518 Ways and Means on S.B. No. 3075

The purpose of this bill is to amend the exemption for transactions between related entities under the general excise tax law.

Your Committee received testimony in support of this bill from Sprint and the Department of Taxation with suggested amendments. The Tax Foundation of Hawaii submitted comments.

Your Committee has amended this bill, as suggested by the Department and Sprint, deleting its contents and inserting an amendment to section 237-24.7, Hawaii Revised Statutes, and changing the effective date to July 1, 1998, as applied to gross income or grossed received on or after that date. This amendment will provide an exemption from the general excise tax for amounts received by a centralized management company as reimbursements of employee payroll benefit costs incurred in managing or operating related entities selling telecommunications services.

Your Committee finds that in the situation being addressed, a centralized management company employs many employees that are then assigned to perform day-to-day management and operating activities of other companies related to the centralized management company. The other companies then reimburse the centralized management company for the payroll and employee benefit costs. If the employees were paid directly by the related entities, their payroll and benefits would not be subject to the general excise tax. It is this reimbursement to the centralized management company that the law does not recognize as employee payroll and benefit costs and subjects them to taxation.

This situation is similar to that of operators of hotels and orchards where what is exempted are the employee payroll and benefit costs which were never the target of the general excise tax. For hotel operators, orchards, and telecommunications management companies, it is the manner in which payroll and benefits are paid that subjects them to the general excise tax.

Your Committee finds that this exemption will encourage the continued development of telecommunications services in Hawaii. This exemption continues the path created by Act 225, Session Laws of Hawaii 1995, that deregulated telecommunications services in Hawaii, provided for universal service and its programs, and generally encouraged the growth of telecommunications in Hawaii. This bill will continue that encouragement and assist the economy of the State.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3075, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3075, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 5 (Iwase, Levin, McCartney, Taniguchi, Anderson).

SCRep. 2519 Ways and Means on S.B. No. 3070

The purpose of this bill is to provide a general excise tax exemption on funds received by registered nonprofit support groups that are organized to benefit or to assist public schools.

Your Committee received testimony in support of this bill from the Department of Education and the Hawaii Congress of Parents, Teachers and Students (Hawaii State Parent, Teachers and Students Association). Testimony in opposition to this bill was received from the Department of Taxation. Informational testimony was provided by the Tax Foundation of Hawaii.

Your Committee supports the creation of duly qualified nonprofit support groups to assist public schools to raise funds for educational equipment, programs, and supplies, by exempting those funds from the general excise tax.

Your Committee has amended this bill to add a general excise tax exemption on funds received from fundraising activities by tax exempt nonprofit organizations to benefit health and human services, and deleted the purpose section as no longer necessary.

Your Committee believes that excise tax exemptions for public education and for health and human services purposes is an excellent supplementation to general fund appropriations in these difficult fiscal times for the State.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3070, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3070, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Iwase, McCartney, Taniguchi, Anderson).

SCRep. 2520 Ways and Means on S.B. No. 2258

The purpose of this bill is to alleviate the pyramiding of the general excise tax on certain activities of the health care industry in order to reduce costs to the industry and to the consumers of health care services and delivery structures.

Your Committee received testimony in support of this bill from the Healthcare Association of Hawaii and State Health Planning and Development Agency. The Department of Taxation submitted comments on parts of the bill and in support of other parts of the bill. The Tax Foundation of Hawaii submitted comments.

Your Committee finds that the health care industry has grown to be the second largest industry in the State. The industry is made up of nonprofit entities and for-profit entities. When nonprofit entities seek to restructure or enter into economically efficient joint ventures and other combinations with health care plans, the general excise tax comes into play and some of these efficiencies are lost. The bill provides continued protection of tax-exempt income, which, but for this bill, would become taxable under many of the changes the health care industry must make.

Your Committee finds that if Hawaii is to become the health care center of the Pacific, changes must be made to the manner in which the industry is taxed under the general excise tax. This bill reduces the impact of the general excise tax on the health care industry. These changes will act to encourage the industry to become more efficient and will reduce the cost of health care for Hawaii's citizens. In addition, in order to encourage out-of-state residents to come to Hawaii for health care, amounts received by Hawaii health care providers from those referred will be exempt from the general excise tax. Finally, telemedicine consultations with out-of-state health care providers will be exempt from the general excise tax on any amount received for such consultations.

Your Committee finds that the taxation of the sale of equipment, prosthetic devices, and prescription drugs to health care facilities adds unnecessarily to the cost of medical care for Hawaii's citizens. This bill will exempt from the general excise tax the purchase in Hawaii or importation from out-of-state of prescription drugs and depreciable tangible personal property.

Your Committee agrees with testifiers that the delivery of health care in Hawaii and hopefully in the Pacific basin will assist in the revitalization of our economy. Currently, other states do not tax the delivery of health care, since they do not have a general excise tax. Alleviating the imposition of the general excise tax upon this part of the economy which consists uniquely of nonprofit and for-profit entities will contribute to our economy with the more efficient delivery of health care to our residents and others.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2258, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 5 (Ige, M., Iwase, McCartney, Taniguchi, Anderson).

SCRep. 2521 Ways and Means on S.B. No. 2746

The purpose of this bill is to create a Hawaii human services special fund which will be funded by the amounts of taxpayers' liability payments designated by the the taxpayer to be deposited into the Hawaii human services special fund.

Your Committee concurs with the finding of the Committee on Human Resources that the state human services programs and their beneficiaries are in need of support.

Upon consideration of all pertinent issues and the merits of this bill, your Committee has amended this bill by permitting amounts of taxpayers' income tax refund, rather than liability, to be designated by the taxpayers for deposit into the Hawaii human services special fund.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2746, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2746, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Iwase, Levin, McCartney).

SCRep. 2522 (Majority) Ways and Means on S.B. No. 2873

The purpose of this bill is to extend for another year the exemption of the Office of Youth Services from state and county requirements relating to planning, land use, and construction with respect to facilities on the grounds of the Hawaii Youth Correctional Facility.

Specifically, this bill:

- (1) Extends the exemption deadline from July 1, 1998 to July 1, 1999;
- (2) Despite the general exemption:
 - (A) Subjects the construction of a water tank by Mt. Olomana for the Hawaii Youth Correctional Facility to state and county approvals, permits, licenses, and environmental impact statements; and
 - (B) Removes the exemption with regard to construction and related activities on properties set aside in Kailua for correctional purposes.

Your Committee finds that a new youth correctional facility has been completed. However, the Office of Youth Services has only recently obtained funding to complete the construction and renovation of other necessary structures. An extended period of exemption from the approval and permitting requirements will allow the Office to complete those other structures in a timely manner.

Your Committee has amended this measure by changing the effective date from July 1, 1998 to June 30, 1998, and by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2873, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2873, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, 1 (Ige, M.). Excused, 3 (Iwase, Kawamoto, McCartney).

SCRep. 2523 Ways and Means on S.B. No. 2991

The purpose of this bill is to establish the Waipahu performance partnership, a five-year community-based pilot project to design and demonstrate a family and child service system.

Your Committee finds that interdepartmental decategorizing programs can achieve a more effective and efficient outcome than if each federal, state, and community agency narrowly focussed on only its part of the problem. The Waipahu performance partnership will be able to provide more flexible, individualized services to better serve the community, with improved accountability, performance incentives that promote innovation, and administrative simplification and savings.

Your Committee has amended the bill by expanding the representatives to the partnership to include the Department of Parks and Recreation of the City and County of Honolulu, a person selected by the Leeward YMCA, a person selected by the Leeward Community Children's Council, a person selected by the Hawaii State Foster Parents Association, and one parent selected by the principals of the Waipahu school complex. Your Committee stresses that input from the community is not limited to those categories of persons named in the bill.

Your Committee has also made technical nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2991, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2991, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Iwase, Kawamoto, McCartney).

SCRep. 2524 (Majority) Ways and Means on S.B. No. 3003

The purpose of this bill is to allow the Department of Human Services to contract with a public agency or private organization to administer the licensing of group child care homes and group child care centers, and the registration of family child care homes.

In addition, this bill allows the Department of Human Services to:

- (1) Establish reasonable fees for the issuance and renewal of licenses for group child care centers, which may include the costs of related inspections, investigations, and reviews; and
- (2) Establish a special fund for the purpose of receiving and disbursing the abovementioned licensing fees, which are to be used for conducting these inspections, investigations, and reviews.

Family child care homes are private homes at which care is provided for three to six children. Group child care centers are facilities, other than private homes, at which care is provided; and group child care homes are facilities that may be extended or modified private homes, at which care is provided for seven to twelve children.

Your Committee finds that because of the new demands being increasingly placed on, and the heavy workload already being shouldered by, the Department of Human Services, the Department should be given the authority to utilize other efficient and effective means for administering the licensing of group child care homes and group child care centers, and the registration of family child care homes. However, some early childhood educators and care providers continue to express concern about privatizing the child care licensing function presently performed by the Department of Human Services. These concerns need to be addressed as this measure moves forward.

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

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3003, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3003, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, 1 (Ige, M.). Excused, 2 (Taniguchi, Anderson).

SCRep. 2525 Ways and Means on S.B. No. 2880

The purpose of this bill is to allow the state and county human resources directors to reassign civil service classes to higher salary ranges.

The bill also allows members of the Public Employees Compensation Appeals Board to appoint their own alternates rather than having the Governor appoint the alternates and establishes an interim study group to develop a plan to reform the Public Employees Compensation Appeals Board process.

Your Committee has amended the bill by clarifying that the Director of Human Resources Development has the responsibility of establishing the interim study group under section 3 of the bill, by allowing designees to be appointed to the group, and by requiring the Department of Human Resources Development to provide the necessary administrative support for the group. Your Committee has also amended the bill by clarifying the notice provision for petitions for appeals under subsection 77-4(e), Hawaii Revised Statutes (page 5, line 16 of the bill), and by making technical changes that have no substantive effect.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2880, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2880, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Iwase, Kawamoto, McCartney).

SCRep. 2526 Ways and Means on S.B. No. 2557

The purpose of this bill is to clarify present law regarding the discretion of government entities to pay damages adjudged against employees acting in good faith and in the course and scope of their employment.

In particular, this bill allows government entities to indemnify officers, employees, or former employees for judgments, including punitive judgments, arising out of personal actions against those officers, employees, or former employees. In addition, the bill inserts the term "course and scope" to replace existing statutory language for the purpose of consistency with case law.

Your Committee received testimony in favor of this measure from the Hawaii County Corporation Counsel, the Kauai County Attorney, and the Hawaii Government Employees' Association.

Your Committee agrees with the intent of this bill, and finds that the possibility of the assessment of punitive damages has required government entities to retain private counsel for employees named in lawsuits in order to avoid conflicts of interest. Your Committee finds that this bill will help to assist government entities by reducing the often substantial expenditure of legal fees for this purpose.

Your Committee has further amended the bill to make technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2557, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2557, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Iwase, Kawamoto, McCartney).

SCRep. 2527 Ways and Means on S.B. No. 2904

The purpose of this bill is to appropriate moneys to fund awards made to victims by the Criminal Injuries Compensation Commission.

Your Committee finds that the purpose of these awards is to compensate victims for losses, including medical, hospital, counseling, and funeral expenses, suffered as a result of their victimization, when no other realistic recourse, such as restitution, is available to recompense victims. Your Committee further finds that this financial assistance frequently makes a critical difference as victims attempt to overcome the physical, psychological, and emotional injuries incurred as a result of criminal acts perpetrated against them.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2904, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2528 Ways and Means on S.B. No. 3183

The purpose of this bill is to require the Chief Election Officer to establish an elections advisory committee.

Your Committee finds that a politically diverse committee to provide citizen input in the electoral process will help to increase confidence in voting and civic activity. Over the years, the number of voters has fallen steadily, partly because of lack of confidence in and familiarity with the political process among the electorate. Citizens may feel that their single vote has little effect in improving society's problems or that there are sinister forces at work in the political system which subvert an honest citizen's effort to participate.

The elections advisory committee created by this bill is an attempt to correct these misconceptions by soliciting opinions and suggestions from various political parties, civic organizations, and government watchdog groups. Committee meetings will be subject to open meeting requirements so that any and all individuals would have a say in electoral activities.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3183, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2529 Ways and Means on S.B. No. 2394

The purpose of this bill is to authorize heads of state departments to obtain aid and cooperation from counties for joint projects and to protect counties from liability for their participation in any state project, program, or operation.

Your Committee finds that it is in the public interest for the State and counties to cooperate in providing much needed services to the public through joint intergovernmental projects. These joint intergovernmental projects benefit the general public since they avoid unnecessary duplication of services and allow the services to be provided in a faster and more efficient method. Examples of these joint state and county projects include development projects by the Department of Hawaiian Home Lands and the Housing Finance and Development Corporation, the providing of lifeguards by the counties at selected state beach parks, and education and work programs sponsored by the University of Hawaii community colleges.

Your Committee further finds that the counties are hesitant to enter into these joint projects since it would expose them to greater liability, especially in situations where their participation is limited. To address this concern, the counties have requested the sponsoring state department to indemnify and defend them in the event a lawsuit arises out of a state project. Certain state departments have indicated to the counties that they are not adverse to providing them such protection, but they need to have legislative authority to take such action.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2394, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2530 Ways and Means on S.B. No. 2063

The purpose of this bill is to redefine the relationship of state and county jurisdictions in the area of land planning and utilization.

Specifically, this bill:

- (1) Changes the name of the "State Land Use Commission" to the "State Planning Commission";

- (2) Gives the State Planning Commission sole authority to adjust land use district boundaries in the conservation and agricultural districts;
- (3) Gives the counties sole authority to adjust land use district boundaries in the urban and rural districts, and sole authority over zoning matters;
- (4) Requires the State Planning Commission to adopt a state land use strategy document to guide the decision making of the Commission and other appropriate state and county agencies in their planning activities;
- (5) Requires the state land use strategy document to identify state program priorities and concerns for the management of resources, facilities, and services under state jurisdiction within each county;
- (6) Requires the Office of Planning to prepare and periodically (i.e., every five years) review the state land use strategy document;
- (7) Allows open area recreational facilities, including golf courses and golf driving ranges, in the rural district; and disallows golf courses and golf driving ranges in the agricultural district;
- (8) Replaces the Land Study Bureau's soil classification system with a system based on the agricultural lands of importance to the State of Hawaii (ALISH) classification system, the land evaluation and site assessment (LESA) classification system, the Land Study Bureau's classification system, and the production of high-value and unique agricultural commodities;
- (9) Requires the counties to bring all county planning and zoning classifications into compliance with the new criteria for classifying agricultural, conservation, rural, and urban lands;
- (10) Requires the Office of Planning to prepare land use district classification maps showing those marginal lands in the agricultural district that should be reclassified to the urban, rural, or conservation districts;
- (11) Requires the Office of Planning to provide opportunities for public review and comment during the identification of areas for inclusion in or exclusion from the agricultural district and the delineation of the final proposed land use boundary amendments;
- (12) Requires the State Planning Commission to approve or disapprove the proposed land use district boundary amendments by an affirmative vote of two-thirds of the total membership of the Commission;
- (13) Allows a change in land use district classification resulting from a State Planning Commission decision to be appealed to the circuit court of the circuit in which the land in question is situated;
- (14) Increases the minimum lot size for agricultural uses in the agricultural district from one acre to five acres;
- (15) Requires the county planning departments to provide the State Planning Commission with an annual report on the status of the development of lands reclassified by the Commission;
- (16) Requires petitions for the reclassification of agricultural land to be submitted to the State Planning Commission in order to determine whether or not the lands are important agricultural lands;
- (17) Requires the formulation and revision of the state land use strategy document to be in conformance with the overall theme, goals, objectives, policies, and priority guidelines contained in the Hawaii State Planning Act;
- (18) Establishes an ad hoc State of Hawaii important agricultural lands commission to develop criteria, standards, and procedures for designating important agricultural lands to the State, and for guiding land use decision making involving important agricultural lands;
- (19) Requires the criteria and standards for the designation and reclassification of important agricultural lands to include quantitative and qualitative factors that consider land evaluation and land use assessment; and
- (20) Requires the ad hoc Commission to identify and develop criteria and standards necessary to provide uniform, statewide policy guidance for the planning and regulation of the use and management of important agricultural lands.

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

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2063, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2063, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2531 Ways and Means on S.B. No. 2065

The purpose of this bill is to reduce pyramiding of the general excise tax by reinstating the original package doctrine.

Testimony in support of this bill was received from the Hawaii Food Industry Association, Consulting Engineers Council of Hawaii, AIA Hawaii State Council, and Rainbow Inc. Testimony in opposition was submitted by the Department of Taxation. Comments were submitted by the Tax Foundation of Hawaii.

Your Committee finds that the "original package doctrine" was overruled by the United States Supreme Court and the Attorney General opined in 1994 that the doctrine no longer applied in Hawaii. Simply explained, the "original package doctrine" held that goods had not entered the State as long as they remained in their original package and were not sold at retail. This meant that goods in an original package could be sold by a number of wholesalers to other wholesalers without incurring the one-half per cent general excise tax. Without the original package doctrine in place, each of these sales by wholesalers to other wholesalers became taxable. Your Committee finds that this has increased pyramiding of the general excise tax in Hawaii.

Your Committee is in favor of alleviating pyramiding of the general excise tax. Your Committee has amended this bill to clearly exempt from the general excise tax gross proceeds or gross income received from the sale of tangible personal property imported from foreign or domestic sources to a licensed taxpayer for subsequent resale for the purpose of wholesale.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2065, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2065, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Iwase, McCartney, Taniguchi, Anderson).

SCRep. 2532 Ways and Means on S.B. No. 2215

The purpose of this bill is to amend the State's tax structure as proposed by the Governor's Economic Revitalization Task Force. The bill amends the tax structure by:

- (1) Reducing the individual income tax rates by thirty per cent on January 1, 1999, and by another ten per cent on January 1, 2001;
- (2) Reducing corporate and franchise taxes by fifty per cent;
- (3) Proposing a nonrefundable tax credit for individuals with a modified adjusted income of less than \$20,000 and increasing the food tax credit but limiting it to taxpayers under \$30,000;
- (4) Exempting exported services from the State and reducing the general excise tax on the resale of services to one-half per cent;
- (5) Increasing the general excise tax to 5.35 per cent;
- (6) Subjecting imported services to the use tax;
- (7) Increasing the use tax to 5.35 per cent; and
- (8) Making other related amendments to the tax code.

Testimony in support of this bill was received from the Governor, Department of Taxation, Department of Business, Economic Development, and Tourism, Bank of Hawaii, Retail Merchants of Hawaii, Child and Family Services, AIA Hawaii State Council, Kaiser Permanente, Building Industry Association of Hawaii, Hawaii Government Employees Association, Hawaii Government Employees Association Retirees Unit, and Pacific Resource Partnership.

Testimony supporting in part and opposing in part was submitted by the Hawaii Food Industry Association and Welfare & Employment Rights Coalition.

Testimony opposing the bill in whole or in part was submitted by the Hawaii State Commission on the Status of Women, The League of Women Voters, Office of the Mayor of Maui, National Federation of Independent Business, Kauai Economic Development Board, Hawaii Association of Realtors, Coalition for Economic Justice for All, Libertarian Party of Hawaii, Kalihi Business Association, American Association of Retired Persons, Small Business Hawaii Legislative Action Committee, ILWU, American Friends Service Committee, a member of the House of Representatives, twelve businesses, and six individuals.

Comments were submitted by the Tax Foundation of Hawaii, Democratic Party of Hawaii, Affordable Housing and Homeless Alliance, and two individuals.

Your Committee finds that the Economic Revitalization Task Force presented a bold plan for change in the tax area.

Among the objectives which the Task Force sought to achieve is to reduce the cost of living and doing business in Hawaii. Its considerations focused on the tax structure and how changes in the structure could stimulate the economy and attract new investment in the future. Your Committee agrees with the objective, and it also agrees that changes in the tax structure, which have not undergone any significant change since 1965, could be vital to revitalizing the economy.

Much of the discussion over the Task Force's recommendations, in general, and much of the testimony on this bill, in particular, have centered on the proposal to increase the general excise tax. The proposal has generated widespread opposition, especially from the small business community, retired persons, and others. The arguments are well-known: the tax is regressive, falling heavily on those with fixed and lower incomes; it is a burden on businesses, especially those that are new and have not yet turned a profit and those that find it difficult to pass on the tax to consumers; and any increase will add to the cost of living and the cost of doing business. For these reasons and the concern that a tax package which mixes tax reductions and tax increases would have uncertain results and might lessen the effectiveness of stimulating the economy, your Committee believes that the focus of this bill should be on tax reductions in order to encourage the economy, all small and large businesses, and individuals.

Without an increase in the general excise tax or the introduction of some other source of revenues, the question remains how the tax reductions proposed in this bill can be accommodated. The answer is that it can only be accommodated through a reduction of

state government expenditures. Your Committee will address this issue through its actions on the state budget as well as in separate measures designed to bring down the costs of state government. Clearly, there can be no gain without pain, and sacrifices must be made now in order to bring about the greater good of a broad, economic recovery for all of Hawaii.

In recent weeks and accelerated in recent days, the reports of significant job layoffs in some of Hawaii's most stalwart companies and institutions show how perilous the situation has become, and it may yet worsen. Some of the circumstances are beyond the State's control, tied as they are to larger, global conditions and events. But state taxes are the responsibility of the legislature, completely within its control, and your Committee urges prompt and decisive legislative action to enact tax reductions to revitalize the economy.

Your Committee has amended this bill by deleting the increase to the general excise tax, all related amendments, and the reduction of the tax rate on the resale of services. The income tax brackets and rates have been rewritten to reflect the the Governor's suggested changes to them on February 4, 1998, including the change to a thirty per cent reduction in the tax rates for corporations and franchise taxpayers.

Your Committee has added a provision to the bill exempting food purchases for home consumption from the general excise tax and has also deleted the nonrefundable individual income tax credit and repealed the food tax credit as no longer necessary. The provision concerning the export of services has been retained. The provisions taxing the importation of services have been retained but rewritten to conform to the deletion of the resale of services provision.

Your Committee has amended the bill by adding provisions to the bill requiring corporations and financial institutions to:

- (1) Use some of their tax savings to assist the department of business, economic development, and tourism to assist new and emerging industries with good growth potential or prospects in jobs, exports, and new products to start or expand operations in this State. The director of business, economic development, and tourism is required to report to the legislature twenty days before the regular session of 2000 and each session thereafter on the monetary amounts made available or in kind assistance provided as required by this provision;
- (2) Commit not less than seventy-five per cent of the tax savings by corporations for matching federal funds provided by the National Institute for Standards and Technology for the operation of a Manufacturing Extension Partnership in Hawaii;
- (3) Commit not less than seventy-five per cent of the tax savings by financial institutions to loans to small businesses; and
- (4) Providing a five year drop dead for both corporate and financial institution tax reductions.

Your Committee also made technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2215, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2215, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Iwase, Levin, McCartney, Anderson).

SCRep. 2533 Ways and Means on S.B. No. 2434

The purpose of this bill is to reduce corporate and individual income taxes and to address the pyramiding effect of the State's general excise tax.

Your Committee received testimony in support of the bill from Rosehill and Associates, the National Federation of Small Business, and a small business owner. The Department of Taxation and the Tax Foundation of Hawaii submitted comments on the measure.

Your Committee has amended the bill as received by:

- (1) Deleting sections 1 through 13, 15, and 16;
- (2) Amending section 14 to change the formula for receiving a tax deduction to offset the pyramiding of the general excise tax on the subleasing of real property by stating that the tax deduction originally allowed for the 1998 calendar year shall only apply to the last quarter of 1998; and
- (3) Renumbering the sections and making the bill effective upon approval.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2434, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2434, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Iwase, McCartney, Taniguchi, Anderson).

SCRep. 2534 Ways and Means on S.B. No. 3004

The purpose of this bill is to adopt the amendments made to the federal Internal Revenue Code by Congress during the calendar year 1997.

Your Committee considered a proposed Senate Draft 1 at a hearing on February 17, 1998. Testimony in support of the proposed Senate Draft 1 was submitted by the Department of Taxation, the Hawaii Association of Realtors, and the American Association of Retired Persons. The Tax Foundation of Hawaii submitted comments.

Your Committee finds that the proposed draft adopts the appropriate provisions of the Balanced Budget Act of 1997, Public Law 105-33, the Taxpayer Relief Act of 1997, Public Law 105-34, and the Taxpayer Browsing Act of 1997, Public Law 105-35 enacted by Congress during 1997.

Your Committee notes the following changes made to the Internal Revenue Code that are adopted by this proposed draft.

- (1) Section 1 of the bill adopts the Code for Hawaii as of December 31, 1997, and adopts Code section 1(h)(3) relating to the reduction of net capital gain for investment income taken into account;
- (2) Some of the Code provisions that are adopted include:
 - (A) Expanded individual retirement accounts for active pension plan participants;
 - (B) Elimination of the ten per cent early withdrawal penalty on individual retirement account funds if the proceeds are used to purchase homes for first time buyers;
 - (C) Nondeductible Roth individual retirement accounts which allow the tax free accumulation and distribution of income;
 - (D) Expansion of the definition of activities for home offices;
 - (E) Deduction before adjusted gross income for interest expense on higher education loans up to \$1,000;
 - (F) Recognition of gifts of computers from corporations to elementary and secondary schools to be treated similarly to charitable contributions of inventory for the care of the ill, needy, and infants;
 - (G) Increasing the percentage of health care insurance expenses to be deducted by the self-employed to one hundred per cent by 2007;
- (3) Section 2 of the proposed draft adopts:
 - (A) Code section 72 with regard to annuities, except that it is made clear that the ten per cent penalty on the early distribution from retirement plans is not operative in this State;
 - (B) Code section 121 which allows the exclusion of \$500,000 (\$250,000 if single) of capital gain upon the sale of a house. In addition Code section 1034 allowing roll-overs of capital gain by purchasing a new house is repealed;
 - (C) Code section 685 which allows preneed funeral trusts to file tax returns on behalf of the beneficiary and to pay the income tax on the income earned during the taxable year;
 - (D) Repeal of Code sections 6241 to 6245 for state purposes as they were repealed by Congress;
 - (E) Code sections 6240 to 6255 to be operative and relate to simplified audit procedures for electing large partnerships;
- (4) Section 3 of the proposed draft amends section 235-71.5, Hawaii Revised Statutes (HRS), to make it clear that the alternative tax for corporations in Hawaii remains the same and the Code amendments allowing the use of the lesser of net capital gain or taxable income do not apply;
- (5) Section 4 of the proposed draft adopts Code provisions establishing a safe harbor for the underpayment of estimated income taxes similar to the Code.

Your Committee has amended this proposed Senate Draft by:

- (1) Adding a new section adopting the HOPE scholarship credit and lifetime learning credit. These credits are limited to educational institutions in Hawaii. The HOPE scholarship credit allows a maximum credit of \$1,500 per student for each of the first two years of post-secondary education, and the lifetime learning credit allows a credit of twenty per cent of qualified tuition expenses paid by the taxpayer in any year the HOPE credit is not claimed.
- (2) Repealed the limit on deductions for long-term care insurance and services so that Hawaii residents can claim on Hawaii income taxes the same as they can for federal income taxes.
- (1) Clarifying that Code section 1034, although repealed remains effective for transitional purposes for those having a contract to build a house on the effective date of the Code amendments and others that fall into other transitional categories. The reference to Code section 1034 in section 235-2.4, HRS, has been retained and a repeal date of December 31, 2000, has been added. The provisions of section 235-2.4, HRS, adopting Code section 121 have been amended to make a reference to the subsection that makes Code section 1034 operative.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3004, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3004, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Iwase, McCartney, Taniguchi, Anderson).

SCRep. 2535 Ways and Means on S.B. No. 3006

The purpose of this bill is to allow collection agencies to collect their fees directly from a delinquent taxpayer when under contract with the department of taxation to collect delinquent taxes.

Your Committee received testimony in support of this measure from the Department of Taxation. The Tax Foundation of Hawaii submitted comments.

Your Committee finds that currently the department is authorized to contract with collection agencies to collect delinquent taxes and the agencies are paid a fee based on a per cent of the amount collected. By law, the department may recover collection agency fees from the delinquent taxpayer, but collection agencies are not allowed to collect directly from any debtor.

Your Committee believes this bill will streamline the collection process, while keeping appropriate safeguards in place for the public.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3006 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Iwase, Levin, McCartney, Anderson).

SCRep. 2536 (Majority) Government Operations and Housing on S.B. No. 2148

The purpose of this bill is to permit the board of land and natural resources to negotiate an extension on a lease or a new lease for public lands under specific conditions in order to enable the lessee to fund replacement reserves or other maintenance and improvement projects.

Ala Kai Realty, Inc. submitted testimony in support of this bill. The Board of Land and Natural Resources submitted testimony opposing this bill.

Your Committee received testimony indicating that the lease term limitations imposed by law that limits leases on public lands to a maximum of sixty-five years without extension is making it difficult for people to comply with other laws relating to condominiums.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that the extension of leases on public lands should be permitted and has amended this bill by replacing the contents of this bill with language that permits all lessees of public land to exercise a one-time extension of their lease at their option.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2148, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2148, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 2. Noes, 1 (Ige, M.). Excused, 1 (Matsunaga).

SCRep. 2537 Government Operations and Housing on S.B. No. 3113

The purpose of this bill is to prohibit an owner of more than one apartment in a condominium to have a representative on the board of directors from every apartment owned by that owner.

The Community Associations Institute, Waikiki Area Action Association, Lam Associates, and two hundred twenty-seven individual condominium apartment owners submitted testimony in support of this bill.

The Real Estate Commission submitted testimony opposing this bill as currently drafted because of issues possibly raised by retrospective application of this bill and its effect on the vested constitutional property rights of the apartment owners.

Your Committee received testimony describing the oppressive representative structure of the board of directors that is permitted under current law. By law, representation on the board of directors is apartment-based where there shall only be one representative on the board of directors from any one apartment. To illustrate, one owner of five apartments may have five representatives, one from each apartment, on the board of directors. One owner of one apartment may only have one representative. Therefore, an owner of multiple units, or a block owner, has the capability to takeover the board of directors and dictate its actions and policies. This bill limits a block owner to one representative on the board of directors to guarantee all owners fair and equal representation.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that current law does permit abuse of the board of directors structure. However, your Committee acknowledges the constitutional issues raised by the Real Estate Commission. Therefore, your Committee has amended this bill by replacing its contents with language that permits the apartment owners to initiate a vote for the purpose of amending the bylaws to require that the board of directors reflect the proportionate number of apartments for a particular use, as set forth in the condominium declaration.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3113, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3113, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2538 Commerce, Consumer Protection, and Information Technology on S.B. No. 2129

The purpose of this bill is to repeal the requirement that the State Ethics Commission (Commission) establish and maintain a list of all persons who examine financial disclosure statements of public officials who are required to file disclosures.

Your Committee received written testimony in support of this bill from the Commission.

Section 84-31.5, Hawaii Revised Statutes, required the Commission to maintain a list of all persons who examine the public disclosure records of certain high ranking public officials. This section was struck down as being unconstitutional in *Boyer v. State of Hawaii*, Civil No. 90-3514-11 (First Circuit Court). The decision was not appealed. The Commission stated in its testimony that it agreed with this decision. This bill conforms statutory law to case law, which is superior in this instance because the holding involved constitutional issues.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2129 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2539 Commerce, Consumer Protection, and Information Technology on S.B. No. 2308

The purpose of this bill is to amend section 302A-425, Hawaii Revised Statutes, to define the purpose of trade, vocational, and technical school licensing and regulation as the protection of consumers from false, deceptive, misleading, or unfair practices.

Your Committee received testimony in support of this measure from the State Auditor.

Your Committee finds that in response to Senate Concurrent Resolution No. 128, Regular Session of 1997, the Auditor completed a study to determine whether to continue regulation of massage schools by the Department of Education. In the course of this review, the Auditor found that without a purpose clause in the pertinent sections of the law, assessing the effectiveness of licensing was difficult to determine.

Your Committee believes this measure will provide such guidance by clarifying the intent and licensing responsibilities of the State and the oversight agency, and providing further protections for Hawaii's consumers.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2308 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2540 Commerce, Consumer Protection, and Information Technology on S.B. No. 2516

The purpose of this bill is to facilitate the tracking of stolen property by the police by:

- (1) Requiring a thumbprint on pawnbrokers record of transactions;
- (2) Increasing the minimum retention of items period from 10 working days to 60 calendar days; and
- (3) Allowing reduction of the minimum retention of items period to 21 calendar days upon approval of the chief of police in each county.

The bill also adds a definition for "antique dealer" to the laws regulating pawnbrokers and secondhand dealers.

Your Committee received testimony in support of this measure from the Honolulu Police Department. Two pawnbrokers and an attorney submitted testimony supporting this measure with amendments. Testimony opposing this measure in its current form was received from Hawaii Pawnbrokers Association.

Your Committee addressed the issue of increasing the minimum retention of items period (holding period) last session. In an amendment to H.B. No. 1049 your Committee increased the retention of items period to 30-days for counties with a population of 300,000 or more, and increased the retention of items period for counties with a population lower than 300,000 to 15 days.

Your Committee felt it made sense to increase the holding period for items received by pawnbrokers in Honolulu since police have a broader area and more pawn shops to monitor for the recovery of stolen goods. However, your Committee felt the same increased holding period was not necessary on the neighbor islands due to the limited number of neighbor island pawnbrokers.

Your Committee believes these increases, after balancing law enforcement's objective of recovering stolen property versus the business burden placed on pawnbrokers, are still feasible.

Your Committee notes that a member of the Honolulu police department testified that law enforcement was willing to work to reduce the 60 day holding period it proposed in the bill.

Your Committee notes that there may be a possible constitutional problem with giving to the chief of police in each county discretion to lower the retention of items period.

Your Committee amended the bill by:

- (1) Replacing the 60 calendar days minimum retention of items period with 15 calendar days in counties with a population of less than 300,000, and 30 calendar days in counties with a population of 300,000 or more;
- (2) Deleting subsection (b) which gave the chief of police in each county the discretion to reduce the holding period to 21 calendar days; and
- (3) Making technical, nonsubstantive changes for clarity and proper drafting style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2516, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2516, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2541 Commerce, Consumer Protection, and Information Technology on S.B. No. 2802

The purpose of this bill is to change the name of the Business Permits Service Center to the Business Action Center, augment the duties and activities of the Center, and eliminate obsolete functions.

The Department of Business, Economic Development, and Tourism (DBEDT) and the Hawaii Restaurant Association (HRA) submitted testimony in support of this bill.

Your Committee received testimony from the HRA indicating that the Business Action Center has been a great resource for Hawaii businesses. DBEDT indicated that this bill will update current law to accommodate emerging technologies that make the resources of the Business Action Center more easily accessible.

After considering all pertinent issues and testimony, your Committee concurs with the findings of the Committee on Economic Development and finds that this bill expands and enhances the capabilities of the Business Action Center to make it an even more valuable resource for Hawaii's businesses.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2802, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2542 Commerce, Consumer Protection, and Information Technology on S.B. No. 2847

The purpose of this bill is to permanently require insurance companies to provide benefits for the treatment of mental illness, drug abuse, or alcohol dependence under insurance policies, health plans, or service plan contracts.

The Hawaii Medical Service Association, Hawaii Psychological Association, Department of Labor and Industrial Relations, HGEA-AFSCME, and The Oahu Alliance for the Mentally Ill submitted testimony in support of this bill. The Hawaii State Department of Health submitted comments on this bill.

Your Committee received testimony indicating that the current mental health and alcohol and drug abuse treatment insurance benefits mandated under current law are working well for Hawaii's citizens, employers, employees, and individual health plan purchasers.

Your Committee finds that this bill will permanently ensure that the people of Hawaii will be provided with a minimum level of mental health benefits which will allow them to receive the medical help they need and deserve.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2847, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2543 Commerce, Consumer Protection, and Information Technology on S.B. No. 2941

The purpose of this bill is to raise the brewpub production limit from 5,000 to 10,000 barrels annually.

Your Committee received testimony in support of this measure from the Department of Finance of the City and County of Honolulu and the Hawai'i Restaurant Association.

Your Committee finds that local brewpubs are a viable part of the liquor industry in Hawaii.

Your Committee further finds that in order for these brewpubs to compete with mainland bottling plants and to prosper, their production limit needs to be increased.

Your Committee amended the bill by making technical, nonsubstantive changes for style, and conforming the statutory language in the bill to the current corresponding section in the Hawaii Revised Statute.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2941, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2941, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2544 (Majority) Commerce, Consumer Protection, and Information Technology on S.B. No. 2915

The purpose of this bill is to amend section 92-5, Hawaii Revised Statutes (HRS), to allow any state board as defined in section 92-2, HRS, to hold a meeting closed to the public to consider matters relating to the solicitation and acceptance of private donations.

Your Committee finds that discussions of private donations often involve information on financial resources and commitments by individuals, business, and nonprofit entities. Such discussion in public meetings would violate the privacy of these possible donors and may jeopardize fundraising efforts by public boards. As government continues to cut budgets, increased support from the private sector is vital to many important public programs.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2915 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, 1 (Slom). Excused, 2 (Levin, Solomon).

SCRep. 2545 Commerce, Consumer Protection, and Information Technology on S.B. No. 3094

The purpose of this bill is to repeal the requirement of presenting, for interisland shipment of a vehicle, a notarized written consent or bill of sale when:

- (1) A registered owner is not the legal owner;
- (2) A legal owner of a damaged vehicle must also be the registered owner; and
- (3) A registered nonowner of a damaged vehicle must present the notarized written consent of the legal owner, dealer's license, or a notarized bill of sale.

Your Committee received written testimony in support of this measure from ADT Automotive Services, Inc. Written testimony supporting this bill with amendments was received by the Hawaii Bankers Association, General Motors Corporation, and the Hawaii Automobile Dealers' Association.

Your Committee notes that Hawaii Tug & Barge, after discussions with the Honolulu Police Department and the Hawaii Bankers Association, developed language for amendments to the bill that was acceptable to all parties.

Therefore, your Committee amended the bill to conform to the proposed draft of the bill that was submitted by Hawaii Tug & Barge. The amendments include:

- (1) Repealing the requirement of notarization for all documents formerly requiring notarization;
- (2) Continuing to require a registered nonlegal owner to present to the shipper the written consent of the legal owner;
- (3) Allowing duplicate copies of current registration and motor vehicle insurance identification for commercial vehicles only;
- (4) Allowing an authorized agent to ship a vehicle by presenting to the shipper the required documents;
- (5) Allowing a bill of sale to be presented to the shipper instead of a current registration for vehicles purchased within 30 days of shipping;
- (6) Allowing a bill of lading to be presented to the shipper for a period of 30 days after arrival of the vehicle from outside of the State;
- (7) Allowing a facsimile from an insurance company to be presented to the shipper for vehicles purchased within 30 days of shipping;
- (8) Excluding vehicles owned and operated by the federal government and motorcycles from the requirement of presenting to the shipper a motor vehicle insurance identification card;
- (9) Exempting licensed dealers who ship vehicles in quantities of 5 or more from the interisland shipping requirements; and
- (10) Exempting rental motor vehicles and cars shipped by licensed car dealerships from the requirement that original certificates of registration be kept within the vehicle. Allows duplicate copies to be kept within the vehicles being shipped and the original available for inspection at the rental or car dealerships principle place of business within the State.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3094, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3094, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2546 Commerce, Consumer Protection, and Information Technology on S.B. No. 3234

The purpose of this bill is to change the terminology used for persons authorized to perform services as a physician assistant from "certified" physician assistant to "licensed" physician assistant.

The Board of Medical Examiners, Hawaii Academy of Physician Assistants, Hale Le'a Family Medicine, and four individuals who are physician assistants submitted testimony in support of this bill. The Department of Public Safety submitted testimony indicating concerns with this bill.

Testimony in support of this bill indicates that use of the "certification" terminology is creating confusion because of inconsistencies between the Hawaii Revised Statutes, and rules of certain departments of the State and professional organizations.

Your Committee finds that this bill alleviates the confusion indicated in the testimony. Your Committee further finds that this bill does not expand the authority of physician assistants or modify their relationship with supervising physicians.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3234 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2547 Commerce, Consumer Protection, and Information Technology on S.B. No. 3240

The purpose of this bill is to amend section 92-2, Hawaii Revised Statutes, to include the Hawaii Health Systems Corporation (HHSC) in the definition of "board".

Your Committee received written testimony in support of this measure from two individuals. The HHSC submitted testimony in opposition.

Your Committee finds that this measure makes it clear that meetings of the HHSC are subject to chapter 92, HRS, Hawaii's "sunshine law".

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3240 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2548 Judiciary on S.B. No. 2411

The purpose of this bill is to allow flexibility and discretion to judges in sentencing for violations of the motor vehicle insurance laws.

This bill:

- (1) Clarifies that a sentence of community service may be imposed upon a finding that a failure to have insurance was beyond the person's control or was due to undue hardship, but not if the failure was a result of prior traffic violations (person could not obtain insurance because of a bad traffic violations record); and
- (2) Allows a judge to suspend any penalty or grant community service for any violation upon a finding that a violation was beyond the person's control or was due to undue hardship, but not if a failure to obtain insurance was due to the person's inability to afford higher premiums charged by the carrier or due to prior traffic violations (person could not obtain insurance because of a bad traffic record).

Your Committee agrees that the failure to carry motor vehicle insurance is not always the fault of the owner or driver, and therefore a court should have the option of sentencing the person to community service or to suspend the sentence in appropriate cases.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2411, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2411, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2549 Judiciary on S.B. No. 2472

The purpose of this bill is to authorize an unfair and deceptive act or practice action to be brought in any appropriate court, not only the circuit court, unless the court venue is specified in the statute.

Your Committee concurs with the findings of the Committee on Commerce, Consumer Protection, and Information Technology that allowing consumers to bring certain unfair and deceptive act or practice actions in small claims and district courts will encourage more consumers to utilize enforcement remedies available to them under chapter 480, Hawaii Revised Statutes, by making enforcement more affordable and efficient.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2472 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2550 Judiciary on S.B. No. 2554

The purpose of this bill is to amend the definition of "credit card" to clarify that the cardholder may use these devices to obtain goods and services "on credit, or to obtain anything of value which the cardholder is entitled to or has on account."

Your Committee finds that the language of the bill, as amended by the previous Committee, provides additional flexibility in the use of credit devices while continuing to ensure adequate measures of protection.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2554, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2551 Judiciary on S.B. No. 2785

The purpose of this bill is to allow the Office of Information Practices (OIP) to intervene in any action related to chapter 92F, Hawaii Revised Statutes, brought against an agency by requiring the person bringing the action to notify the OIP in writing of the action upon filing of the action.

Current law allows the OIP to intervene in any action under chapter 92F, Hawaii Revised Statutes, as provided in section 92F-42(16), Hawaii Revised Statutes. However, the OIP usually has no knowledge of these actions and cannot exercise its powers to protect the provisions of chapter 92F, Hawaii Revised Statutes. This bill facilitates that duty.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2785, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2785, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2552 Judiciary on S.B. No. 2805

The purpose of this bill is to add a new section to part I of chapter 269, Hawaii Revised Statutes, to clarify that all appealable orders issued by the Public Utilities Commission (PUC) under chapter 269 in contested case proceedings are directly appealable to the Hawaii Supreme Court, whether the appeals are from rate case or non-rate case orders, giving public utilities and aggrieved parties with standing due process in all PUC contested case proceedings.

Your Committee is in support of this measure to expedite the appeal process, and has made technical, nonsubstantive amendments throughout.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2805, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2805, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2553 Judiciary on S.B. No. 2832

The purpose of this bill is to give the Director of Commerce and Consumer Affairs alternative methods of serving investigative subpoenas within and outside the State.

Your Committee finds that this bill will provide for the enforcement of investigative subpoenas of witnesses outside of the State by the state circuit court in the county where the subpoena was issued. The result is to strengthen the investigatory functions of the Office of Consumer Protection.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2832, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2832, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2554 Judiciary on S.B. No. 2836

The purpose of this bill is to minimize insurance fraud and maximize savings to Hawaii's consumers by clarifying insurance fraud laws and strengthening effective enforcement.

After considering the merits of this bill your Committee concurs with the findings and recommendations made by the Committee on Commerce, Consumer Protection, and Information Technology.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2836, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2555 Judiciary on S.B. No. 3241

The purpose of this bill is to prohibit water transporters from raising prices for delivery of potable water to areas not served by piped-in water during times of drought or water scarcity. This bill sets a maximum rate for the sale of potable water by transporters; establishes criteria for determining violations; and subjects violators to a civil penalty under the unfair and deceptive practices laws.

Your Committee concurs with the findings made by the Committee on Commerce, Consumer Protection, and Information Technology.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3241, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2556 Judiciary on S.B. No. 1564

The purpose of this bill is to authorize the Department of Health to conduct epidemiologic investigations and to require that all health care providers and health facilities provide the Department with requested medical, demographic, epidemiologic, toxicologic, and environmental information.

Your Committee received testimony from the Department of Health in support of this bill and offering several suggestions to strengthen the bill's protections regarding privacy and confidentiality. The Department of Health explained that health care providers are required to report cases of notifiable communicable diseases, but there is no requirement to report or cooperate with investigations of newly emerging communicable diseases, those which have been removed from the reporting list due to their rarity or diseases with causes other than infectious agents. The reason most commonly given by health care providers for not making information available is the fear of liability. Accordingly, the department suggested several changes to allay this fear while limiting the scope of information required to be provided and protecting confidentiality.

Your Committee has amended this bill by adopting the recommendations made by the Department of Health in amending section 321- (b) and (d) and by adding a new subsection (e) to that same section. The amendment to subsection (d) limits access to confidential information to departmental personnel and restricting it to a need-to-know basis. The addition of subsection (e) treats such information as protected from disclosure under section 92F-13(3), Hawaii Revised Statutes, relating to exceptions to public disclosure of certain government records.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1564, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1564, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 2557 Judiciary on S.B. No. 2389

The purpose of this bill is to provide immunity from liability to any person who uses an automatic external defibrillator in emergency care situations; provided that the person has successfully completed training under the auspices of a physician and administers the procedure without any expectation of remuneration.

Specifically, the bill:

- (1) Clarifies that an employer who establishes an automatic external defibrillator program is also exempted from liability;
- (2) Defines "automatic external defibrillator program" and amends the definition of "good faith"; and

- (3) Clarifies that the immunity provision does not relieve the physician or employer of any other duties imposed by law or for any provisions regarding the maintenance of equipment or any damages resulting from gross negligence or wanton acts or omissions.

Your Committee believes this measure achieves a proper balance of protection for all concerned in good faith efforts to save lives through the proper use of these devices.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2389, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2558 Judiciary on S.B. No. 2566

The purpose of this bill is to clarify the definition of "terminal condition" under the State's Medical Treatment Decisions Law (Chapter 327D, Hawaii Revised Statutes).

Your Committee concurs with the findings of the Committee on Health and Environment that clarification of the term "terminal condition" within the Medical Treatment Decisions Law is necessary and that further efforts to develop a better definition must continue.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2566 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2559 Judiciary on S.B. No. 2846

The purpose of this bill is to extend the sunset date for the drug demand reduction assessment special fund.

The bill also includes additional offenses for which assessments may be imposed under the drug demand reduction assessment law.

Your Committee received testimony in support of this measure from the Department of Health, the Prosecuting Attorney of the City and County of Honolulu, the Honolulu Police Department, and the Hawaii Substance Abuse Coalition. Testimony in opposition was received from the Office of the Public Defender.

Your Committee finds that alcohol and drug abuse constitutes an insidious, pervasive social and health problem in Hawaii that annually costs taxpayers hundreds of millions of dollars as a result of crimes against persons and property, child abuse, domestic abuse, highway fatalities, drug babies, AIDS, prison overcrowding, unemployment, and lost tax revenues. Untreated substance abuse problems also cost Hawaii's businesses millions of dollars annually in increased medical claims and disability cost as a result of illness, injuries, theft, absenteeism, and decreased productivity.

Your Committee recognizes that there is a compelling need to reduce the demand for drugs and extend efforts to prevent and treat substance abuse. Your Committee further finds that this measure will supplement funding for substance abuse prevention and treatment services and assist efforts to ameliorate the impact of substance abuse on individuals, families, and the community.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2846, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2846, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 2560 Judiciary on S.B. No. 3171

The purpose of this bill is to allow certain medical, dental, and hospital records and writings to be admissible in certain civil trials without presenting certain authentication testimony, and to provide conditions and procedures for the offering of the evidence into a trial.

Your Committee is in support of this measure and has made a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3171, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3171, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2561 Judiciary on S.B. No. 3228

The purpose of this bill is to facilitate the involuntary admission to a psychiatric facility of a mentally ill person who is unable to make rational decisions with respect to the person's need for treatment by clarifying the procedures for the physician's testimony and the court's response to this medical testimony.

Your Committee supports the work of the previous Committee to strike a "rational balance" in this difficult issue and believes this measure will alleviate problems caused by ambiguities of the present law.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3228, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2562 Judiciary on S.B. No. 2667

The purpose of this bill is to allow the City and County of Honolulu to require criminal history record checks of employees or prospective employees who are or will be working closely with children.

The bill also allows the City and County of Honolulu, as well as the Department of Education and private schools, to require a Federal Bureau of Investigation criminal history check of employees and prospective employees. Additionally, the bill exempts City and County salaried employees who have been employed continuously prior to June 1, 1998, from a criminal history record check.

Your Committee finds that the use of criminal history record checks for staff members who work closely with children is a legitimate tool in identifying patterns of violence, abuse, or other criminal behavior that could pose a risk to children. It is a means of ensuring not only the health, safety, and well-being of children, but also a means of providing peace of mind to parents who depend on schools and the government for safe child caretaking services.

Your Committee received testimony from the Attorney General, the Hawaii Civil Rights Commission, the Hawaii State Commission on the Status of Women, and the City and County of Honolulu.

Your Committee has amended the bill by expanding the scope of the criminal history check to include all counties in the State, and by making nonsubstantive technical changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2667, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2667, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 2563 Judiciary on S.B. No. 2099

The purpose of this bill is to widen the age group of children that must be secured in a child passenger restraint system in order to be transported along a public highway.

Specifically, this bill raises from under the age of three to under the age of four, the age of children who may not be transported along a public highway unless secured in a child passenger restraint system. This bill repeals the option for motorists of using a seat belt assembly for children three years of age or older but under four years of age.

Furthermore, this bill prohibits children ages four through twelve from riding in the back seat of a motor vehicle along a public highway unless restrained by a seat belt assembly.

Testimony in support of the measure was received from the Department of Health, the Department of Transportation, the Commission on Persons with Disabilities, the Honolulu Police Department, the Hawaii Medical Association, the Kapiolani Medical Center, the Hawaii Nurses' Association, the Hawaii Chapter of the National Association of Pediatric Nurse Associates and Practitioners, the Keiki Injury Prevention Coalition, the Hawaii State Parents, Teachers, and Students Association, Mothers Against Drunk Driving, State Farm Insurance Companies, and a private physician.

No testimony was received in opposition to the measure.

Your Committee notes that this bill will conform Hawaii law to National Highway Traffic Safety Administration standards and recommendations.

Your Committee has amended this measure by changing the effective date from "upon approval" to June 1, 1999, and by making a technical, nonsubstantive change.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2099, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2099, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 2564 Judiciary on S.B. No. 2136

The purpose of this bill is to allow the counties to establish liquor control adjudication boards by county charter to hear and determine complaints and violations of liquor laws and to impose penalties, as separate bodies from the county liquor commissions.

Your Committee received testimony in support of this bill from the Hawaii Restaurant Association, Department of Liquor Control, County of Maui, and Anheuser Busch Companies.

Your Committee finds that the counties of Maui and Hawaii have established by county charter Liquor Control Adjudication Boards to hear and determine complaints on violations of the liquor laws and to impose penalties as provided by chapter 281, Hawaii Revised Statutes. Kauai County and the City and County of Honolulu continue to operate with just their respective liquor commissions. The difference in a county having both an adjudication board and a liquor commission is that the county with an adjudication board provides a separate appeals body.

Your Committee finds that each county should be allowed to handle its liquor complaints as it sees fit to reflect different community values and processes. With the passage of this bill, the liquor statutes will reflect the differences that now exist among the counties and would permit Kauai County and the City and County of Honolulu to establish their own liquor adjudication boards at a later stage if conditions warrant.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2136, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 2565 Judiciary on S.B. No. 2358

The purpose of this bill is to require first time violators of the child passenger restraint law to attend a child passenger safety class.

The bill also lowers the fine for a second offense from \$300 to \$200, and also removes the limitation that a violator can only be cited once per year for violation of this law.

Your Committee believes that the mandated class will more effectively communicate the message of the necessity of child passenger restraints in motor vehicles, rather than simply fining a violator.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2358 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2566 Judiciary on S.B. No. 2493

The purpose of this bill is to require notification of law enforcement officers by health care providers when a driver under age twenty-one involved in a motor vehicle accident has a measurable amount of alcohol in the driver's blood.

The bill also allows the collection of a blood or urine sample from persons under the age of twenty-one involved in an accident if there is probable cause to believe that the person has a measurable amount of alcohol in the person's blood.

Your Committee finds that through Act 101, Session Laws of Hawaii 1997 (Act 101), health care providers were required to notify police when an injured motor vehicle operator was found to have a blood alcohol content that met or exceeded the legal limit. Act 101 also provided that persons under the age of twenty-one could be arrested for operating a motor vehicle with a measurable amount of alcohol concentration.

Your Committee further finds that many fatal crashes involve persons under the age of twenty-one who were impaired by drugs or alcohol. These persons are transported to hospitals to receive medical care and escape detection by law enforcement officers. Your Committee believes this measure will enable law enforcement officers to hold all persons accountable for their actions while driving under the influence of either drugs or alcohol.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2493, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2567 Judiciary on S.B. No. 3204

The purpose of this bill is permit consensual installation of tracking devices in vehicles and to allow the police to install them in bait vehicles.

Your Committee finds that approximately 6,000 vehicles were reported stolen last year in the City and County of Honolulu alone, an estimated property loss of \$25,000,000. Often these vehicles are recovered damaged, stripped, or burned with no clues as to the suspects. Allowing the public the right to install geositional satellite tracking devices, and the police the authority to install tracking devices in bait vehicles, will provide both a deterrent to auto theft and increase the apprehension rate of suspects.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3204 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2568 Judiciary on S.B. No. 2125

The purpose of this bill is to require a candidate running for state office to be a qualified voter in the district the candidate wishes to represent prior to filing nomination papers for the office.

Your Committee finds that currently a candidate has until the day of the general election to qualify for office for a particular district and is not required to become a qualified voter in that district until after the results of the primary election are known. Your Committee further finds that requiring a candidate to be a qualified voter in a particular district improves public confidence in the election process by reducing the potential for candidates to seek office based upon their chances of success rather than their sincere desire to represent the residents of that district.

Testimony in support of the bill was submitted by the Office of Elections, the Office of Hawaiian Affairs, and Common Cause Hawaii.

Your Committee has amended the bill by making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2125, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2125, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 2569 Judiciary on S.B. No. 2127

The purpose of this bill is to specify that a county election requiring a runoff, held during the primary election, is subject to a six-day rather than twenty-day challenge period. The bill further provides a definition for "runoff election" and includes "runoff election" in the language relating to the challenge period after the general election.

Your Committee finds that the contest period for county non-partisan pre-runoff and runoff elections should conform to the contest periods applicable to the corresponding primary and general elections. This measure satisfies this purpose by including the "county elections contest requiring a runoff" and "runoff" elections in the appropriate sections identifying the six-day contest period for primary and special primary elections, and the twenty-day contest period for the general and special general elections, respectively.

Testimony in support of this bill was submitted by the State of Hawaii Office of Elections.

Your Committee has amended this bill to make non-substantive changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2127, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2127, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Ihara, McCartney).

SCRep. 2570 Judiciary on S.B. No. 2128

The purpose of this bill is to amend section 97-6(e), Hawaii Revised Statutes, by requiring the Hawaii State Ethics Commission to make a determination as to whether or not a lobbying charge is frivolous only upon the request of the person charged.

Your Committee finds that the law currently mandates that the Commission make a finding as to whether or not a charge is frivolous in every case where the Commission decides not to issue a formal finding of a violation in response to a charge. The purpose of requiring the Commission to make such a finding is to enable a person wrongfully charged to pursue his or her civil remedies. However, in some cases, a respondent may not be interested in pursuing the matter by filing a civil lawsuit. Your Committee further finds that requiring the Commission to make such a determination in every case is an unnecessary burden.

Testimony in support of the bill was submitted by the Hawaii State Ethics Commission and Common Cause Hawaii.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the word "complaint" and replacing it with the word "decision" since the lobbyist law does not call for the Commission to issue a "complaint" but does require the Commission to render a "decision"; and
- (2) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2128, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2128, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 2571 Judiciary on S.B. No. 2239

The purpose of this bill is to prohibit courts from ordering a child to visit a parent who has murdered the other parent of the child.

Your Committee is concerned by a recent case in which a judge ordered visitation rights for a parent who was incarcerated for murdering the child's other parent. Your Committee further finds that in this particular situation, the decision to see the incarcerated

parent should rest with the child and not with the court. Your Committee further notes that the child's desire or need to reconcile with the parent can be addressed at the child's discretion.

Testimony in support of this bill was submitted by the Domestic Violence Clearing House and Legal Hotline and a private citizen.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2239 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 2572 Judiciary on S.B. No. 2249

The purpose of this bill, as received by your Committee, is to allow the Director of Public Safety to charge fees for medical services, medications, or care provided to inmates.

Your Committee finds that over the last five years, the Department of Public Safety has placed more responsibility on the inmates for their self-care, including purchasing over-the-counter medications and prosthetic items such as eye glasses or dentures. Your Committee further finds that inmates access to medical or health care should not be hindered or denied because of a co-payment fee, and charges for inmate's services will deter requests by inmates for unnecessary treatment. Your Committee further notes that an inmate's account will not be debited for the co-payment fee unless the inmate's account has more than a \$10.00 balance.

Testimony in support of this bill was submitted by the Department of Public Safety and a private citizen. Testimony in opposition to the bill was submitted by the Office of the Public Defender.

Upon further consideration, your Committee agrees that guidelines should be set indicating when the Department may assess the co-payments for services. Therefore, your Committee has amended the bill by deleting its contents and substituting therefor a new section which provides that:

- (1) The department may assess a co-payment when non-emergency medical care is provided upon the request of the committed person;
- (2) A committed person is responsible for the entire cost of medical care when the injury is self-inflicted; and
- (3) The co-payment will be paid from the committed person's account, unless the committed person is a minor, whose parents or guardian shall be responsible for the payment.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2249, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2249, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2573 Judiciary on S.B. No. 2253

The purpose of this bill is to create a new offense of street solicitation of prostitution.

As received, the bill limited the offense to the boundaries of Waikiki and provided that anyone committing the offense was guilty of a class A felony.

Your Committee received testimony from the Department of Business, Economic Development, and Tourism and the Honolulu Police Department supporting the intent of the bill. Testimony in opposition to the bill was received from the Office of the Public Defender, the American Civil Liberties Union of Hawaii, the Libertarian Party of Hawaii, the Coordinator of the Women's Outreach Waikiki Program at the Waikiki Health Center, and three private citizens.

Your Committee recognizes the negative impact of street solicitation of prostitution, and the related criminal activity that inevitably accompanies prostitution, on tourism in our State, particularly in heavily concentrated visitor areas such as Waikiki. Your Committee also is cognizant of the fierce competition in the global travel market and the critical role that tourism plays in our State's economy. Furthermore, your Committee is committed to ensuring a safe, secure environment for residents of and visitors to Hawaii alike. Nevertheless, your Committee believes that changes to the bill are appropriate.

Accordingly, your Committee has amended the bill by:

- (1) Deleting its restriction to the boundaries of Waikiki, so that it applies to street solicitation of prostitution anywhere in the State;
- (2) Reducing the offense to a class C felony; and
- (3) Providing that, if a county enacts an ordinance to regulate street solicitation of prostitution, the county ordinance shall supersede the state law created in this bill and no person shall be convicted of the statutory offense of street solicitation of prostitution in that county.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2253, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2253, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 2574 Judiciary on S.B. No. 2318

The purpose of this bill is to allow the Judiciary to write-off, after a period of two years, all delinquent fines and restitution which in its judgment are uncollectible.

Your Committee finds that allowing the Judiciary to write-off delinquent fines which are uncollectible would give the Judiciary flexibility to ensure that the information kept on outstanding fines and restitution is complete, accurate, and up-to-date. Furthermore, your Committee notes that delinquent fines and restitution which are written-off may be transferred back to the Judiciary's accounts receivable if such amounts become collectible.

Testimony in support of this bill was submitted by the Judiciary.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the language that releases the Judiciary from further accountability for the written-off accounts; and
- (2) Adding language requiring that such deletion from the Judiciary records be done in accordance with proper accounting standards.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2318, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2318, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 2575 Judiciary on S.B. No. 2398

The purpose of this bill is to allow a civil cause of action to be filed for damages by persons who have suffered harm as a result of the promotion of prostitution.

Your Committee finds that the civil justice system, in addition to the criminal justice system, can be an important weapon against prostitution and the promotion of prostitution. The civil justice system can provide an avenue of compensation for those victims who have suffered harm as a result of the promotion of prostitution. Your Committee further finds that those who promote prostitution by coercing an individual into prostitution should bear the cost of harm caused by that activity. The added threat of civil liability is a deterrent to the promotion of prostitution.

Testimony in support of the bill was submitted by the Department of Business, Economic Development and Tourism, the American Civil Liberties Union of Hawaii, and a private citizen. Testimony in opposition to the bill was submitted by the Libertarian Party of Hawaii.

Upon further consideration, your Committee has amended the bill by:

- (1) Changing the definition of "promoting prostitution" to exclude promoting prostitution in the third degree as provided in section 712-1204;
- (2) Deleting the provision that provides evidence of coercion includes exploitation of an individual's HIV status since victims can bring suit under federal law; and
- (3) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2398, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2398, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2576 Judiciary on S.B. No. 2403

The purpose of the bill is to allow judges to issue protective orders for not less than thirty days with an indefinite termination date and allow an applicant to petition the court for modification of the protective order.

Your Committee finds that courts presently can issue protective orders for a maximum of three years, which may not provide an adequate length of time to fully protect a battered woman and her children. Your Committee further finds that under current court practices, if the victim wants the protective order extended, the victim must petition the court and present evidence to show good cause why the initial order should be extended. For the victim, this is often difficult because the standard for good cause is based, in part, on evidence of abuse and threats which occurred prior to the initial protective order.

Testimony in support of the bill was submitted by: the Hawaii State Commission on the Status of Women; Department of the Prosecuting Attorney, City and County of Honolulu; Domestic Violence Clearinghouse and Legal Hotline; Child and Family Service; Hawaii Lawyers Care, Students and Advocates for Victims of Domestic Violence; Hawaii State Coalition Against Domestic Violence; and the Hawaii Women's Political Caucus.

Testimony in opposition to the bill was submitted by the Office of the Public Defender.

Upon further consideration, your Committee has amended the bill by:

- (1) increasing the period of time a protective order may be issued, from three years to six years;
- (2) providing for an extension of the initial order for a period not to exceed six years after the initial protective order was granted; and
- (3) making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2403, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2403, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 2577 Judiciary on S.B. No. 2404

The purpose of this bill, as received by your Committee, is to provide that a second or subsequent offense of abuse of a family or household member shall be a class C felony.

Your Committee finds that persons who engage in domestic abuse must face consequences for their actions. Persons who are convicted of domestic abuse are likely to have assaulted the same person repeatedly over time. In addition, the violence often escalates in intensity over time.

Your Committee further finds that an enhanced grade of offense for repeat criminal behavior sends a message to the repeat offender that such behavior will not be tolerated and will be treated as a serious offense.

Testimony in support of the bill was submitted by: the Department of the Attorney General; Hawaii State Commission on the Status of Women; Department of the Prosecuting Attorney of the City and County of Honolulu; the Honolulu Police Department; Domestic Violence Clearinghouse and Legal Hotline; Child and Family Service; Hawaii Lawyers Care, Students & Advocates for Victims of Domestic Violence; Hawaii State Coalition Against Domestic Violence; and Hawaii Women's Political Caucus. The Judiciary also submitted testimony but did not express a position on the bill.

Testimony in opposition to the bill was submitted by the Office of the Public Defender.

Upon further consideration, your Committee has amended the bill by:

- (1) Providing that a second offense of abuse of a family or household member that occurs within one year of a previous offense is a misdemeanor subject to a minimum sentence of thirty days in prison;
- (2) Providing that any subsequent offense that occurs within two years of the second misdemeanor offense will be a class C felony subject to a term of imprisonment and fine; and
- (3) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2404, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2404, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 2578 Judiciary on S.B. No. 2465

The purpose of this bill is to amend sections 586-1 and 709-906(1), Hawaii Revised Statutes by expanding the definition of "family and household member" to include persons who have a child in common and persons who have or have had a dating relationship.

Your Committee finds that changing the current definition of "family or household member" to include persons that have a child together or a dating relationship, regardless of their ever having lived together, will go a long way in identifying and prosecuting domestic violence offenders. Currently, abusers who clearly have a domestic relationship with their victims but do not or have never resided with them, escape prosecution and statutory penalties provided under domestic abuse laws as they can only be charged under assault in the third degree or other related offenses.

Testimony in support of the bill was submitted by: the Department of the Prosecuting Attorney of the City and County of Honolulu; the Honolulu Police Department; Domestic Violence Clearinghouse and Legal Hotline; Child and Family Service; Hawaii State Coalition Against Domestic Violence; Hawaii Lawyers Care, Students and Advocates for Victims of Domestic Violence; and Hawaii Women's Political Caucus. Testimony expressing no position on this measure was submitted by the Judiciary.

Testimony in opposition to the bill was submitted by the Office of the Public Defender.

Upon further consideration, your Committee has amended the bill by clarifying the term "dating relationship" and making non-substantive technical changes so that the definition of "family and household member" under section 586-1, Hawaii Revised Statutes, is consistent with the definition provided under section 709-906 (1), Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2465, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2465, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 2579 Judiciary on S.B. No. 2565

The purpose of this bill, as received by your Committee, is to expand the options for providing service of legal process to include delivery services designated by the Attorney General as well as certified mail with return receipt requested.

Your Committee finds that this bill will benefit both state agencies and members of the public by allowing additional choices and flexibility in the selection of a delivery method for service of legal process. Your Committee further finds that this measure will expand the options available for the delivery of legal process to take advantage of the more timely and diverse delivery services that are now widely available.

Testimony in support of this bill was submitted by the Attorney General.

Upon further consideration, your Committee has amended the bill by:

- (1) Replacing "designated delivery services" with language to allow service of legal process by any third-party commercial carrier providing delivery within three calendar days;
- (2) Deleting the provisions in subsection (b) which are duplicative of the new language; and
- (3) Making technical non-substantive changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2565, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2565, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 2580 Judiciary on S.B. No. 2704

The purpose of this bill is to clarify that civil injunctions obtained in nuisance abatement actions pursuant to section 712-1271, Hawaii Revised Statutes, may apply to persons causing the nuisance.

Your Committee finds that the nuisance abatement statute lacks express reference to individuals, and in recent court decisions, the courts have held that individuals causing the nuisance cannot be enjoined from further activity unless they have a direct relationship to the building or place. It is extremely important to have the ability to enjoin persons causing the nuisance, since the activity which comprises the nuisance may not be specifically linked to a particular place.

Testimony in support of the bill was submitted by the Department of the Prosecuting Attorney of the City and County of Hawaii and the Honolulu Police Department.

Testimony in opposition to the bill was submitted by the American Civil Liberties Union, Hawaii Restaurant Association, and the Libertarian Party of Hawaii.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the provision regarding injunctions since it is duplicative of sections 712-1272 and 712-1275, Hawaii Revised Statutes; and
- (2) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2704, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2704, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2581 Judiciary on S.B. No. 2710

The purpose of this bill is to amend the definition of search warrant to include articles in the possession or anticipated to be in the possession of a charged person as legitimately targeted items of a search warrant.

Your Committee finds that anticipatory search warrants are valuable law enforcement tools which are issued when information is obtained about contraband or other items of evidence that will be situated at a particular location at some time in the future. For instance, your Committee notes that anticipatory search warrants are commonly used in other jurisdictions when police intercept packages of drugs sent through the mail or by delivery services, and a search is conducted as the item is being accepted. Your Committee further finds that this bill is an important clarification to state policy which will aid in the prosecution of drug crimes.

Testimony in support of this bill was submitted by the Attorney General, the Department of the Prosecuting Attorney of the City and County of Honolulu, and the Honolulu Police Department.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2710 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 2582 Judiciary on S.B. No. 2712

The purpose of this bill is to prohibit the use of deferred pleas in cases where the defendant is charged with violation of a protective or temporary restraining order issued by the court.

Your Committee finds that domestic violence usually is a pattern of abuse that occurs over time and is not one isolated incident. Your Committee further notes that victims will obtain protective orders to ensure their safety in situations where there often is not an arrest made on the abuse charges. Furthermore, your Committee notes that violations of these orders are blatant disregard of the court's authority and conviction for this violation should be a part of the record so that a history of these offenses can be established.

Testimony in support of this bill was submitted by the Child and Family Service, Domestic Violence Clearing House and Legal Hotline, and the Department of the Prosecuting Attorney of the City and County of Honolulu. Testimony in opposition to the bill was submitted by the Office of the Public Defender.

Upon further consideration, your Committee has amended the bill by deleting orders and injunctions under section 604-10.5, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2712, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2712, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Ihara, McCartney).

SCRep. 2583 Judiciary on S.B. No. 2736

The purpose of this bill, as received by your Committee, is to raise the age of consent to sixteen for sexual contact involving minors, including consensual sexual intercourse, when the actor is more than eight years older than the minor.

Your Committee is concerned with the growing number of older males having sexual relationships with minor females. Currently 44 percent of Hawaii's youths in the ninth to twelfth grade public schools are reporting to be sexually active. Over 1,500 female adolescents 14 to 15 years old sought family planning services during 1995-1997. Your Committee further finds that 10 to 14 year old pregnant teens most frequently reported that they had partners at least 5 years older.

Testimony in support of the intent of this measure with suggested amendments was submitted by the Office of the Public Defender. Testimony in opposition to this bill but in support of raising the age of consent was submitted by the Department of the Prosecuting Attorney of the County of Maui. Testimony in opposition to the intent of this bill was submitted by: Hawaii State Commission on the Status of Women; the Department of Health; Department of the Prosecuting Attorney of the City and County of Honolulu; the Office of the Public Defender; Hawaii Women Lawyers; Kapiolani Health Teen Intervention Program; the Sex Abuse Treatment Center; Mothers Care for Tomorrow's Children; Society for Adolescent Medicine; and Healthy Mothers, Healthy Babies Coalition of Hawaii.

After due consideration, your Committee acknowledges the concerns expressed by the testifiers regarding the need to preserve access to family planning and related health care services for sexually active teens. Therefore, your Committee has amended this bill by:

- (1) Providing that the age of consent remain at fourteen years, but requiring that the actor be at least five years older before being charged with sex assault in the first degree;
- (2) Deleting the provision that raises the age of consent from fourteen to sixteen for sexual assault in the third degree;
- (3) Deleting the provision that amends the mandatory child abuse reporting statute; and
- (4) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2736, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2736, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 2584 Judiciary on S.B. No. 2740

The purpose of this bill is to allow distribution of property in-kind to be made on a pro rata and non-pro rata basis. This bill provides an important tool for the trustees of both large and small trusts to use in making distributions of trust assets.

Your Committee finds that under current law there may be a conflict between trustees' general powers and applicable trust agreements when it comes to distributing trust assets on a pro rata or non-pro rata basis. Your Committee further finds that this bill provides uniformity in the law between the general power and trust agreements. Furthermore, your Committee believes that this bill will reduce the likelihood of disputes or litigation among beneficiaries of trusts.

Testimony in support of the bill was submitted by the Estate of James Campbell, Pacific Century Trust, and an attorney in private practice.

Your Committee has amended the bill by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2740, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2740, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 2585 Judiciary on S.B. No. 2854

The purpose of this bill is to delete the requirement that grandparents may be awarded visitation rights only if the parents of the child are divorced, residing apart, or one or both parents are deceased.

Your Committee finds that according to Hawaii tradition, it was the grandparents who imparted the family history and genealogies, and identified special talent and skills in their grandchildren. The grandparent generation cared for, raised, and nurtured the welfare and well-being of the child in the parents' absence. Your Committee further notes that this bill allows the court a broader basis upon which to decide what is in the best interest of the child. Furthermore, your Committee acknowledges that the fundamental thrust of this measure is to provide additional support for children, and not place the rights of the grandparents before those of the children.

Testimony in support of this bill was submitted by the Office of Hawaiian Affairs, the Executive Office of Aging, and the Policy Advisory Board for Elder Affairs.

Upon further consideration, your Committee has made technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2854, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2854, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 2586 Judiciary on S.B. No. 3040

The purpose of this bill is to cede concurrent jurisdiction over land acquired by the United States for the construction of a federal detention center in Hawaii.

Your Committee finds that concurrent jurisdiction will allow the federal government to enforce federal criminal and civil laws on property owned in Hawaii by the federal government and occupied by the federal detention center. Furthermore, your Committee finds concurrent jurisdiction will allow the federal government to enforce federal law at the detention center and will relieve the State of the burden of investigating and prosecuting criminal offenses that occur at the federal detention center.

Testimony in support of the bill was submitted by the Attorney General.

Your Committee has amended the bill by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3040, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3040, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 2587 Judiciary on S.B. No. 3170

The purpose of this bill is to authenticate and affirm in a civil proceeding that bills for goods and services are fair, reasonable, and appropriate without the testimony of the provider of the goods and services.

Your Committee finds that this bill will save time and judicial resources in civil proceedings by eliminating the need to authenticate each bill for the goods and services that were involved in a particular case. Your Committee further finds that judicial resources will be saved by deeming upon introduction, that the bill is authenticated as prima facie evidence.

Testimony in support of the bill was submitted by the Consumer Lawyers of Hawaii.

Upon further consideration, your Committee has amended the bill by deleting from subsection (a) the last sentence which reads: "No further showing need be made" as it is redundant language.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3170, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3170, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 2588 Judiciary on S.B. No. 2121

The purpose of this bill is to amend Chapter 16, Hawaii Revised Statutes, by providing that federal, state, and county special elections may be conducted by mail.

Your Committee finds that if the State is required to hold a new special election within sixty days pursuant to section 11-174.5, Hawaii Revised Statutes, the Office of Elections would be presented with a logistical nightmare and the State an extreme financial burden. Your Committee further finds that if a special election can be conducted by mail, all logistical and personnel requirements associated with polling place elections would be significantly reduced or eliminated. Thus, an election within sixty days would be possible. Further, conducting an election by mail would also prove to be a cost-saving measure for the State by reducing the number of required election day workers and polling place fees.

Testimony in support of the bill was submitted by the Office of Elections and the Office of Hawaiian Affairs.

Your Committee has amended the bill by making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2121, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2121, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 2589 Judiciary on S.B. No. 2323

The purpose of this bill is to conform the Hawaii Rules of Evidence to the current federal rules of evidence with respect to sex offense cases and the relevance of the victim's past behavior, with respect to the admissibility of evidence in civil proceedings involving alleged sexual misconduct. This bill also adopts the current federal rules relating to evidence of prior similar acts by repeat offenders in civil cases concerning sexual assault or child molestation.

Your Committee finds that this bill is necessary to provide additional protections for women and children who are victims of sexual assault and employees who are victims of sexual harassment. Your Committee further finds that the legislature acknowledges the devastating adverse effects of sexual assault on women and children, and the equally negative impacts of sexual harassment upon employees in the workplace. Therefore, your Committee agrees that these victims deserve additional protections as well as redress through both the civil and criminal justice systems.

Testimony in support of this bill was submitted by the Hawaii State Commission on the Status of Women, the National Employment Lawyers Association, the Hawaii Women Lawyers, and a private citizen. Testimony in opposition to the bill was submitted by the Supreme Court's Standing Committee on Rules of Evidence, the Office of the Public Defender and the American Civil Liberties Union of Hawaii.

Upon further consideration your Committee has amended this bill by:

- (1) Making the deadline for filing motions to determine admissibility of evidence, in either a criminal or civil case, consistent at fifteen days; and
- (2) Making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2323, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2323, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, McCartney).

SCRep. 2590 Judiciary on S.B. No. 2401

The purpose of the bill is to repeal the requirement that physical abuse or harm to a family or household member be recent in order for a police officer to seize firearms in domestic violence situations.

Your Committee finds that the term "recent" is vague and ambiguous and therefore subject to wide interpretation. This lack of clarity is an obstacle to the collection of essential evidence in domestic violence situations. Your Committee further finds that the presence of a firearm increases the probability of serious injuries or fatalities in domestic violence situations, particularly if the perpetrator has used or has threatened to use it against a victim in the past. Your Committee notes with concern that thirty percent of all homicides in Hawaii are related to domestic violence, compared to a rate of fifteen percent on the U.S. mainland. Therefore, your Committee supports providing authority to police officers to remove firearms in any and all domestic violence situations.

Testimony in support of the bill was submitted by: the Hawaii State Commission on the Status of Women; Department of the Prosecuting Attorney of the City and County of Honolulu; Honolulu Police Department; Domestic Violence Clearinghouse and Legal Hotline; Child and Family Service; Hawaii State Coalition Against Domestic Violence; Hawaii Catholic Conference; and Hawaii Women's Political Caucus.

Testimony in opposition to the bill was submitted by: the Hawaii Rifle Association; Hawaii Citizens' Rights; and Lessons in Firearms Education.

Upon further consideration, your Committee has amended the bill by:

- (1) Clarifying in section 709-906, Hawaii Revised Statutes (HRS), the circumstances in which a police officer may seize firearms and ammunition in domestic violence situations, to include when there is reasonable grounds to believe that: a person has been assaulted or threatened; when there is probable danger of further physical harm being inflicted upon a person; or when a firearm was used in the commission of the offense;
- (2) Making conforming amendments to section 134-7.5, HRS, to incorporate by reference the provisions of section 709-906, HRS; and
- (3) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2401, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2401, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (McCartney).

SCRep. 2591 Judiciary on S.B. No. 2696

The purpose of this bill, as received by your Committee, is to amend the definition of "dangerous instrument" in section 708-840, Hawaii Revised Statutes.

Your Committee finds that although the definition of "dangerous instrument" in section 708-840 is substantially similar to the definition found in section 707-700, the two definitions are slightly different. For the sake of clarity and conformity, your Committee believes that the same definition should be used in both sections.

Testimony in support of the bill was submitted by the Department of the Prosecuting Attorney of the City and County of Honolulu.

Your Committee has amended the bill by including and revising the definition of "dangerous instrument" in section 707-700 and by making other non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2696, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2696, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 2592 Judiciary on S.B. No. 2715

The purpose of this bill is to reduce the maximum penalties for various offenses and reduce to petty misdemeanors certain offenses under the penal code, in order to provide that these cases may be tried before a judge rather than a jury.

Your Committee acknowledges that when the maximum term of imprisonment for an offense is no more than thirty days, there is a presumption that the right to a jury trial does not attach. Your Committee notes that persons convicted of the types of offenses noted in this measure are rarely sentenced to terms of imprisonment longer than thirty days. Thus, your Committee believes that it would be more judicially efficient to have these cases tried before a judge rather than a jury.

Testimony in support of the bill was submitted by the Office of the Public Defender and the Department of the Prosecuting Attorney of the City and County of Honolulu. Testimony in opposition was submitted by the Honolulu Police Department.

Upon further consideration your Committee has amended the bill by deleting the offenses of resisting arrest and resisting an order to stop a motor vehicle, due to the potential for harm resulting therefrom.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2715, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2715, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 2593 Judiciary on S.B. No. 2792

The purposes of this bill are: to include all class C felonies in the list of offenses qualifying for repeat offender sentencing; to provide for a twenty-year time frame within which a prior felony conviction would qualify as a prior felony for repeat offender sentencing; to make repeat offender sentencing mandatory; to provide sentencing guidelines specifying penalties for first, second, third, and subsequent offenses at the misdemeanor or petty misdemeanor level; and to reduce the number of jury trials for misdemeanor and petty misdemeanor offenses by placing a cap on the maximum penalty for less serious offenses.

Your Committee finds that repeat offenders are a significant problem for law enforcement officials because they commit a disproportionately high percentage of crimes and burden the criminal justice system. Your Committee further finds that repeat felons, who represent the most serious threat to public safety, should have mandatory consequences for repeated criminal conduct. In addition, your Committee notes that the twenty-year time frame within which a felony would count for purposes of repeat offender sentencing is a "bright line" rule which will aid prosecutors and yet recognize the need to place an outer limit on the length of time a conviction will qualify for repeat offender sentencing.

Your Committee further finds that sentencing guidelines for misdemeanor and petty misdemeanor offenses will promote consistency in sentencing, and will reduce the number of jury trials. Your Committee agrees that this should be accomplished by placing a cap on the penalty for first time offenders and other less serious offenses, while imposing certain mandatory minimums for the most serious repeat offenders.

Testimony in support of this bill was submitted by the Law Enforcement Coalition, the Department of the Prosecuting Attorney of the City and County of Honolulu, the County of Hawaii Police Department, the City and County of Honolulu Police Department, the Kailua Neighborhood Board No. 31, the Office of the Mayor of the City and County of Honolulu, and the Department of the Prosecuting Attorney of the County of Maui. Testimony in opposition was submitted by the Office of the Public Defender.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2792 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Ihara, McCartney).

SCRep. 2594 Judiciary on S.B. No. 2794

The purpose of this bill is to create a new felony offense covering persons who habitually commit misdemeanor offenses against property or persons.

Your Committee finds that repeat offenders are a significant problem for law enforcement officials because they commit a disproportionately high percentage of crimes and are a burden on the criminal justice system. Unlike repeat felons, criminals who repeatedly commit misdemeanor offenses are not subject to enhanced penalties. Your Committee further finds that by creating a felony offense for persons who repeatedly commit misdemeanor offenses, the worst offenders can be targeted and the safety of residents and visitors can be enhanced.

Testimony in support of the bill was submitted by the Department of the Attorney General, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Department of the Prosecuting Attorney of the County of Maui, the Honolulu Police Department, and the Hawaii County Police Department. Testimony in opposition to the bill was submitted by the Office of the Public Defender. The Judiciary also submitted testimony expressing a concern about the potential impact this bill may have on current circuit court operations.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the references to misdemeanor violations against property in the crimes against persons section and violations against persons in the crimes against property section due to the ambiguity and confusion posed by these cross-references; and
- (2) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2794, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2794, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 2595 Judiciary on S.B. No. 2795

The purpose of this bill is to amend the definition of "knowingly" as it relates to the state of mind necessary to commit an offense.

Your Committee finds that in any criminal prosecution, the State must prove that the defendant acted with the necessary state of mind, whether it be intentionally, knowingly, recklessly, or negligently. The State must also prove the requisite state of mind as to each element of the offense.

Your Committee further finds that one of the most difficult tasks of a prosecutor is proving beyond a reasonable doubt what is going on in the mind of a defendant. It is very difficult to prove that a defendant was "practically certain" about the results of any of

his actions, especially where the defendant was under the influence of drugs or alcohol. However, your Committee also recognizes that changing the standard from "practically certain" to a standard of "likely to" will mitigate the prosecutor's burden of proof.

Testimony in support of the bill was submitted by the Department of the Attorney General, the Department of the Prosecuting Attorney of the City and County of Honolulu, and the Hawaii County Police Department. Testimony in opposition to the bill was submitted by the Office of the Public Defender.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the standard of "likely to" and replacing it with a "high probability" of awareness standard; and
- (2) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2795, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2795, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 2596 Judiciary on S.B. No. 2796

The purpose of this bill is to amend section 708-840, Hawaii Revised Statutes, by adding the factor of "knowingly" to the state of mind of the offender with respect to the infliction or attempted infliction of serious bodily harm upon another in the course of committing a theft.

Your Committee finds that First Degree Robbery currently requires that a person intentionally inflict or attempt to inflict serious bodily injury upon another in the course of committing a theft. Second Degree Robbery only requires that a person recklessly inflicts serious bodily injury. This leaves a gap in situations where a person knowingly causes serious bodily injury. Your Committee further finds that by including the "knowingly" state of mind, a person would not be able to escape responsibility for the result of the person's actions.

Testimony in support of the bill was submitted by the Department of the Attorney General, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Honolulu Police Department, and the Hawaii County Police Department.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2796 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 2597 Judiciary on S.B. No. 2786

The purpose of this bill is to streamline and clarify the registration requirements and public notification provisions of the sex offender registration statutes.

Your Committee finds that Act 316, Session Laws of Hawaii 1997, enhanced the requirements for the registration of convicted sex offenders in the State, and brought Hawaii into compliance with the federal requirements under the Jacob Wetterling Crimes Against Children and Sexually Violent Offender Registration Act and Megan's Law. As a result of this Act, a statewide central registry containing information about sex offenders was established, and through this registry such information is available to the public.

Your Committee further finds that, since its implementation by the Hawaii Criminal Justice Data Center, changes are needed to expedite the sex offender registration process.

Testimony in support of the bill was submitted by the Judiciary, the Department of the Attorney General, the Office of Information Practices, the Honolulu Police Department, and the Sex Abuse Treatment Center. Testimony in opposition to the bill was submitted by the Office of the Public Defender.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2786 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2598 Education on S.B. No. 2580

The purpose of this bill is to amend Chapter 317, Hawaii Revised Statutes, to add a new section to establish the Hawaii State Student Council, with one elected representative from each public high school, and a public high school student selected by the council to serve as the nonvoting member of the Board of Education.

Your Committee received testimony in support of the intent of this measure from the Department of Education and the Hawaii State Teachers Association.

Your Committee finds that although the Hawaii State Student Council has been established, it operates without the benefit of a specific statute. Your Committee believes this is an important student activity that should be encouraged. Your Committee has amended this bill to follow the language of Article X, Section 2, of the State Constitution regarding the selection of the nonvoting member to the Board of Education.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2580, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2580, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Solomon).

SCRep. 2599 Education on S.B. No. 2625

The purpose of this bill is to amend section 302A-1004, Hawaii Revised Statutes (HRS), to require cross-sectional and longitudinal analyses in department of education reports.

Your Committee received testimony in support of a proposed Senate Draft of this measure from the Department of Education and the Hawaii State Teachers Association which would expand the responsibilities of principals to include curriculum services developed in partnerships with students, parents, teacher groups, and staff, and ensure that instructional services and curriculum facilitate achievement of student performance standards.

Your Committee has amended this bill by replacing its contents with an amendment to section 302A-1103, HRS, as provided in the proposed Senate Draft.

Your Committee believes this bill, as amended, will encourage input from all sectors of the school community and leadership that ensures strong communication and empowerment of teachers and staff.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2625, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2625, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Solomon).

SCRep. 2600 Health and Environment on S.B. No. 2171

The purpose of this bill is to require the Department of Health (DOH) to survey all schools to locate all students at risk of experiencing emergency medical situations because of a health condition as diagnosed by a physician.

Specifically, this bill requires the DOH to conduct a survey and submit a report to the Legislature on:

- (1) What protocols have been established to care for children in an emergency;
- (2) Who is responsible to act in an emergency situation;
- (3) Who is responsible to monitor the child's condition while the child is in the custody of the school; and
- (4) The number of students who have been identified as needing possible emergency care and the nature of each such student's medical condition.

Your Committee received testimony in support of this bill from the DOH, Department of Education, Hawaii Nurses' Association, and Hawaii Government Employees Association.

The intent of your Committee is that this bill will ultimately lead to having appropriate school health services in each public school, particularly in emergency situations for students with existing medical conditions.

Your Committee has amended this bill by changing the reporting date to the Legislature from September 1, 1998, to no later than twenty days prior to the convening of the Regular Session of 1999.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2171, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2171, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 2601 Health and Environment on S.B. No. 2388

The purpose of this bill is to allow advanced practice registered nurses to certify that a child has been immunized or physically examined for the purpose of entering school.

Your Committee received testimony in support of this measure from the Department of Health, the Department of Education, the Hawaii Nurses' Association, the Hawaii Chapter of National Association of Pediatric Nurse Associates and Practitioners, the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, Kaiser Permanente, and Kokua Kalihi Valley.

Your Committee finds that advanced practice registered nurses are performing these services throughout the community and updating school statutes to reflect this would result in more economical health screening with no decrease in quality.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2388, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 2602 (Joint) Health and Environment and Economic Development on S.B. No. 2056

The purpose of this bill is to set permissible sound levels on agricultural parcels of five acres or less, at the same level established for noise on lands categorized as class B under the Department of Health rules pertaining to noise.

Your Committees received testimony opposing the bill from the Director of Health, Hawaii Farm Bureau Federation, and Hawaiian Electric Company, Inc.

Your Committees believe that residential neighbors of facilities which generate excessive noises such as the Puna Geothermal Venture facility are entitled to protection from that excessive noise. It is the intent of your Committee that the facility be regulated as it was originally regulated under the Geothermal Resource Permit issued by the Hawaii County Planning Commission on October 3, 1989, which was terminated upon adoption of the Statewide Community Noise Control Rules by the Department of Health.

Due to the lack of support for the bill as drafted, your Committees amended this bill by replacing the regulation of noise on small agricultural parcels with the regulation of noise emitting from the Puna Geothermal Venture facility.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Economic Development that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2056, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2056, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, none. Excused, 3 (Kawamoto, Metcalf, Tam).

SCRep. 2603 (Joint) Health and Environment and Ways and Means on S.B. No. 2333

The purpose of this bill is to assign responsibility to Department of Health to assure the availability of emergency aeromedical services throughout the State.

Your Committees received testimony in support of the bill from the Department of Health, Maui Memorial Hospital, Islands Emergency Medical Service, Inc., ABC Mortgage, and four concerned citizens. The Hawaii Air Ambulance testified in opposition to the bill as written. A private physician assisting Hawaii Air Ambulance in obtaining its accreditation also supplied written comments on the bill.

Your Committees find that there is a need to ensure that all persons of the State, no matter how remotely situated they may be, have expedient access to emergency medical services in times of need. Your Committees believe that there is a need for the Department of Health to plan and develop a statewide aeromedical services system to meet that goal. By charging a state agency with this responsibility, your Committees believe that the people of this State will feel more assured that the services will be provided.

Your Committees have amended the bill by removing its contents and replacing it with a directive to the Department of Health to plan and develop a statewide emergency aeromedical services system and to report its progress to the Legislature no later than twenty days prior to the convening of the 1999 Regular Session. It is the intent of your Committees that the Department of Health will seek the input of all parties affected by the proposed system in its efforts to plan and develop the system.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2333, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2333, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 13. Noes, none. Excused, 2 (Iwase, Metcalf).

SCRep. 2604 Health and Environment on S.B. No. 2345

The purpose of this bill is to add a new definition for "adaptive management strategy" to the endangered species recovery law.

Your Committee received testimony in support of the bill from the Sierra Club, Hawai'i Chapter, and Earth Justice Legal Defense Fund. The Chairperson of the Board of Land and Natural Resources submitted testimony supporting the intent of the bill but recommended adding a clarification of the term "adaptive management strategy". The Nature Conservancy of Hawai'i submitted testimony opposing the bill.

Your Committee believes that this measure would better serve to protect the State's threatened and endangered species as a vehicle to make housekeeping adjustments to the endangered species recovery law, and amended the bill by deleting its contents and replacing it with the contents of S.B. No. 2347, as amended by the recommendations of the Chairperson of the Board of Land and Natural Resources and the Sierra Club, Hawai'i Chapter. Specifically, your Committee inserted language which amended the endangered species restoration law by:

- (1) Clarifying when and how incidental take licenses can be issued;
- (2) Changing the voting requirements for approving habitat conservation plans, safe harbor agreements, and incidental take licenses; and
- (3) Clarifying the administrative injunctive relief provision.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2345, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2345, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 2605 Health and Environment on S.B. No. 2347

The purpose of this bill as received by your Committee is to amend the endangered species recovery law to change:

- (1) When and how incidental take licenses can be issued;
- (2) Voting requirements for approval of habitat conservation plans, safe harbor agreements, and incidental take licenses;
- (3) The composition of the endangered species recovery committee by adding the director of the University of Hawaii Center for Conservation Research and Testing; and
- (4) The terms of the administrative injunctive relief provisions.

The Sierra Club, Hawai'i Chapter, submitted testimony supporting the bill and recommending changes. Your Committee received testimony from the Chairperson of the Board of Land and Natural Resources supporting the bill if certain amendments are made. The Nature Conservancy of Hawai'i submitted testimony opposing the bill.

Your Committee believes that periodic adjustments to the endangered species recovery law are necessary as deficiencies in the application of the law are revealed over time. Your Committee also believes that this measure would best serve as a vehicle for the proposed changes to the endangered species recovery law in S.B. No. 2166.

Your Committee amended this bill by deleting its contents and replacing it with language which amends the endangered species recovery law by:

- (1) Adding a definition for "adaptive management strategy";
- (2) Making the destruction or adverse modification of critical or essential habitat illegal;
- (3) Requiring a two-thirds vote of the board for the issuance of an incidental take license;
- (4) Adding the prohibition of takes from public lands, by government agencies, or with public funds and requiring approval of the habitat conservation plan by the endangered species recovery committee;
- (5) Making the application for habitat conservation plans, safe harbor agreements, and incidental take licenses subject to public review and comment;
- (6) Making violations of habitat conservation plans, safe harbor agreements, and incidental take licenses per se violations of state law
- (7) Requiring a material breach of a habitat conservation plan or safe harbor agreement for suspension or revocation of the plan or agreement approval;
- (8) Requiring the endangered species recovery committee to conduct an annual site visit of each property that is the subject of a habitat conservation plan or safe harbor agreement;
- (9) Amending the administrative enforcement provisions to include violations of the chapter and any rules; add a significant risk criteria for requesting a hearing; reduce the waiting period for a hearing; allow the hearing officer to issue an order to take a specific action; and allow the Chairperson of the Board of Land and Natural Resources to bring a civil action; and
- (10) Requiring the Office of Environmental Quality Control to notify the public of applications for a proposed habitat conservation plan, proposed safe harbor agreement, or incidental take license that is being considered by the Board of Land and Natural Resources.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2347, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2347, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 2606 Health and Environment on S.B. No. 2390

The purpose of this bill as originally received was to transfer the authority to determine whether an environmental impact statement is required, from the agency preparing the assessment to the office of environmental quality control.

The Sierra Club, Hawai'i Chapter and Hawaii Audubon Society submitted testimony in support of the intent of this bill and suggested amendments. The Office of Environmental Quality Control submitted testimony indicating no objection to this bill and raised certain concerns. The Department of Transportation (DOT), Land Use Research Foundation of Hawaii (LURF), and the Board of Water Supply (BOWS) for the city and county of Honolulu submitted testimony opposing this bill.

Testimony indicated that an inherent conflict of interest arises when agencies assess whether their actions necessitate an environmental impact statement. Testimony from the Office of Environmental Quality Control indicated that the office would incur additional workload and costs with the passage of this bill and would need additional resources. The DOT, LURF, and BOWS believe that the agencies have the specific expertise and required resources to determine the environmental impact of their actions.

Your Committee agrees that the determination as to the need for an impact statement should remain with the agencies but that it also would be desirable to take advantage, at an early stage, of the expertise that lies in the Office of Environmental Quality Control (OEQC). Accordingly, your Committee has amended this bill by:

- (1) Requiring agencies to consult with the OEQC regarding the adequacy of the agencies' final assessment and the significance of any effects caused by the agencies' action prior to determining whether an environmental impact statement is or is not required; and
- (2) Requiring an agency to request a recommendation from OEQC as to the acceptability of a final statement.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2390, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2390, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 2607 Health and Environment on S.B. No. 2757

The purpose of this bill is to allow an applicant, after the public is notified of the availability of a draft environmental assessment, to withdraw the proposed action and not respond to public comments. In such instances, the bill also requires the preparation of a final environmental assessment but not an environmental impact statement.

Your Committee received testimony supporting the intent of the bill from the Department of Public Works of the City and County of Honolulu. The Chairperson of the Board of Land and Natural Resources, Department of Transportation, Office of Environmental Quality Control, Board of Water Supply of the City and County of Honolulu, and Hawaii Audubon Society submitted testimony in opposition to this bill.

Your Committee believes that an applicant who proposes a project should be permitted to withdraw the proposal without incurring additional expenses, but that it would be beneficial for the public to be notified of that decision.

Your Committee amended this bill by requiring, upon any withdrawal of a proposed action, that the applicant notify the Office of Environmental Quality Control of the withdrawal and that the office publish a notice of the withdrawal.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2757, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2757, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 2608 Health and Environment on S.B. No. 2852

The purpose of this bill is to add sites which are subjects of corrective action under the Resource Conservation and Recovery Act to those sites which are eligible to qualify for a voluntary response action.

Your Committee received testimony in support of the bill from the Director of Health, Sierra Club, Hawai'i Chapter, and Mortgage Bankers Association. The Director of Health recommended adding several other amendments to the Voluntary Response Program law to make it stronger, more effective, and easier to use. The Sierra Club recommended adding the contents of S.B. No. 2300 to the contents of this measure.

Your Committee believes that a voluntary response program is essential for the effective clean up of our environment and that efforts to improve the program merit encouragement and support from the Legislature. Your Committee agreed with the Director of Health and Sierra Club and adopted most of their recommendations by amending this bill, as follows:

- (1) Adding a requirement for publication of a voluntary response action application in the office of environmental quality control bulletin;
- (2) Making sites with underground storage tanks eligible for voluntary response actions;
- (3) Extending the liability exemption to future purchasers;

- (4) Allowing the Department of Health to consider all departmental actions concerning the site in the approval process for voluntary response action applications;
- (5) Eliminating significant public interest as a disqualifying factor in the consideration of an application for a voluntary response action;
- (6) Permitting the Department of Health to invalidate a liability exemption if the Department reasonably concludes that any property transaction was entered into for the purpose of avoiding environmental clean up liability; and
- (7) Denying the use of voluntary response actions to uncooperative parties in departmental enforcement actions.

Your Committee also made technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2852, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2852, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 2609 Transportation and Intergovernmental Affairs on S.B. No. 1196

The purpose of this bill is to repeal Section 286-85, Hawaii Revised Statutes, which prohibits a person from operating a reconstructed vehicle on a public highway unless it has been inspected and certified by the Department of Finance of the City and County of Honolulu.

Your Committee received testimony in support of this measure from the Department of Transportation, the Police Department of the City and County of Honolulu, the Department of Finance of the City and County of Honolulu, the Hawaii Motorcycle Dealers Association, Street Bikers United, the Sled Shop, Sonic Motorsports, Motorsports Education and Safety Coalition, Hypersports, Inc., Carr's Insurance Agency, and twelve private citizens of Hawaii. Hawaii Automotive Repair and Gasoline Dealers Association submitted testimony in opposition.

Your Committee has amended this measure for reasons of conformity with special interest vehicles by exempting official inspection stations from liability for damages and injuries caused by reconstructed vehicles.

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

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1196, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1196, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ihara).

SCRep. 2610 Transportation and Intergovernmental Affairs on S.B. No. 2256

The purpose of this bill is to change the name of Barbers Point Harbor to Kalaeloa Harbor, in recognition of the traditional Hawaiian name for the Kalaeloa Community Development District.

Your Committee received testimony in support of the intent of this measure from the Department of Business, Economic Development, and Tourism. The Department of Transportation submitted testimony stating no objections to this measure, however, the testimony mentioned the change would require administrative costs to implement the name change throughout all records and documents statewide. Testimony in opposition was received by Boats/Hawaii, Inc.

Your Committee finds that combining the traditional Hawaiian name of Kalaeloa with Barbers Point Harbor best complements the renaming of surplus Navy lands at Barbers Point Naval Air Station to "Kalaeloa Community Development District." In the interest of keeping costs down, your Committee urges all appropriate state agencies to first deplete their official supplies which bear the "Barbers Point Harbor" designation, and to develop a plan to ensure a smooth transition to the new name.

Your Committee has amended this measure by changing the name of Barbers Points Harbor to "Kalaeloa Barbers Point Harbor" to be effective on January 1, 1999.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2256, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2256, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ihara).

SCRep. 2611 Transportation and Intergovernmental Affairs on S.B. No. 2556

The purpose of this bill is to allow county police officers to inspect vehicles and vehicle components for the title or registration of vehicles on highways and specified facilities, and inspect other equipment to establish rightful ownership.

Upon further consideration, your Committee has amended this bill to address reservations about the breadth of inspection procedures set forth for vehicle theft investigations. Specifically, the amendments:

- (1) Restrict inspections to be conducted by officers of the county police department who are permanently assigned to conduct vehicle theft investigations;
- (2) Remove as inspection locations, references to highways, agricultural and construction sites; and
- (3) Restrict inspections to the premises of any motor vehicle repair dealer required to be registered by the Department of Commerce and Consumer Affairs under Chapter 437B, Hawaii Revised Statutes and any person or organization required to be licensed under sections 289-2 and 289-3, Hawaii Revised Statutes, which include businesses that engage in the purchasing or selling of used motor vehicle parts or accessories, or wrecking, salvaging, or dismantling motor vehicles for the purpose of reselling the parts or accessories.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2556, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2556, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Fernandes Salling, Ihara).

SCRep. 2612 Transportation and Intergovernmental Affairs on S.B. No. 2655

The purpose of this bill is to increase the registration fee, from \$8 to \$20, for bicycles with two tandem wheels that are twenty inches or more in diameter, and all mopeds. The bill also changes the payment of registration from a biennial to a permanent (one-time) fee; allows the issuance of a duplicate bicycle or moped tag or certificate of registration if the original is lost, stolen, or mutilated, or becomes illegible; establishes a fee of \$5 for duplicate certificates of registration; and establishes procedures for the transfer of registration for bicycles or mopeds.

Your Committee received testimony in support of this measure from the Department of Finance of the City and County of Honolulu and from a private citizen of Hawaii.

Your Committee finds that the registration fee of \$20, as proposed by this bill as received, is prohibitive, and the noncompliance charge of \$50 is excessive, placing an unnecessary burden on registered persons. In addition, your Committee believes that the procedures in the bill to transfer the registration for a bicycle or moped are cumbersome and difficult to understand.

Therefore, your Committee has amended this measure by:

- (1) Requiring a permanent registration fee of \$10 rather than \$20;
- (2) Decreasing the noncompliance fee from \$50 to \$10;
- (3) Streamlining the procedures by referencing the transfer of trailer registration procedures as provided in section 286-52.5, Hawaii Revised Statutes; and
- (4) Making technical, nonsubstantive amendments throughout the bill for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2655, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2655, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 2613 Transportation and Intergovernmental Affairs on S.B. No. 2890

The purpose of this bill is to require the county fire chiefs to inspect all buildings, premises, and public thoroughfares every two years, or as often as deemed practicable or necessary, to ascertain any condition liable to cause fire, or any violations of any law, ordinance, rule, or order relating to fire hazards or the prevention of fires.

Your Committee received testimony in support of this measure from the Fire Department of the City and County of Honolulu. The Department of Education submitted testimony in support of the intent of the measure and stated that the fire protection inspections are very important for the safety of the students in Hawaii's public schools. The Department of Education would prefer to have fire inspections done annually rather than every two years. The Department of Transportation submitted testimony that recommended an amendment to have fire inspections once a year at all state airport facilities.

Your Committee finds that the county fire departments have limited resources and are having difficulty meeting the demands of annual fire inspections at all county, state, and private facilities on a timely basis. However, the safety of our children is of paramount concern and your Committee prefers that fire inspections in schools be done on a yearly basis. Upon further discussion with the Department of Transportation and the Fire Department of the City and County of Honolulu, your Committee understands that the State already has personnel who are qualified to conduct fire inspections at airport facilities, and agrees with both agencies that the fire department could be relieved of a portion of its task if the State conducted its own regular inspections at the airports.

Therefore, your Committee has responded to the concerns for public safety and amended this measure by adding requirements that Hawaii's public schools be inspected once each year by the county fire chief and that the State conduct fire inspections at all airport facilities on a yearly basis.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2890, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2890, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 ((Chumbley, Fernandes Salling, Kanno).

SCRep. 2614 Human Resources on S.B. No. 2495

The purpose of this bill is to exempt airline employees from the State's wage and hour laws.

Your Committee received written testimony in support of this bill from United Airlines, the Air Transport Association, and a number of employees from United Airlines and Hawaiian Airlines. Testimony in opposition to this bill was received from the Department of Labor and Industrial Relations (DLIR), the Hawaii State Machinist Council, the Hawaii Nurses' Association, the International Longshoremen's & Warehousemen's Union and a number of employees from Hawaiian Airlines.

Your Committee amended this bill by deleting its contents and creating a limited exemption to the maximum hours law to allow an airline employee the ability to exchange hours of work with another employee for the sole purpose of family and medical leaves and consistent with public policy.

Your Committee recognizes that this measure does not satisfy all of the parties involved. By passing this measure, the Committee intends to explore additional alternatives that address this situation.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2495, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2495, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Anderson).

SCRep. 2615 Human Resources on S.B. No. 2680

The purpose of this bill is to require each executive department to transmit a copy of the final performance ratings of an employee to the Director of Human Resources Development upon request.

This bill also deletes the obsolete reference to "step increases," which are now covered by collective bargaining.

Your Committee received testimony in support of this bill from the Department of Human Resources Development (DHRD) and the Department of Personnel Services of the County of Kauai.

According to testimony of DHRD, this bill reflects the existing common practice in the respective jurisdictions of handling personnel performance ratings.

Your Committee has amended this bill on the recommendation of DHRD to insert "original" in place of "a copy" in reference to filing a copy in the employee's official personnel file. A technical, nonsubstantive change also was made.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2680, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2680, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2616 Human Resources on S.B. No. 2884

The purpose of this bill is to clarify the wage and hour documentation requirements of contractors who perform public works contracts.

Your Committee received testimony in support of this bill from the Department of Labor and Industrial Relations (DLIR), Pacific Resource Partnership, Hawaii Operating Engineers Industry Stabilization Fund, and Associated Builders and Contractors, Inc.

Current law requires that the specifications for each public works contract contain a provision requiring a contractor performing work on a public works construction project to submit a certified copy of all payrolls weekly to the state or county contracting agency. According to testimony of the DLIR, this bill is intended as a last resort to address the situation where a contractor fails to comply after numerous and repeated requests from the DLIR. The DLIR testified that many local contractors have an amicable working relationship with the DLIR and will supply the required documentation upon oral request. However, a few construction firms will not comply, and the DLIR needs a strict penalty as a last resort.

Your Committee prefers that the DLIR continue to strive toward obtaining the documentation in an informal, cooperative manner. Your Committee wishes to make clear that the DLIR may still make informal requests of the contractor for records and that penalties may be assessed only after a written request. Nevertheless, your Committee believes that this bill is necessary to confer needed powers on the DLIR in case informal requests are rebuffed and a written request becomes necessary.

Your Committee has amended this bill to require that the request for records to the contractor be in writing in order for penalties to be assessed after ten days from the written request. Your Committee has also made a technical, nonsubstantive amendment for clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2884, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2884, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2617 Human Resources on S.B. No. 2887

The purpose of this bill is to allow the Department of Labor and Industrial Relations (DLIR) to regulate bungee jumping and define amusement rides.

Your Committee received testimony in support of this bill from the DLIR and one individual. Your Committee received oral testimony from the Elevator Constructors Local 186, Hawaii Government Employees Association, and several individuals who are current or former elevator inspectors in opposition to the amendments proposed at the hearing by the DLIR that referred to allowing private qualified inspectors (usually insurance company personnel) to do all inspections under boiler and elevator safety law (which includes amusement rides) and to deleting existing law requiring semi-annual inspections of amusement rides.

Your Committee finds that bungee jumping is a popular attraction at amusement facilities and carnivals. Your Committee further finds that bungee jumping is an inherently dangerous activity that is currently unregulated. Your Committee believes that this bill is necessary for the protection and safety of the public. The DLIR currently regulates amusement rides, so regulating bungee jumping is not significantly different.

According to the DLIR, the problem with regulating bungee jumps, which is a relatively new amusement, is that there is no one on their staff who is sufficiently knowledgeable about the equipment and operation of bungee jumps to enable it to adequately inspect and determine safety. The DLIR testified that a carnival operator was approached about the possibility of paying for training DLIR inspectors, but the operator indicated he could not afford it. The DLIR gave a rough estimate of about \$3,000 to train one inspector, which would encompass a trip of several days to the mainland to receive instructions from the manufacturer. Your Committee believes that training for one or two inspectors to specialize in bungee jumps is necessary. However, your Committee desires that the DLIR continue to work with bungee jump operators to obtain funds for training rather than relying on state funds.

Your Committee has amended this bill by:

- (1) Adding a definition of "imminent hazard" for purposes of strengthening the DLIR's powers to prohibit the use of equipment that may be an imminent hazard;
- (2) Amending definitions to delete references to "inspected", and to insert "regulated";
- (3) Clarifying the powers and duties of the DLIR over inspection and regulation in chapter 397, Hawaii Revised Statutes;
- (4) Clarifying that the DLIR does not have jurisdiction over kiddie rides (coin operated amusement rides);
- (5) Authorizing the DLIR to enter any premises to investigate any accident involving serious bodily injury;
- (6) Deleting the requirement that the DLIR inspect amusement rides at least semi-annually, and inserting that the DLIR shall review plans and may make inspections and investigations of amusement rides;
- (7) Requiring the DLIR to adopt rules to require contractors, owners, and operators to report accidents, injuries, and deaths to the DLIR;
- (8) Deleting an obsolete and duplicative enforcement procedure;
- (9) Adding jurisdiction over bungee jumps in all areas of the powers and duties of the DLIR;
- (10) Authorizing the DLIR to require the owner, user, or contractor of a bungee jump to provide evidence of insurance coverage;
- (11) Allowing the DLIR to assess a fee for training of its inspectors;
- (12) Requiring the DLIR to seek funding for training from the manufacturer or vendor of the bungee jump and to consult with them on establishing a training program; and
- (13) Conforming section 397-4(a), Hawaii Revised Statutes, to Act 2, Session Laws of Hawaii 1998.

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

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2887, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2887, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2618 (Joint) Human Resources and Judiciary on S.B. No. 3088

The purpose of this bill is to clarify the rights of employees and the liabilities of employers in regards to job references.

Your Committees received written testimony in support of this bill from the Department of Human Resources Development, Department of Personnel of the City and County of Honolulu, Judiciary, Department of Civil Service of the County of Hawaii, National Federation of Independent Business, Retail Merchants of Hawaii, Hawaii Hotel Association, Liberty House, Healthcare Association of Hawaii, The Chamber of Commerce of Hawaii, and a retail merchant. Written testimony in opposition to this bill was received from the Hawaii Civil Rights Commission, Hawaii Nurses' Association, and Hawaii State AFL-CIO. The National Employment Lawyers Association provided testimony listing a number of concerns with the bill.

Your Committees find that assessment of a prospective employee's future performance is a difficult task for an employer who may have to rely on employment background information to make a hiring decision. Your Committees further find that employers are reluctant to reveal that type of information for fear of possible lawsuits.

The intent of this bill is to provide a balanced disclosure taking into account the interest of the employee and the employer.

Your Committees have amended this bill after careful consideration of both sides of this issue, to:

- (1) Clarify that the disclosed information must be about job performance only;
- (2) Add that if the information is truthful, fair, and unbiased, the employer making the disclosures shall have a qualified immunity that extends to the disclosure of information and the consequences of the disclosure;
- (3) Require that notice is given to the employee;
- (4) Provide for a good faith presumption that is rebuttable upon a showing by a preponderance of the evidence that the information was knowingly false, deliberately misleading, disclosed for a malicious purpose, disclosed in reckless disregard for its falsity or defamatory nature, disclosed without notice to the employee, or was violative of specified rights, collective bargaining agreements, laws, or otherwise contrary to public policy;
- (5) Delete the definitions for "employee" and "employer"; and
- (6) Reformat the bill for subsections.

As affirmed by the records of votes of the members of your Committees on Human Resources and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3088, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3088, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 2619 Commerce, Consumer Protection, and Information Technology on S.B. No. 3159

The purpose of this bill is to eliminate the requirement that leasehold timeshare interests be registered with the Land Court and instead require that they be recorded with the Bureau of Conveyances.

Your Committee received written testimony in support of this measure from the Department of Commerce and Consumer Affairs and the Board of Land and Natural Resources.

Your Committee finds that the recordation of leasehold timeshare interests in the Land Court places an unnecessary burden on the Bureau of Conveyances.

Your Committee further finds that taking leasehold timeshare interests out of the Land Court and placing recordation in the Regular System under chapter 502, Hawaii Revised Statutes, will not affect the owner's right in the timeshare. It will, however, help government use its limited resources more effectively and efficiently.

Your Committee amended the bill by making a spelling correction and other technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3159, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3159, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2620 Commerce, Consumer Protection, and Information Technology on S.B. No. 2858

The purpose of this bill is to require that midwives be recognized as advanced practice registered nurses under chapter 457 of the Hawaii Revised Statutes (HRS) which regulates nurses. The bill also repeals part XXXI of chapter 321, HRS, which regulates midwives.

Your Committee received testimony in support of this bill from the Board of Nursing.

Your Committee finds that under section 16-89-81 of the Hawaii Administrative Rules, enacted pursuant to chapter 457, HRS, nurse midwives are included in the definition of Advanced Practice Registered Nurse.

Your Committee further finds that repealing part XXXI of chapter 321, HRS, will eliminate statute duplication and help to streamline government by placing nurse midwives under the jurisdiction of one, rather than two, departments.

Your Committee amended this bill by correcting a word in the purpose section to read "Act" instead of "bill" for proper drafting style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2858, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2858, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2621 Commerce, Consumer Protection, and Information Technology on S.B. No. 2132

The purpose of this bill is to clarify that any registered educational or charitable nonprofit organization, political organization, or political candidate may sell specific liquors, as determined by administrative rules of the liquor commission, with a one-day special license.

Your Committee received written testimony in support of this bill from the Department of Liquor Control of the County of Hawaii, Department of Liquor Control of the County of Maui, Aloha Society of Association Executives, and Hawaii Restaurant Association.

This bill addresses those charitable fundraising events by a qualified nonprofit organization that auction bottles of liquor (usually wine or champagne donated by individuals and organizations from their private stock) that are donated to the organization. The liquor is normally consumed off-premises. But, current administrative rules for special licenses prohibit the sale of packaged liquor at fundraising events for off premises consumption. This bill would remedy this problem.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2132, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2622 Commerce, Consumer Protection, and Information Technology on S.B. No. 2332

The purpose of this bill is to exempt the Police Activities League's youth boxing program from the jurisdiction of the Hawaii State Boxing Commission.

Your Committee finds that this measure is supported by parties involved and your Committee has made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2332, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2332, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2623 Commerce, Consumer Protection, and Information Technology on S.B. No. 3126

The purpose of this bill is to require applications for certificates of public convenience and necessity to be accompanied by proof of service upon current affected certificate holders and other interested parties.

Your Committee received written testimony in support of this measure from E Noa Corporation.

Your Committee believes this measure promotes due process and encourages the fair administration of regulatory policy. Your Committee has made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3126, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3126, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2624 Commerce, Consumer Protection, and Information Technology on S.B. No. 2309

The purpose of this bill is to amend Section 457G-2, Hawaii Revised Statutes (HRS), to reflect the current name of the private certifying organization, the National Board for Certification in Occupational Therapy, responsible for certifying occupational therapists and occupational therapy assistants.

Testimony in support of the measure was received from the State Auditor and interested parties. Comments on the bill were received from the Occupational Therapy Association of Hawaii and the American Association of Retired Persons.

Your Committee has made a technical, nonsubstantive amendment to the bill at the request of the State Auditor changing the word "association" to "board" in line 10 of the bill to ensure consistency therein.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2309, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2309, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Tanaka, Solomon).

SCRep. 2625 Commerce, Consumer Protection, and Information Technology on S.B. No. 2583

The purpose of this bill is to provide consumers greater protection from unfair methods of competition and unfair and deceptive acts and practices of mutual benefit societies by applying Article 13 of the Insurance Code to certain mutual benefit societies.

Testimony in support of the bill was received from the Consumer Lawyers of Hawaii, the Hawaii Federation of Physicians and Dentists, the Hawaii Coalition for Health, the Hawaii Center for Autistic Spectrum Disorders, and several interested individuals. The Department of Commerce and Consumer Affairs (Department) submitted testimony in support of the bill, although with reservations. The Hawaii Medical Service Association submitted comments on the measure.

In its testimony, the Department stated that Act 367, Session Laws of Hawaii 1997, provided the Insurance Division (Division) with regulatory oversight over fiscal solvency matters as they apply to mutual benefit societies. This bill would extend the Division's regulatory responsibilities to unfair claims settlement practices and unfair and deceptive trade acts or practices as defined in Article 13 of the Insurance Code. Additionally, this bill would enable the Division to ensure that mutual benefit societies "act in the public interest."

The Division stated that this is necessary because mutual benefit societies are, by statutory definition, not-for-profit organizations. Mutual benefit societies are exempt from every state, county, and municipal tax, except the unemployment compensation tax, and therefore, are supported by the public.

Additionally, although expecting that a "social conscience" should be an essential part of a not-for-profit organization's mission, the State has never specifically articulated what it means to "act in the public interest." As more for-profit health maintenance organizations enter the marketplace, not-for-profit mutual benefit societies recognize that the need to survive the increasingly competitive price wars is weakening their ability to carry out this noble purpose.

Although your Committee received several testimonies supporting this measure, many of these testimonies also supported S.B. No. 2592, a very similar bill that your Committee also heard at the same hearing. In fact, the Division submitted testimony strongly supporting S.B. No. 2592, whereas it expressed reservations on S.B. No. 2583. Therefore, your Committee has amended the bill by deleting its contents and inserting the substance of S.B. No. 2592, which also received several testimonies supporting it.

As amended, the bill:

- (1) Applies to all mutual benefit societies and does not make any exceptions; and
- (2) Removes the requirements of persons who act on behalf of a mutual benefit society.

With respect to S.B. No. 2592, which was inserted into this bill, the Division stated that, currently, mutual benefit societies may voluntarily answer the Division's inquiries, and to their credit, most of the Division's questions are usually answered. The application of Article 13 to mutual benefit societies will allow the Division to take a closer look at a mutual benefit society's financial condition if too many complaints regarding the payment of claims are being received. Delays in the payment of claims are often the first sign of financial trouble.

When the Division began to receive numerous complaints from consumers about delays in the payment of claims by PGMA, an investigation was initiated. However, the Division did not have the statutory authority to investigate--it was merely a request for information. If PGMA had refused, the Division would not have any legal standing to seek recourse from the courts.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2583, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2583, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Tanaka, Solomon).

SCRep. 2626 Commerce, Consumer Protection, and Information Technology on S.B. No. 2608

The purpose of this bill is to clarify the definition of "psychologist" in Section 465-1, Hawaii Revised Statutes (HRS), and to allow other qualified or licensed mental health care professionals functioning within their professional capacity to provide and advertise that they provide psychotherapy services without undue investigations or citations by the Regulated Industries Complaints Office (RICO) of the Department of Commerce and Consumer Affairs (DCCA). Specifically, the bill among other things:

- (1) Clarifies the definition of "psychologist" to mean those persons licensed under HRS Chapter 465;
- (2) Eliminates in HRS Section 465-1 the statutory definition that a person represents to be a psychologist by use of the words "psychological", "psychology", "psychologist" and "psychotherapy" in a title or description of services; and

- (3) Clarifies the exemption from the application of Chapter 465 contained in HRS Section 465-3(a) for certain mental health professionals, provided that the person does not represent the person to be a "psychologist".

Your Committee received written testimony from the Board of Psychology (Board), the Hawaii Nurses' Association (HNA), the HNA Council on Advanced Nursing Practice (HNA Council), the National Association of Social Workers (NASW), and the Hawaii Psychological Association (HPA). RICO provided oral testimony on the bill.

The HNA, HNA Council and NASW testified in support of the bill's intent.

The HPA requested that a study be carried out to develop a solution that protects the public, maintains psychology's scope of practice, and permits other appropriately trained and licensed mental health professionals to conduct psychotherapy or represent that they practice psychotherapy.

The Board opposed the bill in its present form expressing concern that, among other things, deletion of the terms "psychological", "psychology", "psychologist" and "psychotherapy" from HRS Section 465-1 would allow these terms to be used by any individual, whether or not properly trained or qualified, to advertise and provide "psychotherapy" or any type of "psychological" services, thereby curtailing RICO's ability to enforce improper use of these terms.

After considering the merits of the bill and the testimonies received, your Committee has amended the measure at the urging of the Board of Psychology and the Hawaii Nurses' Association, who agreed to the following amendment:

- (1) Retain the present statutory definition of "psychologist" contained in HRS Section 465-1, which includes limiting the use of the words "psychology", "psychological", "psychologist", and "psychotherapy" to a person representing to be a psychologist; and
- (2) Eliminate from the exemption provision of HRS Section 465-3(a)(5) the direct reference to the definition of "psychologist" presently contained in Section 465-1.

The HNA believes this amendment will allow psychiatric clinical nurse specialists, psychiatric nurse practitioners, and other qualified mental health providers to freely practice within the scope of their profession and advertise that they provide psychotherapy. The Board testified that this amendment will maintain the standards of HRS Chapter 465 in the interest of consumer protection.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2608, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2608, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Tanaka, Solomon).

SCRep. 2627 Commerce, Consumer Protection, and Information Technology on S.B. No. 2807

The purpose of this bill is to extend the civil and criminal penalty provisions of the State motor carrier law to shippers and consignees in the State who contract and utilize the services of illegal motor carriers. Specifically, the bill amends subsections (a), (h), and (j) of Section 271-27, Hawaii Revised Statutes (HRS), by removing the word "in" from the phrase "engages in" in each of the three subsections.

Your Committee received written testimonies in support of this bill from the Public Utilities Commission (PUC), the Department of Transportation, and the Hawaii Transportation Association (HTA).

The PUC voiced its strong support of the measure giving effect to the true intent of Act 120 passed in the 1997 legislative session. The PUC testified that without the proposed amendment, the PUC will be limited to imposing civil and criminal penalties only on those shippers and consignees who themselves operate as illegal motor carriers in the State. The HTA testified that this bill gives the PUC the ability to act quickly and evenly against any violating party.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2807 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Ige, D., Solomon).

SCRep. 2628 Commerce, Consumer Protection, and Information Technology on S.B. No. 2819

The purpose of this bill is to authorize the commissioner of financial institutions to suspend or revoke the license of an escrow depository company for cause in three additional circumstances:

- (1) Engaging in an unsafe or unsound practice that is likely to cause insolvency or dissipate the assets and earnings;
- (2) Failing to maintain accurate books and records to enable determination of financial condition; and
- (3) Ceasing business for six or more months.

Your Committee received written testimony in support of this measure from the Commissioner of Financial Institutions and Title Guaranty Escrow Services, Inc.

Your Committee finds that this amendment would standardize rules affecting escrow companies with those affecting financial institutions. Your Committee supports this measure to provide additional protection for Hawaii's consumers.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2819 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2629 Commerce, Consumer Protection, and Information Technology on S.B. No. 2821

The purpose of this bill is to amend the code of financial institutions to:

- (1) Subject the assumption of deposits of a Hawaii financial institution to the code of financial institutions;
- (2) Prohibit Hawaii financial institutions and financial institution holding companies from acquiring all or substantially all of the assets, or assume any of the liabilities of another company except as provided by law;
- (3) Allow out-of-state financial institutions to merge with Hawaii depository financial institutions or trust companies, or a nondepository financial services loan company to merge with another corporation if the resulting institution is chartered or licensed in this State, or is an out-of-state bank authorized to establish interstate branches in this State;
- (4) Allow a nondepository financial services loan company license to be issued to the resulting financial institution after a merger upon compliance with all applicable laws;
- (5) Require that Hawaii financial institutions obtain written approval prior to acquiring or assuming all or substantially all of the assets, liabilities, or deposits of another company; and
- (6) Require that the transferring Hawaii financial institution in a sale, disposition, or transfer of its assets, business, deposits, or liabilities be subject to chapter 415, Hawaii Revised Statutes, which regulates corporations.

Your Committee received written testimony in support of this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that the Code of Financial Institutions (Code) was amended in 1996.

Your Committee further finds that as a result, nondepository financial services loan companies are no longer required to be incorporated in this State.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2821 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2630 Commerce, Consumer Protection, and Information Technology on S.B. No. 2825

The purpose of this bill is to update Section 465-7(c), Hawaii Revised Statutes (HRS):

- (1) To allow psychologists licensed twenty years or more to qualify for Hawaii licensure as a senior psychologist based on the total number of sequential years of licensure, if licensed in more than one jurisdiction of the United States or Canada over the years; and
- (2) To allow psychologists who have taken the Examination for Professional Practice in Psychology (EPPP) elsewhere and obtained a score which was equivalent to or greater than Hawaii's passing score for that administration of the examination, to qualify for licensure as a senior psychologist in Hawaii.

Your Committee received written testimonies in support of this bill from the Board of Psychology, Professional and Vocational Licensing Division of the Department of Commerce and Consumer Affairs (Board), and the Hawaii Psychological Association (HPA).

The Board and HPA voiced its support of the measure in updating obsolete licensure requirements for senior psychologists contained in HRS Section 465-7(c). The Board and HPA both testified that it is only reasonable to allow psychologists who have been licensed in various United States or Canadian jurisdictions to obtain the required twenty years by totaling the number of sequential years they were licensed in various jurisdictions. The Board further testified that because the present law allows only those psychologists who obtained licensure in a jurisdiction that did not require the EPPP to qualify for licensure in Hawaii, the statute is outdated. The majority of states now require the EPPP to qualify for licensure. Accordingly, this measure will remove this obsolete restriction by allowing psychologists who either have or have not taken the EPPP to qualify for licensure in Hawaii.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2825 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Tanaka, Solomon).

SCRep. 2631 Commerce, Consumer Protection, and Information Technology on S.B. No. 2827

The purpose of this bill is to provide the Board of Pharmacy with more autonomy with respect to the administration of examinations and the licensure of pharmacists in the State.

Specifically, the bill:

- (1) Deletes the specific names and the specific minimum passing scores for pharmacist licensure examinations and replaces them with provisions that allow the Board of Pharmacy to amend examination criteria and scheduling frequency by rule; and
- (2) Makes numerous technical, nonsubstantive amendments for the purpose of clarity.

Your Committee received testimony in support of the bill from the Board of Pharmacy and Longs Drugs Stores.

Your Committee finds that periodically, pharmacist licensure examinations undergo changes in names, passing score formats, and schedule dates. These changes make it increasingly more difficult to apply the State's statutorily mandated examination criteria.

Your Committee believes that enabling the Board of Pharmacy to restructure examination criteria and scheduling frequency by rule will help the Board of Pharmacy be more responsive to the changing requirements of national pharmacy examination requirements and formats.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2827 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Tanaka, Solomon).

SCRep. 2632 Commerce, Consumer Protection, and Information Technology on S.B. No. 2839

The purpose of this bill is to grant the Insurance Commissioner the authority to adopt specific rules for the levying of examination assessment costs and criteria for appealing the levying of such costs, change from March 15 to March 1 the date insurers must file their risk-based capital report, and clarify the timing of public hearings on workers' compensation rate filings.

Your Committee received written testimony in support of this bill from the Insurance Division of the Department of Commerce and Consumer Affairs (DCCA). The DCCA voiced its strong support of the measure based on the following rationale:

- (1) Without the authority granted to the Insurance Commissioner by amendment of HRS Section 431:2-306, the Insurance Division would have to incur the cost of an examination conducted by contract examiners and would have no means of recouping the cost;
- (2) The amendment of HRS Section 431:3-402(a) makes the March 1 filing date of an insurer's risk-based capital report consistent with other filing dates for financial statements that are mandated by the Insurance Code; and
- (3) The amendment to HRS Section 431:14-120(a) clarifies that public hearing on a workers' compensation rate filing will be scheduled only after the rate filing is complete.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2839 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Tanaka, Solomon).

SCRep. 2633 Commerce, Consumer Protection, and Information Technology on S.B. No. 2842

The purpose of this bill is to make clarifying amendments to the Hawaii Medical Malpractice Underwriting Plan Law (Chapter 435C, Hawaii Revised Statutes).

Specifically, the bill:

- (1) Amends the definition of "net direct premiums" under the Hawaii Medical Malpractice Underwriting Plan Law to reference the "Hawaii State Page of the Exhibit of Premium and Losses" of an insurance company's annual statement instead of "page 14" of the aforementioned document;
- (2) Deletes outdated statutory references to repealed laws and inserts the appropriate succeeding statutory references;
- (3) Clarifies that the Insurance Commissioner has the authority to appoint insurers that are members of the Hawaii Medical Malpractice Underwriting Plan to also act as servicing companies to underwrite medical malpractice insurance; and
- (4) Makes several technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee received testimony in support of the bill from the Department of Commerce and Consumer Affairs.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2842 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Tanaka, Solomon).

SCRep. 2634 Commerce, Consumer Protection, and Information Technology on S.B. No. 2844

The purpose of this bill is to ensure that no one person becomes an owner of a significant interest in any public utility organized under the laws of the State of Hawaii unless first approved in writing by the Public Utilities Commission.

Specifically, the bill amends Section 269-17.5(c), Hawaii Revised Statutes (HRS), by making the restriction on the ownership of more than twenty-five percent of the voting stock by a foreign corporation, any single nonresident alien, or by any person, apply to all Hawaii public utilities, as that term is defined in HRS Section 269-1, and not as presently limited to those that produce, convey, transmit, deliver, or furnish light, power, heat, cold, water, gas, or oil for the public use.

Your Committee received written testimonies regarding this bill, as summarized below:

- (1) Supportive testimonies on the bill were received from the Public Utilities Commission and the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs (Consumer Advocate); and
- (2) Testimony in opposition to the bill was received from Oceanic Communications.

The Consumer Advocate testified in support of the measure's intent to conform the definition of "public utility" in HRS Section 269-17.5(c) with the definition of "public utility" in HRS Section 269-1, eliminate the problem caused by the limited definition of public utility in HRS Section 269-17.5(c). Passage of the bill will eliminate the problem.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2844 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Solomon).

SCRep. 2635 Commerce, Consumer Protection, and Information Technology on S.B. No. 3018

The purpose of this bill is to repeal the bulk sales provisions of the Uniform Commercial Code.

Your Committee received written testimony in support of this bill from the Hawaii Commission on Uniform State Laws (Commission). Written testimony in opposition to this bill was received from the Hawaii National Bank.

According to testimony of the Commission, bulk sales laws were originally enacted in response to fraud that was perceived to be common at the turn of the century. At that time, the prevalent practice was for a merchant to acquire stock in trade on credit, then sell the entire inventory ("in bulk") and sometimes abscond with the proceeds, leaving creditors such as banks unpaid. Therefore, Article 6 was intended to remedy this problem, which no longer exists today because of changes in business practices, development of other legal remedies, development of credit reporting bureaus, and better informed creditors.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3018 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Levin, Solomon).

SCRep. 2636 Commerce, Consumer Protection, and Information Technology on S.B. No. 3077

The purpose of this bill is to eliminate the conflicts and ambiguity between the language contained in Chapter 431K, Hawaii Revised Statutes (HRS), and Article 8 of HRS Chapter 431.

Chapter 431K was adopted in 1987 as a result of Congress passing the Liability Risk Retention Act of 1986 (Act) which preempted many state regulatory rights and restricted state governance of purchasing groups. However, since the adoption of HRS Chapter 431K, language in Section 431K-8 has created confusion and problems. Specifically, the requirement that an agent or broker in placing insurance must act pursuant to Article 8 of Chapter 431 conflicts with other provisions in the Insurance Code and the Act.

Your Committee received written testimony in support of this bill from the Insurance Division of the Department of Commerce and Consumer Affairs (DCCA). The DCCA testified that it has in the past required purchasing groups to place the insurance through a Hawaii resident surplus lines broker. Purchasing groups have threatened litigation claiming that this requirement is a violation of the Act. Moreover, Hawaii resident surplus lines brokers have at times refused to place the risk. This measure will cure the problem of Hawaii resident surplus line brokers declining to place the policy and eliminate the threat of litigation by purchasing groups.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3077 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Levin, Tanaka, Solomon).

SCRep. 2637 Commerce, Consumer Protection, and Information Technology on S.B. No. 3105

The purpose of this bill is to specifically authorize the Insurance Commissioner (Commissioner) to annually reduce or adjust rates prospectively for any type of insurance if the rates are excessive, inadequate, or unfairly discriminatory.

Testimony supporting the bill was received from the Department of Commerce and Consumer Affairs (Department) and the Consumer Lawyers of Hawaii. State Farm Insurance Companies submitted testimony opposing the measure.

Testifying on behalf of the Department, the Commissioner stated that while the Insurance Division (Division) is fairly confident of its ability to reduce or adjust rates that are deemed to be "excessive, inadequate, or discriminatory", the Division appreciates the reiteration of its authority to clarify legislative intent in this matter.

As an example, last session, the Legislature passed H.B. No. 100, C.D. 1, enacted as Act 251, Session Laws of Hawaii 1997, which in part reiterated the Commissioner's authority to adjust motor vehicle rates when they were deemed "excessive, inadequate, or discriminatory". This was done to clarify the Commissioner's authority in anticipation of a possible legal challenge by interested parties.

After considering the merits of the bill and the testimonies received, your Committee has amended the measure by allowing proceedings of affected parties that object to rate adjustments to be consolidated to efficiently address multiple objections to a rate reduction or adjustments ordered by the Commissioner. This will eliminate the need for the Commissioner to initiate one hundred or more individual rate adjustment hearings.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3105, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3105, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Levin, Tanaka, Solomon).

SCRep. 2638 Economic Development on S.B. No. 2078

The purpose of this bill is to amend the laws regulating commercial ocean recreation operations.

Specifically, the bill repeals the operating restrictions placed on commercial ocean recreation operators operating in the areas of Maunaloa Bay on Oahu and the south shore of Maui and repeals the Department of Land and Natural Resources' authority to regulate the time periods in which thrill craft, parasailing, water sledding, and commercial high speed boating may be operated.

The bill also retroactively repeals the ten year maximum time period a commercial ocean recreation operator may hold an operating permit.

Testimony in support of the bill was presented by Lahaina Parasail Inc., and BOATS/HAWAII. Presenting testimony that supported the intent of the measure with amendments were Seabreeze Parasailing, Ltd., Kaneohe Bay Cruises, and two private citizens. Presenting testimony in opposition to the bill were the Board of Land and Natural Resources, the Conservation Council, and a private citizen.

Your Committee received written testimony in support of the bill from West Maui Parasail, Inc. and Hawaiian Island Watercraft, Inc. Testimony in support of the measure with amendments was submitted by Koko Head Ocean Sports, Inc.

Your Committee has amended the bill by deleting the amendments proposed by the bill as introduced and inserted therefor an amendment to Section 200-37, Hawaii Revised Statutes, that lowers cost of transferring a commercial ocean recreation operator's license from an amount not less than ten percent of the transfer price to an amount not greater than six percent of the transfer price; provided that the amount does not to exceed \$6,000.

Your Committee believes that in these trying economic times, the State should encourage small businesses in their endeavors to become successful rather than restricting their ability to retain their business; provided that the environment utilized by these businesses are not adversely affected.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2078, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2078, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 4 (Bunda, Chumbley Kawamoto, Matsunaga).

SCRep. 2639 Economic Development on S.B. No. 3215

The purpose of this bill is to require the Department of Agriculture to adopt rules to determine criteria to be used in restricting animals from entry into the State.

The Department of Agriculture presented testimony in opposition to the bill.

Your Committee has narrowed the scope of the bill to require that the Department of Agriculture adopt rules to establish a panel of not less than three qualified members to develop procedures that determine the pedigree of dogs entering the State.

Your Committee believes that establishing a panel to determine the pedigree of dogs is the appropriate method by which to allow certain types of dogs, including "wolfdogs", into the State.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3215, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3215, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 1 (Kawamoto).

SCRep. 2640 Economic Development on H.B. No. 967

The purpose of this bill is to implement changes to the laws regulating the recreational and commercial uses of Kaneohe Bay which were recommended in the Kaneohe Bay Master Plan (Plan).

Testimony in support of the bill was presented at the hearing by representatives of the Department of Business, Economic Development, and Tourism, the Kaneohe Bay Regional Council, the Conservation Council, the Kaneohe Bay Yacht Club, The Ahupua'a Action Alliance, the Marimed Foundation, and seven individuals. Though not present at the hearing, written testimony in support of the bill was received from the Kahalu'u Neighborhood Board No. 29, the Kaneohe Neighborhood Board No. 30, Hawaii's Thousand Friends, the Hawaii Institute of Marine Biology, Na Leo Pohai, and eight individuals.

The Chairperson of the Board of Land and Natural Resources presented testimony at the hearing in support of the bill with suggested amendments. Testimony in opposition to the bill was presented at the hearing by representatives of the Boats Hawaii, and Mid-Pacific of Hawaii, Inc., and one individual.

Your Committee finds that the conclusions of the Kaneohe Bay Task Force, which was created by Act 208, Session Laws of Hawaii 1990, were developed through a community-based, mediated process. Through this process, the Kaneohe Bay Master Plan was developed and completed in May 1992. The Plan contains, among other things, limits on commercial water recreation to meet the following criteria:

- (1) Reduce conflict;
- (2) Retain the rural character of Kaneohe Bay;
- (3) Safety;
- (4) Protect reefs and submerged lands;
- (5) Preserve the public interest;
- (6) Maintain consistency with AA class waters; and
- (7) Provide a fair opportunity for commercial recreation consistent with the other criteria.

Your Committee also finds that the Department of Land and Natural Resources has failed to implement the recommendations of the Kaneohe Bay Task Force, although bound to do so.

Your Committee believes that the recommendations contained in the Plan should be fully implemented and, accordingly, this bill is necessary.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 967, H.D. 2, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 1 (Kawamoto).

SCRep. 2641 Judiciary on S.B. No. 2770

The purpose of this bill is to: provide rule making authority to the Department of Agriculture to allow licensed service agencies to test measurement standards and measuring devices; reclassify some offenses from civil to criminal petty misdemeanors; and provide for rule making to establish procedures for price verification.

Your Committee finds that the Department of Agriculture is charged with assuring that the consumer is paying the correct price for items purchased and thus this bill is necessary to provide the power to the Department of Agriculture to test measurement standards and measuring devices.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the element of "knowingly" because it is redundant with regards to the element of "intentionally";
- (2) Clarifying in Section 4, that rules be adopted by the Department pursuant to chapter 91;
- (3) Adding a savings clause; and

(4) Making technical, non-substantive amendments.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2770, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2770, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2642 Judiciary on S.B. No. 379

The purpose of this bill is to enact a statewide recycling program for newspaper, office paper, and corrugated cardboard by requiring commercial and industrial buildings and complexes to provide for the separate collection and recycling of these items.

Your Committee finds that the Legislature has repeatedly supported recycling as a means for reducing the economic and environmental costs of managing solid waste. In many cases, recycling can save money for both businesses and the community through avoided disposal costs. Your Committee finds that this bill excludes complexes smaller than twenty thousand square feet from mandatory participation. The economies of scale applicable to recycling at larger complexes will be a key element in the program's success.

Your Committee has amended the bill by changing the bill's effective date from January 1, 1998 to January 1, 2000.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 379, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 379, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 2643 Judiciary on S.B. No. 2460

The purpose of this bill is to mandate review and approval of any sale and acquisition of a nonprofit hospital by the State Health Planning and Development Agency (SHPDA) and the Attorney General.

Your Committee finds that due to the upturn in the economies of other states and the extended recession in the State of Hawaii, the State's nonprofit hospitals are prime candidates for purchase by out-of-state private hospital corporations. While these purchases may provide short term infusion of much needed capital into the state, eventual implementation of "bottom-line" economics often results in reduced or eliminated health services to rural and other communities. Your Committee further finds that this bill is a mechanism to protect against the raiding of nonprofit hospital assets by private hospital corporations, and it is in the best interest of the residents of the State to establish protective procedures at this time.

Upon further consideration, your Committee has amended the bill by:

- (1) Changing the chapter title to read "NONPROFIT HOSPITAL ACQUISITION";
- (2) Changing the definition of hospital by deleting the reference to Title 11, Chapter 93, Hawaii Administrative Rules;
- (3) Clarifying under section 323D-D, Hawaii Revised Statutes (HRS), that there shall be a hearing if the agency, after consultation with the attorney general, deems it appropriate;
- (4) Adding subsection (e) to section 323D-D, HRS, to provide that review shall be granted if both the agency and attorney general approve; and
- (5) Making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2460, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2460, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2644 Judiciary on S.B. No. 2494

The purpose of this bill is to allow results from blood tests taken at a hospital after a motor vehicle accident to be admitted into evidence during administrative proceedings to consider revocation of a driver's license for impaired driving.

Your Committee believes that this measure will supplement Act 101, Session Laws of Hawaii 1997 (Act 101), which allows emergency medical service providers to release blood/alcohol content to law enforcement officers when the patient is involved in a motor vehicle accident. However, your Committee finds that Act 101 includes a loophole which does not provide for the admissibility of such evidence into administrative revocation proceedings, and thus evidence obtained in this manner can only be used after criminal prosecution has been initiated. Your Committee notes that the criminal process often takes months to complete, thus allowing a potentially dangerous driver to remain on the streets until the case is finally adjudicated. Your Committee agrees that it is important to close this loophole in the law to prevent impaired drivers from continuing to operate a motor vehicle pending the disposition of their criminal charges.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2494, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 2645 Judiciary on S.B. No. 2692

The purpose of this bill is to clarify that operation of any vehicle is prohibited after a person's driver's license is suspended or revoked for driving under the influence of intoxicating liquor.

Your Committee finds that under current law, the offense of driving after a license has been suspended or revoked for driving under the influence of intoxicating liquor only prohibits the operation of a motor vehicle. This bill amends this statute by repealing the word "motor" so that the law would prohibit driving other types of vehicles such as motorcycles and mopeds.

Upon further consideration, your Committee has amended the bill by:

- (1) Including in this offense persons under the age of 21 whose licenses have been revoked for driving after consuming a measurable amount of alcohol, pursuant to section 291-4.3, Hawaii Revised Statutes;
- (2) Deleting subsection (b) because no amendments were made; and
- (3) Adding a savings clause.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2692, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2692, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2646 Judiciary on S.B. No. 2957

The purpose of this bill is to prohibit posting signs on utility or light posts, and replace the penalty of imprisonment with community service.

Your Committee finds that the Public Utilities Commission currently has the authority to issue general orders prohibiting unlawful postings on public utility posts and poles, and thus your Committee finds it unnecessary to include such authority in this statute.

Upon further consideration, your Committee has amended the bill by:

- (1) Adding language that prohibits a private person from posting legal notices on any utility pole;
- (2) Clarifying the language to include all utility poles and street-light poles; and
- (3) Deleting subsection (b) referencing the Public Utilities Commission's authority to impose controls with regard to unlawful postings.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2957, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2957, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 2647 (Joint) Judiciary and Commerce, Consumer Protection, and Information Technology on S.B. No. 2400

The purpose of this bill is to undertake a comprehensive revision of the state wiretap law, patterned after federal law.

Specific changes to present law proposed in the bill include: deleting the adversarial hearing, which is required in only one other state besides Hawaii; providing for emergency wiretap procedures to expedite the process in exigent circumstances that are imminently life threatening; clarifying that the installation of a video or audio recorder in a private place is permissible with one-party consent; and authorizing pen registers and trap and trace devices upon certification by an applicant that information likely to be obtained is relevant to an on-going criminal investigation.

Your Committees received testimony in support of the bill from the Attorney General, the Honolulu Police Department, the Prosecuting Attorney of the City and County of Honolulu, and the County of Hawaii Police Department. Testimony in opposition to the bill was received from the Office of the Public Defender. Informational testimony regarding the general experience of federal prosecutors with the federal law was received from the Office of the United States Attorney.

Your Committees find that wiretapping and electronic surveillance are valuable and quintessential investigative tools used by law enforcement to combat crime. Your Committees believe that the bill, being patterned after federal law, strikes a more appropriate balance between safeguarding individual rights and the needs of law enforcement. Your Committees also note that the bill takes advantage of the substantial body of case law interpreting the appropriate use of wiretaps and electronic surveillance. Your Committees further find that the bill contains a number of built-in safeguards against abuse, including the imposition of stiff penalties.

However, to further guard against abuse, your Committees have amended this bill by: establishing a surveillance review unit within the Department of the Attorney General to review and approve all applications for a wire, oral, or electronic surveillance prior to their submittal to the designated judge; appropriating funds for the unit's operation; and requiring all applications for wire, oral, or electronic surveillance be submitted to the surveillance review unit for review and approval prior to being submitted to the designated judge. In addition, your Committees have amended this bill by adding a section authorizing the revisor of statutes to substitute appropriate section numbers in place of letters used in the designation of new statutory language, renumbering sections consecutively, and making technical nonsubstantive changes for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committees on Judiciary and Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2400, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2400, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 6 (Bunda, Ihara, Kanno, McCartney, Solomon, Tanaka).

SCRep. 2648 Judiciary on S.B. No. 2466

The purpose of this bill is to clarify that notification of petition for guardianship is not required for parents whose rights have been terminated pursuant to chapter 571 or chapter 578 of the Hawaii Revised Statutes.

Your Committee finds that the purpose of giving a person notice of a guardianship proceeding is to give the person the opportunity to attend and be heard concerning the actions being taken in that proceeding. Your Committee further finds that when parental rights have been terminated pursuant to chapters 571 and 587, Hawaii Revised Statutes, such termination of parental rights also precludes the person's standing to raise any issues at the guardianship proceeding. Therefore, your Committee finds that providing notice to such persons of the guardianship proceedings is unnecessary.

Testimony in support of this bill was submitted by the Attorney General.

Upon further consideration your Committee has amended the bill by making a change to reflect the correct chapters affected by this measure, namely chapters 571 and 587, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2466, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2466, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 2649 Judiciary on S.B. No. 2697

The purpose of this bill, as received by your Committee, is to modify the jurisdiction of the family, district, and circuit courts to rectify jurisdictional conflicts resulting from criminal and other related activities involving children, parents, spouses, and other family members.

Your Committee finds that there is a great need for concurrent jurisdiction to streamline the judicial process in family related cases which are assigned to separate courts due to the nature of the offense. For example, if a person assaults another individual while violating a family court restraining order, under current law the two violations of law would be heard in separate courts. Your Committee further finds that concurrent jurisdiction will make the judicial process in these instances more efficient and effective. However, your Committee finds that the provisions of this bill, as submitted, are too broad to provide adequate direction as to which court would have jurisdiction in the types of cases which are often assigned to both family court and district or circuit court.

Testimony in support of this bill was submitted by the Department of the Prosecuting Attorney of the City and County of Honolulu and the Domestic Violence Clearinghouse and Legal Hotline. The Judiciary submitted testimony in support of the intent of the bill.

Upon further consideration, your Committee has amended the bill by:

- (1) Adding a subsection (b) to section 571-14, Hawaii Revised Statutes, which provides concurrent jurisdiction in family court cases;
- (2) Adding a subsection (b) to sections 603-21.5, Hawaii Revised Statutes, which provides concurrent jurisdiction in circuit court cases;
- (3) Adding a subsection (b) to section 604-8, Hawaii Revised Statutes, which provides concurrent jurisdiction in district court cases; and
- (4) Deleting sections 2 and 3 of the bill which are redundant due to the changes made in the prior sections.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2697, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2697, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 2650 Judiciary on S.B. No. 2717

The purpose of this bill, as received by your Committee, is to permit the transfer of a person from a youth correctional facility to an adult correctional facility when that person is eighteen years of age or older.

Your Committee finds that the Intermediate Court of Appeals held In the Interest of John Doe, that the family court did not have jurisdiction to commit a juvenile who had subsequently become an adult to an adult correctional facility because it lacked jurisdiction. Your Committee further finds that with statutory clarification, a family court judge will have the authority to commit a person to an adult correctional facility, when the adjudicated person is under the family court jurisdiction but has reached eighteen years of age.

Testimony in support of this bill was submitted by the Department of the Prosecuting Attorney of the City and County of Honolulu. Testimony in opposition to this bill was submitted by the the Office of the Public Defender, the Department of Human Service, and the Department of Public Safety. Testimony was also submitted by the Judiciary taking no position on this bill, but indicating concerns regarding inconsistencies in the age limits contained in this measure.

Upon further consideration, your Committee has amended the bill by:

- (1) Conforming the age limits in various sections to allow the transfer of eighteen year olds from the youth correctional facility to the adult correctional facility until the age of nineteen; and
- (2) Deleting the provision which would include the transfer of eighteen year olds who are committed to the youth facility for status offenses.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2717, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2717, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Anderson).

SCRep. 2651 Ways and Means on H.B. No. 1868

The purpose of this bill is to make substantive and technical changes to the Hawaii Hurricane Relief Fund to improve the administration of that fund.

Substantive changes made by this bill to the fund include modifying the power of the board of directors of the fund to exempt mortgages from the special mortgage recording fee, providing a mechanism for adding greater security to revenue flows, and clarifying statutory protection for insurance agents.

Your Committee received testimony in favor of this measure from the Director of the Hawaii Hurricane Relief Fund on behalf of the Department of Commerce and Consumer Affairs, with proposed amendments, and the Mortgage Bankers Association of Hawaii.

Your Committee agrees with the intent of this bill and finds that it will assist in the efficient administration of the Hawaii Hurricane Relief Fund. Upon further consideration, your Committee has amended the bill to make a technical, nonsubstantive change.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1868, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1868, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., Iwase, McCartney).

SCRep. 2652 Ways and Means on S.B. No. 2587

The purpose of the bill is to establish a health insurance revolving fund and an insurance licensing administration revolving fund for the Department of Commerce and Consumer Affairs.

Your Committee finds that the health care industry is a growing field, and that one of the State's core functions is to protect the health of its citizens. The Insurance Division does not currently have the capacity to regulate this industry. The purpose of this bill is to create a revolving fund to assist the department in addressing staffing shortages so that health care can be adequately regulated. The fund will be capped at \$350,000 and will be funded by assessments on mutual benefits societies, health maintenance organizations, and other entities regulated by the insurance commissioner except an insurer regulated under the insurance code. The fund shall initially be capitalized with a one-time assessment from the industry.

Your Committee also finds that a similar problem exists in insurance licensing. Establishing a revolving fund funded with licensure fees from the industry will help the Division police insurers and protect the public.

Your Committee has amended the bill by:

- (1) Providing that the assessment for the health insurance revolving fund be assessed on a per private, nongovernment membership basis, rather than a pro rata basis;
- (2) Making blank the amount of the one-time deposit for the health insurance revolving fund, and raising the cap on the fund from \$300,000 to \$350,000;
- (3) Deleting the appropriation;

- (4) Deleting the establishment of the insurance licensing administration revolving fund. Your Committee notes that a substantially identical fund is already being established in S.B. No. 3213, S.D. 2;
- (5) Deleting the proposed adjustments to the licensing fee schedule. Your Committee notes that the fee schedule changes in this bill would otherwise be in conflict with those in S.B. No. 3213, S.D. 2; and
- (6) Making other technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2587, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2587, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Iwase, Kawamoto, McCartney).

SCRep. 2653 (Majority) Ways and Means on S.B. No. 2025

The purpose of this bill is to exempt the Department of Agriculture from the public notice and public hearing requirements of the Administrative Procedure Act regarding the adoption of the lists of conditionally-approved, restricted, and prohibited animals, plants, and microorganisms.

Your Committee finds that, according to the Committee on Economic Development in its Senate Standing Committee Report No. 2321, dated February 20, 1998, the Department of Agriculture and the Attorney General's office have reached an agreement on language for a proviso to address the Attorney General's concern regarding alternate methods of obtaining public input. Your Committee finds that the inclusion in this bill of the agreed upon proviso to require the Department of Agriculture to develop alternative methods to obtain public input prior to the adoption of new lists is satisfactory.

Your Committee has made one technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2025, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2025, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, 2 (Ige, M., Tam). Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2654 Ways and Means on S.B. No. 2769

The purpose of this bill is to authorize the Department of Agriculture to plan, construct, operate, and maintain the state irrigation water systems.

Your Committee notes the testimony of the Office of Hawaiian Affairs submitted to the Committees on Economic Development and Water, Land and Hawaiian Affairs expressed concern that the bill may create jurisdictional ambiguities between the Department of Agriculture's new powers and the existing responsibilities of the Department of Land and Natural Resources granted under section 171-58, Hawaii Revised Statutes, and the responsibilities of the Commission on Water Resource Management under chapter 174C, Hawaii Revised Statutes.

Your Committee believes, however, that these concerns can be addressed in further discussions on the bill as it proceeds through the legislative review process.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2769 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Ige, M.).

SCRep. 2655 Ways and Means on S.B. No. 2800

The purpose of this bill is to authorize the Department of Business, Economic Development, and Tourism to issue grants to new and emerging industries with good growth potential or prospects in jobs, exports, and new products that contribute to the economic diversification of the State.

This bill sets up a grant program that will allow the Department of Business, Economic Development, and Tourism to assist smaller organizations that do not have the funding to get new enterprises off the ground but have demonstrated experience and expertise in the program area. The grant process as opposed to the competitive solicitation of proposals process will allow the Department to assist in the application process by providing the professional expertise in developing a business plan and other aspects of the grant application. By structuring the assistance to businesses through the grant process, your Committee intends to send a strong signal to all counties that the State wants to stimulate economic movement in each and every county.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2800, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2656 Ways and Means on S.B. No. 3007

The purpose of this bill is to limit the application of the law relating to business development corporations.

In particular, this bill limits the use of chapter 420, Hawaii Revised Statutes, relating to business development corporations, after December 31, 1997, to corporations incorporated under that law as of that date with a net worth of more than \$10,000. Those corporations that do not qualify for corporate status under the bill's new guidelines are to revert to corporation status under the business corporation law, chapter 415, Hawaii Revised Statutes.

Your Committee agrees with the intent of this bill and finds that chapter 420, as so amended, will continue to encourage business activity in Hawaii for qualifying businesses that seek to promote, develop, and advance the business prosperity and economic welfare of the Pacific Islands and their citizens.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3007, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2657 Ways and Means on S.B. No. 3130

The purpose of this bill is establish a state revolving film fund and appropriate funds for documentary film production relating to the Pacific region.

Your Committee amended this bill by removing the amount of funds to be appropriated to assist Hawaii-based film companies in the production of documentary films relating to the Pacific region.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3130, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3130, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2658 Ways and Means on S.B. No. 3223

The purpose of this bill is to require the Department of Agriculture to allow commercial venture-type activities on agricultural park complexes.

Specifically, this bill requires the Department to set aside land within agricultural park complexes for the processing, marketing, and displaying of agricultural crops and commodities.

Your Committee finds that allowing agricultural park lessees to engage in commercial activities on agricultural parks will enable parks to be utilized to their fullest potential and thereby add to the economic revitalization of the State.

Your Committee has amended this measure by providing a definition of "value added processes" for agricultural products and by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3223, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3223, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2659 Ways and Means on S.B. No. 2730

The purpose of this bill is to establish an international healthcare provider exchange program for medical and nursing students at the University of Hawaii, and to establish an international healthcare provider exchange revolving fund to fund it.

Your Committee finds that health-related tourism is a promising niche market that can be filled by expanding the existing situation at the University of Hawaii John S. Burns School of Medicine and the School of Nursing. The School of Medicine currently accepts graduates of foreign medical schools into its residency program, and the School of Nursing accepts foreign students into both its bachelor of science and masters in science programs, as well as conducting continuing education courses for short-term foreign visitors to the State. These programs would serve as the basis for an expanded, permanent program as provided in this bill, to promote Hawaii's health industry and encourage the development of health-related tourism in the Asia-Pacific region.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2730 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2660 Ways and Means on S.B. No. 2307

The purpose of this bill is to incorporate the dwelling unit revolving fund into the homes revolving fund.

Your Committee received testimony from the Housing Finance and Development Corporation supporting the intent of the bill.

The bill also increases the ceiling on the amount the State may advance from the general fund into the homes revolving fund from \$145,000,000 to \$250,000,000. The advances are later reimbursed from bond proceeds issued for the purposes of the homes revolving fund. The bill also provides similar reimbursements for the dwelling unit revolving fund for the purposes of bond interest payments. Finally, the bill requires the use of the homes revolving fund for necessary administrative expenses, and allows its use for expanding community facilities and certain federally related costs and expenses.

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

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2307, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2307, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., Iwase, McCartney).

SCRep. 2661 (Majority) Ways and Means on S.B. No. 2496

The purpose of this bill is to authorize a procurement officer to require bidders on very large public works projects to abide and be bound by a project labor agreement between the bidder and the Hawaii building and construction trade council as a condition to being awarded the contract.

Your Committee has amended the bill by replacing the amendment to the state procurement code with new law that encourages the use of a project labor agreement in cases in which the State and the federal government are able to work together on federal defense projects in the State. The new law is patterned after a memorandum that was issued by the current United States President that encourages the use of project labor agreements when appropriate.

The bill also was amended to include a five year drop dead provision and a requirement that the comptroller of the department of accounting and general services submit a report on the use of project labor agreements authorized by this bill to the legislature twenty days prior to its convening in 2003.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2496, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2496, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, 1 (Fernandes Salling). Excused, none.

SCRep. 2662 Ways and Means on S.B. No. 2413

The purpose of this bill is to raise the ceiling on the Department of Health's environmental response revolving fund from \$7,000,000 to \$20,000,000.

Your Committee finds that moneys from the environmental response revolving fund may be expended by the Department of Health for response actions and preparedness, including removal and remedial actions; for oil spill planning, prevention, preparedness, education, research, training, removal, and remediation; for direct support for county used oil recycling programs; and to address concerns related to drinking water and underground storage tanks, including support for the Department's underground storage tank program and funding for the acquisition by the State of a soil remediation site and facility.

Your Committee has amended this bill by making a technical nonsubstantive change for purposes of clarity.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2413, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2413, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Chun Oakland, Ige, M., Anderson).

SCRep. 2663 Ways and Means on S.B. No. 3051

The purpose of this bill is to provide an emergency appropriation to prevent the reduction or elimination of health care services in the communities served by the Hawaii Health Systems Corporation.

Your Committee received testimony in support of the bill from the Hawaii Government Employees Association, the Healthcare Association of Hawaii, the Coalition For The Preservation Of Rural Health Care, the Public Health Facilities Management Advisory Committee under the Hawaii Health Systems Corporation, and two individuals. The Hawaii Health Systems Corporation submitted general fiscal and operational information.

Your Committee finds that the appropriation is necessary to ensure that adequate health care services are available to all citizens of the State, regardless of whether a person lives in an urbanized area or not. This appropriation will ensure that health care service provision will be available throughout the 1997-1998 fiscal year.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3051 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Ige, M., Iwase, Levin, McCartney).

SCRep. 2664 Ways and Means on S.B. No. 2439

The purpose of this bill is to repeal the 1998 sunset of chapter 431M, Hawaii Revised Statutes, relating to mental health and alcohol and drug abuse treatment insurance benefits.

Furthermore, this bill removes the requirement of a minimum number of treatment episodes per lifetime for alcohol and drug dependence benefits in health insurance policies and related entities.

Your Committee finds that insurance coverage for the treatment of mental illness, alcohol abuse, and drug dependence assists individuals in maintaining a normal and productive life. However, the imposition of a minimum number of covered episodes does not serve to contain medical costs.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2439, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., Iwase, McCartney).

SCRep. 2665 Ways and Means on S.B. No. 2336

The purpose of this bill is to provide an early retirement incentive for certain state and county employees.

Your Committee received testimony in support of this bill from the Employees' Retirement System and the Hawaii Government Employees Association. The Department of Education and the Hawaii State Teachers Association supported the intent of this measure, while the Department of Budget and Finance was opposed.

Your Committee finds that this bill does not allow certain employees of the Department of Education and University of Hawaii to take advantage of this bill. This is necessary, in your Committee's view, to avoid increased recruitment costs, disruption of classroom instruction, and to further the Legislature's goal of providing quality education.

Your Committee further finds that the early retirement incentive program proposed in this bill is an effort to reduce the state budget as quickly as possible. As evidenced in each day's news reports, businesses are being forced to cutback through reductions in force and layoffs. The State is in an extended economic downtrend. Revenues are down for the State and its economic projections do not hold much promise. Your Committee finds that because government services costs occur primarily in salaries and related employee benefits, this offer of early retirement incentive to employees may help reduce state expenditures in a constructive manner.

Your Committee amended this bill by:

- (1) Removing the paragraph justifying this bill and placing it into this committee report;
- (2) Allowing a mayor, the board of regents, board of education, and the chief justice, to limit the early retirement participation to those whose positions are likely to be terminated due to a reduction in force or general downsizing.
- (3) Allowing the Superintendent of Education to propose the filling of vacant positions to ensure continued provision of appropriate, student related services; and
- (4) Making technical, nonsubstantive changes on page 7.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2336, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2336, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2666 Ways and Means on S.B. No. 2635

The purpose of this bill is to establish an ombudsman program within the Department of Human Services to represent consumers in the QUEST II program.

Your Committee received testimony in support of this bill from the Commission on Persons with Disabilities, State Planning Council on Developmental Disabilities, Hawaii Medical Association, Hawaii Federation of Physicians and Dentists, Protection and Advocacy Agency of Hawaii, The ARC in Hawaii, Mental Health Association in Hawaii, Advocates for Independent Living, Goodwill Industries of Hawaii, American Association of Retired Persons, and several individuals.

Your Committee finds that the QUEST II program serves a vulnerable population of the aged, blind, and disabled that are most in need of assistance in navigating through the Medicaid system of managed care. An ombudsman-type program is necessary to ensure that the persons being served by the program understand their benefits, receive those benefits to which they are entitled, and receive them on a timely basis. Your Committee believes that an ombudsman would improve the QUEST II program by helping those most in need of help, which is the purpose of the program.

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

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2635, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2635, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2667 Ways and Means on H.B. No. 1815

The purpose of this bill is to allow the Employees' Retirement System to appoint a Chief Investment Officer.

This bill also clarifies that the Board of Trustees of the Employees' Retirement System may employ or retain its own attorney, notwithstanding any other law to the contrary. Section 28-8.3, Hawaii Revised Statutes, generally prohibits departments of the State, other than the Attorney General, from employing or retaining any attorney, by contract or otherwise, for the purpose of representing the State or the department in any litigation, rendering legal counsel to the department, or drafting legal documents for the department.

Your Committee received written testimony in support of this bill from the Hawaii State Teachers Association. Verbal testimony in support of this bill was received from the Employees' Retirement System, which stated that it incurred a \$1,000,000 loss in interest income because of untimely service from the Department of the Attorney General. In addition, the Employees' Retirement System testified that the sale of its largest real estate holding was being jeopardized because of delays on the part of the Department. Written testimony in opposition to this bill was received from the Department of the Attorney General.

Your Committee finds that expeditious legal counsel is necessary if a large, sophisticated entity such as the Employees' Retirement System, is to thrive in today's global marketplace, especially with the proliferation of high-speed telecommunication and transportation systems that effectively prevent the sun from setting on the entity's overseas holdings and assets. Your Committee also finds that an entity such as the Employees' Retirement System, needs expert business advice to ensure that its investments are being managed wisely and carefully guarded from the turbulent economic events befalling different regions of the world.

Your Committee has amended this bill by changing its effective date from July 1, 1997, to July 1, 1998.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1815, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1815, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Iwase, Kawamoto, McCartney, Anderson).

SCRep. 2668 Ways and Means on S.B. No. 2618

The purpose of this bill is to appropriate \$3,000,000 for the Department of Human Services and \$4,025,000 for the Department of Health to support medically underserved populations.

Your Committee finds that there are about 105,600 persons who are medically uninsured and who fail to obtain adequate medical care. Ultimately, the lack of medical care can result in greater medical costs when illnesses are allowed to go untreated and become critical over time. By providing funds to contracted health centers for the provision of QUEST services, many of the underserved can receive adequate medical care on a timely basis.

Your Committee amended this bill by adding the phrase "for primary care" to each appropriation section to make it clear that service to the medically underserved shall include primary care.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2618, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2618, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 13. Noes, none. Excused, none.

SCRep. 2669 Ways and Means on S.B. No. 2385

The purpose of this bill is to authorize the counties to issue special license plates to acknowledge the vehicle owner's monetary support to the Hawaii Early Education and Care Special Fund.

This bill allows the counties to issue special license plates that include the words "MALAMA NA KEIKI Caring for Children". The licenses will be issued upon request by vehicle owners and payment of an unspecified amount. The revenues collected from these special plates will be deposited into the Hawaii Early Education and Care Special Fund that is also established in this bill.

Your Committee finds that this is an effective way to raise funds for important programs in the community. The special license plates also serve to raise the public's awareness of the program.

Your Committee has amended this bill by:

- (1) Clarifying that the payment made to receive the special plates is a fee that is deposited into the special fund to be used for early education projects pursuant to Act 77, Session Laws of 1997;
- (2) Requiring that money in the special fund be expended by the Superintendent of Education;

- (3) Making other technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2385, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2385, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 9. Noes, none. Excused, 4 (Fernandes Salling, Ige, M., McCartney, Anderson).

SCRep. 2670 Ways and Means on S.B. No. 2254

The purpose of the bill is to make prostitution a probationable offense for which the court may require, as a condition of probation, that the defendant successfully complete a course of probation intervention classes.

The bill also appropriates \$40,000 to the Judiciary for the prostitution intervention services.

Testimony in support of the bill was submitted by: the Department of Public Safety, the Hawaii State Commission on the Status of Women, the Honolulu Police Department, the Waikiki Improvement Association, Sisters Offering Support, Hawaii Activities and Tours Association, and two private individuals.

Your Committee finds that prostitution is a complex problem, involving many prostitutes who are themselves victims of childhood physical and sexual abuse, domestic violence, substance abuse, mental illness, and educational neglect. Your Committee believes that a more preventive, long-term approach that provides intervention services to create a safety net and economic and educational incentives may be more effective in dissuading people from entering the profession and encouraging others to leave it. Your Committee further notes that intervention type programs have experienced promising results in cities throughout the United States and Canada, including San Francisco, Minneapolis, New York, and Toronto.

Your Committee has amended the bill by changing the amount appropriated to an unspecified amount to facilitate continuing discussion on this matter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2254, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2254, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 3 (Ige, M., McCartney, Anderson).

SCRep. 2671 Ways and Means on S.B. No. 2399

The purpose of this bill is to enact a "clean election campaign funding" law as a pilot program for the Governor and Lieutenant Governor's campaign in 2002.

Your Committee finds that a clean election campaign law as proposed in this bill is a form of public financing of elections which restricts the amount of contributions from private sources.

Your Committee finds that money drives campaigns in ways that can cause disillusionment among the electorate and could demean candidates who are forced to raise campaign funds in preparation for the next election. However, this is the nature of the beast in our democracy. Propounding an opinion and supporting with campaign funds those elected public officials who share the same view is an age-old practice in the United States. The concerns expressed by reformers of the current practice are those which question whether only the rich get the attention of government, at the expense of the less affluent. If only the wealthy have political access, then the rest of the citizenry do not have a voice in civic activity, either for the opportunity to run for office or to influence legislative or executive opinion. Your Committee finds that this bill can help to correct some of these problems, at least for the 2002 races for Governor and Lieutenant Governor. A pilot program like this one might help to convince public opinion that a change in the law can in fact result in elections that are less dominated by financial concerns.

Your Committee further finds that this bill provides procedures for funding candidates subscribing to the clean election campaign law by among other things, specifying:

- (1) Under what conditions personal funds can be used by a clean election candidate;
- (2) How candidates would qualify to receive clean election money payments; and
- (3) How much these payments would be.

Your Committee amended this bill by providing a definition of the term "immediate family", specifying the reenactment of amended sections in the repeal date, and making technical, non-substantive amendments.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2399, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2399, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 9. Noes, none. Excused, 4 (Chun Oakland, Ige, M., Ihara, Anderson).

SCRep. 2672 Ways and Means on S.B. No. 2402

The purpose of this bill is to strengthen the laws against domestic abuse.

Specifically, this bill: eliminates the requirement that acts of abuse be "recent" to justify issuance of an ex parte restraining order; requires domestic intervention programs for offenders; imposes fines for convictions, with the moneys deposited into the spouse and child abuse special account; and requires the immediate incarceration of convicted defendants to serve the mandatory minimum sentence.

Your Committee finds that domestic violence is one of the most serious problems confronting our society. For too long, too little has been done to restrain and deter offenders and protect and assist victims and their families. Your Committee believes that this bill will provide greater protection to victims by making it easier to obtain ex parte restraining orders, ensuring immediate incarceration of convicted offenders, providing additional moneys to support victim services, and requiring intervention programs for offenders. Moreover, your Committee finds that it is entirely appropriate that domestic violence offenders be required to support services for victims and that offenders sentenced to mandatory jail time for acts of domestic violence be incarcerated immediately.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2402, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2673 Ways and Means on S.B. No. 2906

The purpose of this bill is to transfer the administration and supervision of parole field services from the Hawaii Paroling Authority to the Department of Public Safety.

Your Committee finds that transfer of these functions is appropriate, as parole field services are a part of the continuum of correctional services. The Paroling Authority establishes policy for lengths of parole, but is not the most logical choice to administer the actual parole services. Consolidation of that function with the Department of Public Safety will provide better administration of the program.

Your Committee has amended the bill by making technical, non-substantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2906, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2906, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2674 Ways and Means on S.B. No. 2966

The purpose of this bill is to impose compensation fees upon convicted persons which shall be used by the Criminal Injuries Compensation Commission to fund its programs.

The amount of the compensation fee that would be imposed upon convicted defendants would depend upon whether the conviction is for a felony, misdemeanor, or petty misdemeanor, and would be separate from any other fines that may be imposed by the court. Factors which would enter into the decision for setting the amount of the compensation fee include such factors as the seriousness of the offense, circumstances surrounding the commission of the offense, the amount of economic gain realized due to the crime, the extent of the losses of the victim, number of victims, and the defendant's current and future earning capacity. While the court could waive the compensation fee, it could do this only upon a finding of clear and convincing reasons why not to impose the compensation fee and the reasons for the waiver must be stated on the court record.

Your Committee finds that requiring the perpetrators of criminal behavior to help pay for injuries to victims, including even such things as burial costs, is a fair expectation to demand of criminals. Payments can come from inmate wages, civil suits, and court-ordered restitution. Your Committee further finds that the current economic downtrend in the State requires that programs pay their own way as much as possible, without appropriations from the State's general fund. Therefore the changes being instituted by this bill are both economically necessary and socially acceptable.

Your Committee amended this bill by changing the appropriated amount to an unspecified amount to permit renewed scrutiny of all appropriations in light of current budgetary constraints, and by making technical, nonsubstantive changes on pages 5 and 7.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2966, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2966, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2675 Ways and Means on S.B. No. 2185

The purpose of this bill is to change authorized vehicle towing fees. Specifically, this measure:

- (1) Increases towing fees generally;
- (2) Adds a towing surcharge of \$25 for difficult hookups; and

- (3) Allows counties to establish a different towing fee schedule for towing vehicles from public property.

Your Committee notes the testimony of the Hawaii State Towing Association submitted to the Committee on Transportation and Intergovernmental Affairs that the last time fees were revised was in 1991 and the proposed new fees are, in many instances, lower than in six other mainland cities, in terms of fee type.

Your Committee finds that towing often is necessary when a vehicle is parked at an inappropriate place at an inappropriate time. It might be a vehicle that impedes the smooth flow of traffic, parks in a no parking zone, or blocks access to safety vehicles such as firetrucks or ambulances. The towing companies that provide this service have not had an increase in towing fees for seven years. Yet, costs have continued to rise for labor and lease rents for land where the towed vehicles must be temporarily stored before being recovered by their legal owners. The basic towing fee is set at \$50 plus a mileage charge of \$5 per mile towed, and \$15 per day or fraction thereof for storage for the first seven days and overtime charges of \$15 for hours between 6:00 p.m. to 6:00 a.m. There is a \$50 unhooking fee and \$60 fee for the use of a dolly. A difficult hookup surcharge would cost \$25. Your Committee finds these fees fair and reasonable under the circumstances.

Your Committee amended this bill by making a technical, nonsubstantive change on page 1.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2185, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2185, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2676 Ways and Means on S.B. No. 2396

The purpose of this bill is to strengthen the school bus safety law.

The bill accomplishes this by:

- (1) Requiring vehicles to remain stopped not less than twenty feet from a school bus that is stopped with its lights flashing;
- (2) Imposing a fine on violators of \$500;
- (3) Encouraging any person observing drivers in violation to report the license plate number and pertinent information to the Department of Transportation;
- (4) Directing the Department of Transportation to notify the registered owner of the vehicle of the violation and penalty; and
- (5) Appropriating an unspecified amount for safety belts on school buses.

Your Committee recognizes that the safety of school children is an important issue to the community. However, the notifications, as required in this bill, to be mailed to alleged violators would require the Department of Transportation to duplicate a role that is currently handled by and better suited for police officers. This bill serves to protect school children by imposing strict penalties on drivers who do not respond appropriately to school buses who signal or are stopped on a highway or a residential street. These changes to existing law will protect the school children when they are most susceptible to injury, making the transition from the bus into the public roadway, or vice versa.

Accordingly, your Committee has amended this bill by removing the requirement that the Department of Transportation send notifications to alleged violators, by deleting the appropriation to install seat belts in all school buses, and by making other technical nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2396, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2396, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Iwase, Taniguchi, Anderson).

SCRep. 2677 (Majority) Ways and Means on S.B. No. 2652

The purpose of this bill is to allow counties to establish tax assessment districts for safety or security programs.

Your Committee received no testimony on this bill.

Your Committee finds that the provisions of this bill would extend to the counties the authority to address problems of crime in districts frequented by tourists and is similar to the authority already granted to the counties to establish assessment districts for improvement or maintenance of districts. It is the intent of your Committee that counties would use the district assessments to provide safety or security services judiciously. It is not intended that programs be arbitrarily established for the benefit of a few businesses that may want more security for their business establishment, but to be used for broader public benefit.

Your Committee finds that areas frequented by tourists are sometimes more vulnerable to crime because tourists may not anticipate the existence of criminal elements in resort areas where the main emphasis is on sun and surf. In addition, some of the resort areas like Waikiki, Kaanapali, Wailea, and Kailua-Kona, may lull visitors into complacency when the visitors' thoughts are concentrated perhaps on conventions, family tours, and special outings to snorkel, hike, or sightsee. Yet every crime committed upon a tourist can have wider ramifications upon the whole tourist view of Hawaii as a safe vacation destination if publicity surrounding

these crimes are released in the news media and tour guidebooks. The loss to Hawaii's economy of any tourist dollars would be deeply felt. For these reasons, your Committee believes this bill can help the counties in areas that need security services.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2652, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, 1 (Iwase). Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2678 Ways and Means on S.B. No. 2657

The purpose of this bill is to expand the list of permissible short-term investment options for the counties.

Your Committee finds that allowing the counties to invest in the same types of short-term investments that the State is permitted to invest in would give counties the ability to earn larger returns than are available through the currently permitted investments. These investments would provide this benefit while still protecting the safety and security of county funds. In today's weaker economy, with declining tax revenues, the counties need the ability to garner more investment income from their limited resources.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2657 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2679 Ways and Means on S.B. No. 616

The purpose of this bill is to make amendments to the Hawaii Revised Statutes relating to funds.

Your Committee heard a proposed Senate Draft 1 of this bill on February 17, 1998. Testimony in support of proposed Senate Draft 1 was submitted by Hidano Construction Inc. and Small Business Hawaii Legislative Action Committee. Testimony against the bill was submitted by the Department of Budget and Finance. The Tax Foundation of Hawaii submitted comments.

The proposed Senate Draft 1 amends section 237-31, Hawaii Revised Statutes, by repealing the transfer of general excise tax revenues to the compound interest bond fund. Your Committee finds that the administration can always ask for an appropriation to pay for the costs that are paid for by this transfer. It is more appropriate that this money go into the general fund.

Your Committee has amended the proposed draft by making the lapse date of the balances in the bond fund, and the effective date, July 1, 1998.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 616, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 616, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., McCartney, Anderson).

SCRep. 2680 Ways and Means on S.B. No. 2363

The purpose of this bill is to prohibit the establishing, raising, or lowering of state fees by a department or agency through rulemaking without prior legislative approval, and to increase fees for certain state functions.

Your Committee finds that state fees established by statute remain fixed while the costs of administering the programs rise. From time to time, adjustments need to be made to keep fees at a reasonable level. The adjustments to state fees made in this bill will help enable the State to keep providing quality services.

Your Committee has amended this bill by:

- (1) Authorizing fees in a blank amount for parking at state parks and camping at state parks;
- (2) Authorizing fees in a blank amount for public school daily bus transportation and for student athletic activities;
- (3) Permitting the Historic Preservation Division of the Department of Land and Natural Resources to charge fees to at least partially defray the costs of administering chapter 6E, Hawaii Revised Statutes;
- (4) Removing the authority of the Department of Land and Natural Resources to establish fees for fishing licenses and establishing licenses at a blank amount;
- (5) Removing the authority of the Department of Land and Natural Resources to establish moorage fees and setting them at blank amounts for residents and nonresidents;
- (6) Removing the authority of the Department of Education to set school lunch fees and setting them at a blank amount;
- (7) Removing the authority of agencies to set fees for after-school and weekend programs and establishing them at a blank amount;

- (8) Adding divorce decrees to the types of documents that the Department of Health shall charge fees for issuing certified copies of; and
- (9) Increasing certain fees for services provided by the criminal justice data center and state and county criminal justice agencies.

As affirmed by the record of votes of the members of your Committee on Ways and means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2363, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2363, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 13. Noes, none. Excused, none.

SCRep. 2681 Ways and Means on H.B. No. 1800

The purpose of this bill is to enable the Director of Finance to allocate interest earnings on state treasury investments to the special fund, bond fund, and trust and agency fund.

Your Committee received testimony in favor of this measure from the Department of Budget and Finance.

Your Committee agrees with the intent of this administration measure, and finds that this bill will contribute to the maximization of investment income by the State. Under the centralized investment program developed by the State, the Director of Finance will have greater control over the investment process, particularly with respect to the length of maturity and sizing of each investment. Centralization also relieves state agencies from the often burdensome and time-consuming task of managing cash and monitoring and accounting for the numerous investments.

Upon further consideration, your Committee has amended this bill by:

- (1) Amending section 36-21, Hawaii Revised Statutes, to incorporate amendments made to that section by Act 47, Session Laws of Hawaii 1997, section 1;
- (2) Further amending that section by defining "investment pool," deleting the words "at the director's discretion", and making related amendments providing that income earned from moneys deposited into the investment pool are to be allocated to the respective fund accounts based on the contribution of moneys into the pool by the state agencies. Your Committee finds that these amendments will assure state agencies that funds deposited into the investment pool shall be eligible to participate in the allocation of investment income; and
- (3) Amending, rather than repealing, section 38-9, Hawaii Revised Statutes, to provide that interest received on moneys deposited by the Director of Finance in any special fund is to be paid to the department that administers that special fund, as a means of providing incentives for departments.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1800, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1800, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 5 (Iwase, Kawamoto, Levin, McCartney, Anderson).

SCRep. 2682 Ways and Means on S.B. No. 2607

The purpose of this bill is to create two separate panels within the Public Utilities Commission, one assigned jurisdiction over the regulation of public telecommunications services and the other assigned jurisdiction over all other utility matters.

The bill also requires that persons appointed to the telecommunications panel of the commission be experienced in telecommunications matters and appropriate necessary funds.

Your Committee finds that the field of telecommunications is undergoing dramatic changes, with new technological developments occurring with rapid speed. Your Committee further finds that state regulation of telecommunications providers has not kept pace with these advances. Your Committee believes this bill will enable the public utilities commission to keep pace with and respond appropriately to rapidly changing technological advances, improve competition within the telecommunications industry, and expedite action on all matters pending before the commission.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2607 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Chun Oakland, McCartney).

SCRep. 2683 Ways and Means on S.B. No. 2808

The purpose of this bill is to create a private universal service association to establish and maintain the universal service fund to maintain just, affordable, and reasonable rates for basic residential telecommunications service.

Testimony in support of the bill was received from the Department of Commerce and Consumer Affairs, GTE Hawaiian Tel, and Oceanic Communications. Testimony in opposition was received from GST Telecom Hawaii. The Public Utilities Commission also submitted testimony.

Your Committee finds that a private organization is likely to be subject to federal income taxes, and that the only way to avoid this is to have the fund be directly or indirectly controlled by the Public Utilities Commission. There is also a lack of consensus among telecommunication carriers in the State regarding the composition of the proposed private board.

Your Committee has amended the bill to obviate these problems by reverting the bill to the form in which it was originally introduced, which keeps the universal service fund under the control of the Public Utilities Commission. Your Committee has also amended the bill by adding the universal service fund to the list of funds exempted from legislative and executive budgetary control.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2808, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2808, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., McCartney, Anderson).

SCRep. 2684 Ways and Means on S.B. No. 2969

The purpose of this bill is to require the Public Utilities Commission (PUC) to establish a fee to be assessed against every motor carrier for the privilege of entering a scenic viewpoint parking lot, the proceeds of which will be used to improve areas along scenic viewpoints.

The bill establishes a special fund to be administered by the PUC and requires the PUC, the Department of Land and Natural Resources, and the Department of Transportation to develop a priority list of scenic viewpoint areas that create a hazardous condition because of their inability to accommodate the existing traffic.

Your Committee has amended the bill by deleting its substance and inserting provisions that require the PUC to establish, as a condition precedent to obtaining a permit or certificate to operate as a common or contract carrier of persons by motor vehicle in counties with a population greater than 500,000, a requirement that the applicant abide by certain operating restrictions. Specifically, the amended bill makes it unlawful for a common or contract carrier by motor vehicle that transports persons to stop or park vehicles that are equal to or greater than twenty-two feet in length with a turning radius equal to or greater than forty-two feet on a roadside that:

- (1) Is adjacent to a state park;
- (2) Abuts a two-lane road with a single lane for travel in each direction and has a single lane width equal to or less than twelve feet; and
- (3) Does not have sufficient space for the motor vehicle to park so as not to impede the regular flow of traffic.

The amended bill also exempts common or contract carriers that transport disabled persons and instances of medical emergency from this operating restriction.

Your Committee believes that the amended bill accomplishes the same goal without establishing an inordinate amount of increased regulation and cost to common or contract carriers.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2969, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2969, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 13. Noes, none. Excused, none.

SCRep. 2685 Ways and Means on S.B. No. 2983

The purpose of this bill is to transfer the Office of Information Practices (OIP) from the Department of the Attorney General to the Legislature for administrative purposes.

Your Committee received written testimony in support of this bill from the Office of Hawaiian Affairs, Common Cause Hawaii, League of Women Voters, and a private individual. Informational testimony was provided by the State Attorney General.

Your Committee believes that the OIP serves a vital function in opening government records to the public. Your Committee is concerned that the Legislature may not be the appropriate branch to administer the OIP. Unlike other state agencies, the OIP is peculiar in its quasi-judicial function of deciding which records are to be disclosed. As such, your Committee believes that the OIP should be placed within the Judiciary.

Your Committee has amended this bill by:

- (1) Moving the OIP from the Legislature to the Judiciary for administrative purposes only;
- (2) Providing that the director of the OIP shall be appointed by the supreme court and serve at the pleasure of the supreme court; and
- (3) Adding that rules adopted by the OIP shall be in accordance with rulemaking procedures of the Judiciary.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2983, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2983, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 13. Noes, none. Excused, none.

SCRep. 2686 Ways and Means on S.B. No. 3043

The purpose of this bill is to provide immunity to the State, the counties, boards, and government employees for errors produced, calculated, or generated by government computer systems that are not year 2000 compliant.

This bill defines "year 2000 compliant" to mean, with respect to a government computer system, that the system accurately processes date and time data (including, but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries and the years 1999 and 2000, and leap year calculations.

In addition, this bill:

- (1) Requires contracts entered into by, on behalf of, or in the capacity of the State, the counties, a board, or a government employee, to include a provision that provides immunity for claims arising out of or based upon errors produced, calculated, or generated by government computer systems that are not year 2000 compliant;
- (2) Excluding from the scope of the State Tort Liability Act until December 31, 2005, claims arising out of or based upon errors produced, calculated, or generated by government computer systems that are not year 2000 compliant; and
- (3) Requires the Department of Accounting and General Services to report to the Legislature, before the Regular Session of 1999, for all state departments in the executive branch on the progress of efforts undertaken to address the year 2000 problem.

Your Committee has amended this bill by adding a word that was inadvertently omitted from the text of section 662-15(1), Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3043, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3043, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (McCartney).

SCRep. 2687 Ways and Means on S.B. No. 2799

The purpose of this bill is to make an emergency appropriation from the clean Hawaii fund to be expended by the Clean Hawaii Center for fiscal year 1997-1998.

Your Committee finds that this appropriation is required in order to proceed with the Department of Business, Economic Development, and Tourism's statewide request for proposals to expand and develop recycling and remanufacturing businesses in Hawaii. Your Committee supports the concept of increasing recycling and remanufacturing, both to protect Hawai'i's environment and to improve our economy.

Your Committee has amended the bill by making a technical amendment to correct a session law reference.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2799, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2799, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Ige, M., Iwase, Levin, McCartney).

SCRep. 2688 Ways and Means on S.B. No. 2501

The purpose of this bill is to increase the current preference to qualified bidding contractors from seven per cent to fifteen per cent and to require that the subcontractors also qualify for the preference.

Your Committee concurs with the findings of the Committee on Government Operations and Housing that this bill will contribute to rejuvenating the construction industry and the State's economy. Your Committee has amended this bill by adding a drop-dead provision to repeal the amendments made by this bill in order to allow for an evaluation of the effects of this bill and the preference structure in general.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2501, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2501, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Ihara).

SCRep. 2689 Ways and Means on S.B. No. 3127

The purpose of this bill is to render contractors ineligible to bid on future public contracts if they fail to make prompt payments to subcontractors.

However, this bill allows otherwise ineligible contractors to submit a bid nonetheless if it submits and complies with a subcontractor payment plan.

Your Committee finds that delayed payments impose substantial hardships upon the workers that are paid by a subcontractor, and therefore such occurrences must be discouraged. Your Committee also recognizes that delays in payments are not always deliberate but are the result of inefficiencies in management and operations. Thus, the use of payment plans will serve to minimize delays and allow otherwise ineligible contractors who operate in good faith to continue to submit bids.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3127, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 13. Noes, none. Excused, none.

SCRep. 2690 Ways and Means on S.B. No. 3220

The purpose of this bill is to increase the conveyance tax by ten cents per \$100 and to redistribute the dedicated funding therefor.

Presently, twenty-five per cent of the tax is dedicated to the rental housing trust fund and twenty-five per cent is dedicated to the natural area reserve fund.

This bill dedicates thirty-two and one-half per cent of the tax to the rental housing trust fund, twelve and one-half per cent to the natural area reserve fund, twenty per cent to the bureau of conveyances equipment modernization special fund until December 21, 2000, and ten per cent to the housing and community development corporation for the purpose of providing homeless assistance.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3220, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2691 Ways and Means on S.B. No. 105

The purpose of the bill is to create a temporary endangered Hawaiian species commission within the Department of Land and Natural Resources to promote the preservation and recovery of endangered species and their habitats.

Specifically, the commission is charged with: developing an overall plan of action to protect and preserve Hawaii's endangered plants and animals and their habitats; generating public support and funding for endangered species recovery; fostering cooperation from private landowners; assessing current resources and effectiveness of their use; and submitting findings, recommendations, and proposed legislation.

Your Committee finds that Hawaii's native plants and animals and their ecosystems have significant scientific, cultural, educational, and economic value. However, they are faced with a very real threat, as Hawaii has more endangered plants and animals than any other land area of similar size in the world. Accordingly, your Committee believes this bill will result in a comprehensive and cohesive plan to protect Hawaii's native ecosystems.

Your Committee has amended this bill by changing the reporting and duration dates for the temporary commission on page 4, lines 18 and 19, from 1998 to 1999.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 105, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 105, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 13. Noes, none. Excused, none.

SCRep. 2692 Ways and Means on S.B. No. 1559

The purpose of this bill is to authorize the Department of Health to establish and implement a lead abatement program that accredits specially trained lead inspectors and risk assessments specialists who will develop lead hazard screens, design, supervise, and implement the lead abatement project.

Your Committee finds that this bill addresses a critical environmental hazard. Your Committee has amended this bill as received to:

- (1) Conform the public notice requirement in section -4 with Act 2, Session Laws of Hawaii 1998;
- (2) Clarify that the director has the authority to establish lead hazard exposure standards statewide;
- (3) Clarify the authority to enforce the new chapter by consolidating sections -44 and -45; and
- (4) Make technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1559, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1559, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2693 Ways and Means on S.B. No. 2418

The purpose of this bill is to increase the advance disposal fee for glass containers to two cents per container as of July 1, 1998, and to require major retailers of food or beverages in glass containers to provide on-site recycling containers.

Testimony in support of the bill was received from the Department of Health, the City and County of Honolulu Department of Public Works, Anheuser Busch Companies, and the Hawaii Food Industry Association.

Your Committee finds that the glass advance disposal fee has assisted the counties in reducing the amount of glass in their solid waste streams. Your Committee finds that glass recycling could be increased by requiring major retailers of food and beverages sold in glass containers to have an on-site recycling container to collect and recover recyclable materials in a setting and location convenient to the public.

Your Committee has amended this bill by:

- (1) Changing the effective date of the increase in the advance disposal fee to July 1, 1999;
- (2) Specifying that the major retailers shall provide space for the recycling container on their property, rather than specifying the location as the parking lot; and
- (3) Making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2418, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2418, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., McCartney, Anderson).

SCRep. 2694 Ways and Means on S.B. No. 2229

The purpose of this bill is to allow the sale of conservation license plates the proceeds of which would be applied to the cost of management and recovery of Hawaii's unique plants and animals and youth conservation programs.

Your Committee finds that Hawaii's endangered species are being lost at a rate far faster than in many other environments. The introduction of foreign species, the increased development of the nearshore and upland areas, the added pollution from more cars and people all have had negative impacts on the species which developed in isolation in the Hawaiian islands. Yet government cannot continue to increase its appropriations to protect these native species because the economic doldrums that has held Hawaii in its grip for the past seven or eight years have decreased the amount of money available for programs in conservation and protection of endangered animals and plants. Under these circumstances new sources of revenue need to be found.

Your Committee finds that by allowing the sale of special conservation license plates, individuals who pay for these plates can express both their public concern for the endangered species and their financial support of the programs which serve to protect the endangered species through education and recovery projects.

Your Committee amended this bill by:

- (1) Requiring a minimum of five hundred license plates to be paid by prepaid applicants or by the requesting agency in order to assure availability of a substantial amount of funds for recovery and conservation programs;
- (2) Changing the appropriated amount to an unspecified amount to permit renewed scrutiny of all appropriations in light of current budgetary constraints; and
- (3) Making technical, non-substantive changes on page 2.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2229, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2229, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Fernandes Salling, Ige, M., McCartney, Anderson).

SCRep. 2695 Ways and Means on S.B. No. 3177

The purpose of this bill is to require the Department of Education to adopt a full-cost, expenditure reporting system for all lower education programs, including student transportation and school physical plant operations and maintenance, but excluding public libraries, adult education, and the A+ program.

"Full-cost" includes fringe benefits such as pension accumulation, pension administration, retiree health insurance, employees' health fund, workers' compensation, unemployment compensation, and employer social security contributions.

In addition, this bill:

- (1) Requires the Departments of Transportation and Accounting and General Services to cooperate with the Department of Education on reporting the full cost of student transportation and school physical plant operations and maintenance, respectively; and
- (2) Requires the expenditure reports for all affected lower education programs, except student transportation and school physical plant operations and maintenance, to be provided to the Legislature on a quarterly basis, at level V in the program structure.

Your Committee finds that the full cost of the State's lower education programs are difficult to ascertain because fringe benefits such as pension accumulation, pension administration, retiree health insurance, employees' health fund, workers' compensation, unemployment compensation, and employer social security contributions are budgeted centrally under the Department of Budget and Finance. These hidden costs make it extremely difficult for the Legislature to allocate and reallocate funds among programs that have substantially different fringe benefit costs due to the varying proportion of operating costs related to personnel services, other current expenses, equipment, and motor vehicles.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3177 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2696 Ways and Means on S.B. No. 2689

The purpose of this bill is to allow certain appointed county employees to elect to convert a class C noncontributory membership to a class A contributory membership in the Employees' Retirement System.

Your Committee received testimony in support of this bill from the Judiciary, City and County of Honolulu, a member of the Hawaii County Council, the Department of Civil Service of the County of Hawaii, and the Department of Personnel Services of the County of Kauai. The Employees' Retirement System opposed section 2 of this bill.

Your Committee finds that members in the noncontributory class C plan do not contribute any portion of their compensation to their retirement plan, while their pension accrues at a rate of 1.25 per cent per year of credited service. However, the class C member must have ten years of credited service and can retire with no penalty at age 62. This is the typical situation for a county appointed official, unlike the State's counterparts who are enrolled as class A members in the Employees' Retirement System. In contrast, the class A member contributes seven and eight-tenths of the member's compensation into the retirement plan but vests with five years of credited service, provided the member is age 55, accrues a pension of two per cent per year of credited service, and can retire with no penalty at age 55.

Your Committee further finds that the county level appointees serve at the pleasure of the appointing authority, much like the state appointees. This bill allows both groups to enjoy similar status in the retirement system.

Your Committee amended this bill with minor, stylistic, grammatical, technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2689, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2689, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2697 Ways and Means on S.B. No. 2814

The purpose of this bill is to adjust the annual salary increase assumption for actuarial valuations from four per cent to an unspecified percentage for purposes of calculating the employer contributions to the Employees' Retirement System.

Your Committee received testimony in support of this bill in its original form from the Department of Budget and Finance and the Hawaii State Teachers Association. The Employees' Retirement System supported this bill with amendments. The Coalition of Hawaii State/Counties Retirees opposed this bill.

Your Committee finds that calculation of employer contributions to the Employees' Retirement System has been undergoing considerable scrutiny over the past few years. On the one hand the Legislature is committed to financing the Employees' Retirement System on a sound actuarial basis, but the State's economic woes continue to put pressure on state and county government costs and a reduction in the assumed salary increases could help ease that pressure. Furthermore, your Committee acknowledges that those who oppose this bill (providing for an unspecified percentage) deserve an opportunity to express their concerns. Therefore, your Committee believes this bill should be reported out.

Your Committee amended this bill by replacing the blank percentage with three per cent, which is the amount contained in the previous draft.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2814, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2814, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., McCartney, Anderson).

SCRep. 2698 Ways and Means on S.B. No. 2875

The purpose of this bill is to permanently enact revisions to the public assistance and general assistance laws that were enacted in 1996 and 1997 by removing the sunset provisions.

Your Committee notes that testimony was received in support of the introduced version of this bill from the Department of Human Services. The S.D. 1 version made only technical, nonsubstantive amendments.

Your Committee finds that the amendments in 1996 and 1997 were intended to conform to federal law and should therefore be made permanent so that the State can continue to receive federal funds.

Your Committee has made a technical, nonsubstantive amendment by deleting the phrase "whether approved before or after June 29, 1998" (page 2, line 4) following the effective date indicated as June 29, 1998.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2875, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2875, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., Iwase, McCartney).

SCRep. 2699 (Majority) Ways and Means on S.B. No. 2964

The purpose of this bill is to transfer the obligation for paying costs for retirees' health benefits from the Public Employees Health Fund to the Employees' Retirement System.

Your Committee received testimony in favor of this measure from the Department of the Budget of the City and County of Honolulu, the Hawaii State Teachers Association, the Hawaii State Teachers Association--Retired (with reservations), the Hawaii Government Employees Association, AFSCME Local 152 (intent), and the United Public Workers, AFSCME Local 646, AFL-CIO (intent). Testimony in opposition to the measure was received from the Department of Budget and Finance, the Employees' Retirement System, and the Coalition of Hawaii State/County Retirees (absent careful study). Informational testimony was received from the Hawaii Public Employees' Health Fund.

Your Committee agrees with the intent of this bill and finds that it represents a solution to assist in paying the State's unfunded liability for health benefits for its retirees and will separate the financial responsibilities for state and county governments between active and retired public employees and reduce the operating costs of state and county governments.

Upon further consideration, your Committee has amended this bill by deleting the repeal date of December 31, 2003.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2964, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2964, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, 1 (Ihara). Excused, 1 (Anderson).

SCRep. 2700 Ways and Means on S.B. No. 2876

The purpose of this bill is to change the way in which the general assistance allowance amount for households without minor children is calculated, to increase the number of hours per week of work requirement, and to exempt from the open meetings law meetings of physicians and psychologists at which determinations of physical and mental disabilities are made.

Specifically, this bill:

- (1) Changes the calculation formula for determining the assistance amount (62.5 per cent of "the standard of need") by replacing the standard of need with a higher current "poverty level established by the federal government, prorated over a twelve-month period";
- (2) Increases from twenty to thirty hours of work per week that a person must be unable to work in order to qualify for assistance; and
- (3) Exempts, from the open meetings law, meetings of boards of physicians or psychologists at which determinations of physical and mental disabilities are made.

Your Committee received testimony in support of this bill from the Department of Human Services.

Your Committee finds that the change in hours of work conforms with other definitions of employment used by the Department of Human Services. Your Committee also finds that assistance amounts should be increased and thus is in accord with the change to the higher current federal poverty rate.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2876, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2701 Ways and Means on S.B. No. 2739

The purpose of the bill is to enable the Judiciary to collect outstanding fines and debts owed to it, through the interception of state income tax refunds, by including the Judiciary in the definition of "claimant agency".

Your Committee finds that any claimant agency may request the Department of Accounting and General Services to set off any valid debt due and owing a claimant agency by the debtor against any debtor's income tax refund. Your Committee further finds that this bill provides an appropriate means of ensuring the collection of delinquent fines and debts by the Judiciary.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2739, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., McCartney, Anderson).

SCRep. 2702 Ways and Means on S.B. No. 2849

The purpose of this bill is to increase the fines for first and subsequent offenses involving the sale and furnishing of tobacco products to minors under eighteen years of age, and the failure to post warning signs on or near vending machines and at or near other locations where tobacco products are sold.

Specifically, this bill increases the fine for first offenses from a maximum of \$100 to a flat \$500; increases the minimum fine for subsequent offenses from \$100 to \$500; and increases the maximum fine for subsequent offenses from \$1,000 to \$2,000.

Your Committee finds that the law prohibiting the sale of tobacco products to minors under eighteen years of age has been ineffective in curbing the increasing rate of smoking among youths. The present structure for fines is outdated and an updated structure reflecting current standards is needed to increase compliance with the sign posting law and to reduce the illegal sale of tobacco products to minors under eighteen years of age.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2849, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2703 Ways and Means on S.B. No. 3206

The purpose of this bill is to establish a substance abuse assessment and treatment program to identify repeat offenders within the criminal justice system who are in need of substance abuse treatment and monitoring.

An "assessment" is an ongoing process through which a substance abuse professional collaborates with a client and other persons to gather and interpret information necessary for planning treatment and evaluating the client's progress. A "substance abuse program" or "treatment program" is a program concerned with education, prevention, or treatment directed toward achieving the prevention of substance abuse, or the social, mental, and physical restoration of substance abusers.

Your Committee received testimony supporting the intent of this bill from the Department of Public Safety, the Judiciary, the Department of Health, and the Honolulu Police Department.

While your Committee finds great merit in the work of your Committee on Judiciary, it also finds that fiscal constraints make it necessary to scale down the scope of this worthy program to the bare essentials.

Consequently, your Committee has amended this bill by excluding probationers, thereby making it applicable only to inmates, parolees, and other persons released from correctional centers or facilities; and by removing from the courts responsibility for implementing this program.

In addition, your Committee has amended this bill by:

- (1) Requiring inmates who are repeat offenders to submit to a drug test rather than an assessment;
- (2) Allowing inmate drug tests to be administered only by the Department of Public Safety;
- (3) Requiring inmates who are convicted of more than one offense against the person to undergo an assessment;
- (4) Requiring inmates who are charged with an offense involving the use or possession of a controlled substance or alcohol to undergo an assessment;
- (5) Deleting the provision requiring a person to undergo an assessment as a condition to being granted a conditional discharge;
- (6) Requiring an assessment to include a clinical summary based on information gained through the assessment, and a diagnosis supported by the clinical summary;

- (7) Deleting the provision allowing an assessment to be used in a prosecution for contempt, and allowing assessment or drug test results to be used in a prosecution for perjury;
- (8) Deleting the provision requiring assessment programs, treatment programs, correctional centers and facilities, and parole agencies to make monthly reports of required information;
- (9) Deleting the provision requiring the Department of Health to adopt rules within one hundred days to carry out the purposes of this bill;
- (10) Deleting the provision requiring the Department of Health pursue funding and matching funds available through the Supplemental Security Income program; and
- (11) Making technical nonsubstantive changes for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3206, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3206, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., McCartney, Anderson).

SCRep. 2704 Ways and Means on S.B. No. 1638

The purpose of this bill is to appropriate funds for the biennial budget of the Office of Hawaiian Affairs.

Your Committee finds that since the passage of the Office of Hawaiian Affairs' 1997-1999 biennial budget last year, the economy had failed to generate the revenues anticipated to sustain the appropriations made in 1997, let alone 1998. Under such oppressive economic conditions, it is incumbent upon your Committee to explore and discuss every possible option in order to balance the state budget. This bill proposes an economic measure that is equalled only by the severity of the State's economic condition. Your Committee has removed the contents of the bill and in its place has provided for the reduction of the Office of Hawaiian Affairs' budget for fiscal year 1998-1999.

Since the Office of Hawaiian Affairs would best know where budget reductions should be made, this bill allows the Office to make such reductions and to submit its revised budget to the Department of Budget and Finance by August 1, 1998.

This bill represents but one possible option available to your Committee. As your Committee reviews the House of Representatives' legislative proposals in the next few days, and vice versa, your Committee will be better able to assess the value and significance of each proposal and to make final recommendations accordingly.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1638, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2705 Ways and Means on S.B. No. 3232

The purpose of this bill is to abolish most of the professional and vocational licensing boards and commissions attached to the Department of Commerce and Consumer Affairs.

Furthermore, this bill continues the regulation of those professions and vocations under the Director of Commerce and Consumer Affairs. This bill repeals all boards and commissions except the Contractors License Board, the Board of Electricians and Plumbers, the Elevator Mechanics Licensing Board, and the Real Estate Commission.

Testimony in support of this measure was received from the Department of Commerce and Consumer Affairs; the Contractors License Board; the Board of Electricians and Plumbers; and the Elevator Mechanics Licensing Board.

Testimony in opposition to this measure was received from nineteen boards and commissions, nine organizations, and twelve concerned citizens.

Your Committee finds that this measure will result in the needed downsizing of state government while maintaining present levels of service to the community.

Furthermore, your Committee notes that this measure is primarily a vehicle for further discussion on the matter of reducing the State's budget without compromising government services to the public. Your Committee remains sensitive to the potential health and public safety considerations latent in any attempt at government restructuring.

Your Committee has amended this bill by extending the effective date of all sections of the bill from July 1, 1998 to July 1, 1999 to allow for continued discussion and analysis of the merits of this measure. Your Committee has also made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3232, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3232, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, none. Excused, 3 (Ige, M., Iwase, McCartney).

SCRep. 2706 Ways and Means on S.B. No. 2234

The purpose of this bill is to amend the general excise tax law by expanding the exemption for transactions between "related entities".

Your Committee received testimony in opposition to the bill as received by your Committee from the Department of Taxation and testimony in support from National Mortgage and Finance Co., Ltd. The Tax Foundation of Hawaii submitted comments.

Your Committee has amended the bill to:

- (1) Amend section 237-23.5(a), HRS, to exempt rental income from use or occupation of property between related entities, and management fees for managing a related entity's property; and
- (2) Amend the definition of "related entities" in section 237-23.5(a), HRS, for entities connected through ownership of at least eighty per cent of the total value of the entity, add "and at least eighty per cent of the total voting power" as well as including "limited liability partnerships, or limited liability companies", and add a group or combination of entities described in the section constituting a unitary business.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2234, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2234, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 13. Noes, none. Excused, none.

SCRep. 2707 Ways and Means on S.B. No. 2450

The purpose of this bill is to increase the meals and entertainment deduction from gross income under the income tax law to eighty per cent.

Your Committee received testimony in favor of this measure from the Hawaii Business League and the Hawaii Restaurant Association (with amendments). Testimony in opposition to the measure was received from the Department of Taxation. Informational testimony was received from the Tax Foundation of Hawaii.

Your Committee agrees with the intent of this bill, and finds that increasing the income tax deduction for meals and entertainment will provide assistance to restaurants and other small businesses, and to spur business and economic development in Hawaii. Your Committee finds that this measure is especially necessary now, given Hawaii's tourism-oriented economy and large number of restaurants and other entertainment related organizations. Your Committee also finds that this measure will supply an additional incentive to attract more business related conventions to the new convention center.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2450 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 13. Noes, none. Excused, none.

SCRep. 2708 Ways and Means on S.B. No. 2738

The purpose of this bill is to reduce the retention period for paid state warrants from three years to two.

Currently, warrants may be destroyed after three years. This bill would decrease the required retention period for original copies to two years, as well as allow other methods of storing copies of state warrants such as digital or electronic write-once format methods.

Your Committee received testimony from the Department of Budget and Finance and the Department of Accounting and General Services against reducing the retention period for state warrants to two years. Although the departments' current practice of retaining original warrants for more than three years will not be affected by this bill, the Committee has deleted the proposed amendment in the original bill that reduced the retention period from three years to two, and made technical amendments for purposes of clarity and style.

Your Committee also received testimony from Linda W. L. Star, a private citizen who supported the bill.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2738, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2738, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., McCartney, Anderson).

SCRep. 2709 Ways and Means on S.B. No. 2727

The purpose of this bill is to reduce the loss of cigarette tax revenue from the illegal sale of untaxed cigarettes by requiring that each package of cigarettes sold within the State be identified with a tax stamp or meter impression, and by decreasing the price differential resulting from the cigarette tax.

Your Committee received testimony in support of this measure from representatives of the Hawaii Food Industry Association.

Your Committee received testimony in opposition to this measure from the Director of Health and representatives of the American Cancer Society-Hawaii Pacific Division, Effective National Action To Control Tobacco (ENACT), Coalition For A Tobacco Free Hawaii, American Lung Association, and Hawaii Youth Services Network. Your Committee also received comments on this measure from the Department of Taxation and the Tax Foundation of Hawaii.

Hawaii does not currently require tax stamping of its cigarettes. Therefore, there is no way to determine by a visual inspection whether the tax has been paid on cigarettes which are offered for sale in the State. In addition, it is believed that the study published in April 1997, by the Tax Foundation of Hawaii entitled, "Perspectives on the Hawaii Tobacco Tax," indicates that there is substantial leakage of untaxed cigarettes into the civilian market from military bases which is creating a substantial tax revenue loss.

This measure addresses the problem of the sale of untaxed cigarettes by requiring that cigarettes which are sold in the State be stamped with a tax stamp or marked by meter impressions showing that the cigarette tax has been paid. Your Committee recognizes the Department of Taxation's concerns regarding its ability to enforce the terms of this measure effectively due to limited resources and manpower. Your Committee, however, is convinced that enactment of the measure, regardless of degree of enforcement by the department, would yield substantial benefits to the State, by:

- (1) Discouraging illegal sales of "bootleg" cigarettes by sellers of tobacco products;
- (2) Encouraging voluntary reporting of violators by private citizens; and
- (3) Providing a statutory basis for pursuing violators whenever the department is provided an opportunity enforce (e.g., increase in departmental resources or receipt of specific information regarding a violation from private citizens).

Your Committee believes that the consumer of cigarettes, and not the State, should bear the costs associated with selling the tax stamps. Your Committee believes that an appropriate penalty is also required to ensure that the Department of Taxation maintains control over usage of tax stamps and meters.

After careful consideration, your Committee has amended this measure by:

- (1) Placing the new sections under Chapter 245, Hawaii Revised Statutes, within a new part of the chapter;
- (2) Including a fine of not less than \$500 nor more than \$1,000 for any violation of the prohibition against unauthorized transfers of tax stamps and meter settings;
- (3) Requiring the Department of Taxation to sell stamps and meter register settings to licensed wholesalers and dealers at their face value, plus a stamp fee of unspecified amount, which fee may be included in the price of cigarettes and passed on to the ultimate consumer;
- (4) Deleting the repeal of the increase of the cigarette tax from 4.00 cents to 5.00 cents per cigarette, and providing instead a deferral of the effective date of the second stage of the increase from July 1, 1998, to January 1, 1999; and
- (5) Designating the existing sections of Chapter 245 as Part I of the chapter.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2727, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2727, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 13. Noes, none. Excused, none.

SCRep. 2710 Judiciary on S.B. No. 2246

The purpose of this bill, as received by your Committee, is to protect employees against retaliation by their employer if they report possible violations of campaign spending laws to the Campaign Spending Commission and to provide a monetary incentive for employees to report such violations.

Your Committee finds that this bill will potentially address situations in which campaign contributions are in excess of permitted limits. Your Committee further notes that the problem with identifying these types of violations is that only the participating parties which may often include employees, have knowledge of such violations. Thus, your Committee believes that this bill addresses these concerns by making it a violation to retaliate against an employee for reporting or participating in the investigation of a campaign spending violation.

Testimony in support of the bill was submitted by the Hawaii Campaign Spending Commission and Common Cause Hawaii.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the monetary incentive to be paid to the reporter; and
- (2) Authorizing the Commission to require a sworn certification from the contributors that their contributions were made in conformance with the law.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2246, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2246, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 2711 Judiciary on S.B. No. 2423

The purpose of this bill is to improve the protection of employees who report any violation of laws or rules to government authorities under the Whistleblowers' Protection Act.

Your Committee finds that there is a strong need to protect employees who reasonably and in good faith are compelled to report unlawful or unethical activities to the appropriate government authorities. Your Committee concurs that conscientious employees should not have to fear any retaliatory actions from their employer if the employer is engaged in unlawful activity.

Testimony in support of the bill was submitted by the National Employment Lawyers Association, Hawaii Nurses' Association, and a private citizen. Testimony was also submitted by the Department of the Attorney General who expressed concerns about the broad definitions of several terms. The Chamber of Commerce of Hawaii also submitted testimony suggesting several amendments to the bill.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting all references to "any person, agency or organization" since they are broad terms and redundant;
- (2) Adding a definition of "reasonable cause to believe";
- (3) Adding a provision that allows employers to claim an affirmative defense to any action under section 378-62, Hawaii Revised Statutes, provided that the employer did not, in fact, act or cause others to act, unethically pursuant to a governing code of ethics, or unlawfully;
- (4) Clarifying that an employer shall not prevent an employee from disclosing to a public body a violation which poses and immediate or serious danger to public health, safety, and welfare;
- (5) Providing a 180 day statute of limitations within which a complainant could assert a claim rather than a 24 month period since the 180 day limitation is consistent with Hawaii's fair employment practices law;
- (6) Deleting the provision whereby the judge has the authority to dismiss employee from a current position since judges should not have the authority to fire an employee and thus deprive them of their livelihood;
- (7) Deleting subsection (b) from section 378-65 because no amendments were made to it; and
- (8) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2423, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2423, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 2712 (Joint) Judiciary and Commerce, Consumer Protection, and Information Technology on S.B. No. 3084

The purpose of this bill is to create a comprehensive scheme which restricts the conditions under which an individual's confidential health care information may be disclosed and which clearly defines the rights of individuals with respect to their health care records.

Your Committees find that safeguards for maintaining the integrity of confidential health care information must be established. Article I, section 6 of the Hawaii Constitution mandates that the legislature take affirmative steps to implement an individual's right to privacy.

Your Committees further find that the need for a clear and comprehensively defined individual protection will become more and more critical as we evolve into the electronic age of collection and transfer of health care data, prescriptions and records, telemedicine, managed care systems and integrated networks for health care delivery and financing.

Testimony in support of the bill was submitted by the Department of Health, the Hawaii Medical Association, Kaiser Permanente, and a member of the medical community.

In addition, testimony in support of the concept of confidentiality of health care records was submitted by: the Office of Information Practices, Hawaii Medical Service Association, and Hawaii Health Information Corporation.

Testimony in opposition to the bill was submitted by Queen's Health Management and a private citizen.

Upon further consideration, your Committees have amended the bill by:

- (1) Amending the definition of "confidential health care information" by including an individual's past, present, and future information;
- (2) Amending the definition of "qualified personnel" by deleting the word "medical";
- (3) Deleting the provision that no consent for disclosure shall be required for a principal investigator conducting scientific research;
- (4) Amending the provision that no consent for disclosure shall be required for a health care provider as reasonably necessary in the providing of services by including language that allows the individual to restrict what confidential information may be provided to the health care provider;
- (5) Adding a provision that no consent for disclosure shall be required when the regulated industries complaints office is conducting an investigation of health care providers licensed by the department of commerce and consumer affairs;
- (6) Deleting the provision that no consent for disclosure shall be required for an employer in the administration of a group insurance or worker's compensation plan;
- (7) Deleting the provision that no consent for disclosure shall be required for insurers and re-insurers in connection with underwriting and administration of coverage and processing of claims;
- (8) Revising the provision that no consent for disclosure shall be required for qualified personnel by deleting reference to "scientific research" and "similar studies" and adding "quality assurance, quality improvement, performance standards review, and professional credentialing";
- (9) Adding several provisions that no consent for disclosure shall be required for investigations into fraud and abuse activities;
- (10) Deleting the provisions relating to security standards and adding provisions that establish standards relating to appropriate employee instructions and limits employee access to confidential information;
- (11) Adding a provision that no consent for disclosure shall be required where a health care provider that is currently treating an individual who poses a substantial risk of death or serious bodily injury to another;
- (12) Adding a provision that no consent for disclosure shall be required where a health care provider or coroner needs to determine the cause of death of an individual;
- (13) Adding a provision that no consent for disclosure shall be required where an individual is in the custody of the department of public safety and the information is necessary to safeguard the health and welfare of other inmates and staff;
- (14) Adding a provision that no consent for disclosure shall be required where federal, state, or county governmental authorities require such information or to determine compliance with state or federal regulations relating to professional licensure, certification, or registration;
- (15) Amending the provision that says confidential health care information which refers to an individual's name, address, diagnosis, prescriptions, etc. shall not be sold, traded or disclosed by substituting that the information shall not be "exchanged for a bonus, prize, or any other benefits";
- (16) Changing all references of seven days, ten days, and fourteen days to "twenty working days";
- (17) Amending the conflicts of law provision to include the inter-relatedness of sections 504 and 511 of the Federal Rules of Evidence;
- (18) Adding the phrase "at a mutually agreed upon time, date and location" to when a provider shall permit the individual to inspect the individual's confidential health care information;
- (19) Deleting reference to "amending or correcting" an individual's health care information and substituting "appending" since amending a medical record may prove to be problematic if there are subsequent questions regarding the care provided or the course of treatment. In addition, adding that any obligation to append confidential health care shall extend only to the party responsible for the creation of the confidential health care record;
- (20) Changing the "knowingly" state of mind requirement for a provider who violates the provisions of this chapter to one of "intentionally" violates; and
- (21) Amending the contract liability clause to provide that should the contract limit any rights or privileges, the agreement becomes void but all remaining parts of the contract shall remain valid;
- (22) Providing a provision that limits the redisclosure of confidential health care information and imposes the same duties on recipients of the information;
- (23) Amending the provision that states any confidential health care information maintained by a government agency shall be confidential by adding that the government agency shall not be subject to section 92F-19, Hawaii Revised Statutes;
- (24) Adding a provision that the prevailing individual whose rights were violated under this chapter shall be able to recover reasonable attorneys' fees, expenses and costs;

- (25) Amending the provision that deals with the rights of a deceased individual by defining who may act as a deceased individual's representative when the individual fails to name a person; and
- (26) Making non-substantive technical changes.

As affirmed by the records of votes of the members of your Committees on Judiciary and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3084, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 3084, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, none. Excused, 4 (Bunda, Solomon, Tanaka, Anderson).

SCRep. 2713 (Joint) Judiciary and Ways and Means on S.B. No. 1273

The purpose of this bill, as received by your Committees, is to require testing of any person accused of a sexual offense upon the request of the sex assault victim and to require the release of the test result to the victim.

Your Committees find that sexual assault victims are often fearful of contracting the HIV virus as a result of having been sexually assaulted. The fear of contracting this life-threatening disease adds to the extraordinary psychological trauma that victims of sexual assault experience. However, your Committees further find that the probability of contracting the HIV virus as a result of a sexual assault is very low, approximately .003 percent. To be effective, HIV preventive treatment must begin no later than 24 to 36 hours post-exposure. Therefore, an HIV test should be initiated immediately after contact to consider the results in connection with the preventive treatment.

In addition, your Committees believe that it is vitally important that victims of sex assault be offered the opportunity to have HIV testing as soon as possible after the assault, including post-exposure counseling that relays accurate information regarding the risks of exposure and current HIV preventive treatment. While your Committees agree that mandatory testing of sex offenders at the request of the victim may provide psychological relief, addressing the health care and medical needs of the victim should be considered as paramount concerns.

Testimony in support of mandating HIV testing of sex offenders was submitted by the Attorney General, the Department of Public Safety, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Sex Abuse Treatment Center, the Hawaii State Commission on the Status of Women, the Hawaii Paroling Authority, the Hawaii Women's Political Caucus, the Honolulu Police Department, the Maui County Police Department, the State Adjutant General, and three private citizens. The testifiers mentioned the need to support sex assault victims and the resulting loss of federal funds due to the fact that Hawaii law does not presently mandate HIV testing of sex offenders.

Testimony was submitted by the Domestic Violence Clearing House and Legal Hotline in support of using federal funds for HIV counseling for sex assault victims. Testimony from the Department of Health was submitted to support the HIV testing of perpetrators after they have been convicted. The Hawaii Nurses' Association submitted testimony supporting the intent of the bill but questioning the effectiveness of a one-time test and the reliability of using a single test result.

Testimony in opposition was submitted by the Governor's Committee on HIV/AIDS expressing reservations about the impacts of this measure and concerns about due process issues. Testimony in opposition to this bill was submitted by the Office of the Public Defender and the American Civil Liberties Union of Hawaii.

Upon further consideration, your Committees had amended the bill by:

- (1) Requiring that any person convicted of a sex offense shall be ordered, upon written request by the victim, to submit to an HIV test;
- (2) Inserting a provision requiring the victim or the victim's parent or guardian, prior to the release of the offender's test results, to sign a notice of HIV status disclosure advising them of the confidentiality of HIV test results and the penalties for unlawful disclosure;
- (3) Including a provision that any federal funds received shall be allocated to provide direct services to victims of sexual assault; and
- (4) Making non-substantive technical changes.

As affirmed by the records of votes of the members of your Committees on Judiciary and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1273, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1273, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 16. Noes, none. Excused, 1 (Bunda).

SCRep. 2714 (Joint) Judiciary and Ways and Means on S.B. No. 3037

The purpose of this bill, as received by your Committees, is to disallow commissions paid to trustees of charitable trusts on income from the sale of fee properties, and to require that the commissions paid in any year be reasonable and not exceed the annual salary of the Chief Justice of the Hawaii Supreme Court.

Your Committees find that private charitable trusts are usually established to benefit a limited number of individuals, and, therefore, government oversight is generally unnecessary except with regard to monitoring their tax-exempt status. However, because there are a limited number of charitable trusts in which a broad sector of our population has at least some interest as either a

beneficiary or as a relative of a beneficiary, there is a compelling state interest to ensure that the trust is being managed in the beneficiaries' best interests.

Your Committees further find that as policy-makers, the legislature needs to balance its responsibility between protecting the public interest and not unduly restricting the operations of a private charitable trust. In this regard, your Committees note that the federal government provides some direction about trustees' compensation through the federal Intermediate Sanctions Law. Through this law, the Internal Revenue Service has established regulations to determine reasonableness of trustee compensation.

Testimony in support of the intent of this measure was submitted by the Attorney General, the Kamehameha Alumni Association - Oahu Region, and approximately one dozen private citizens. The majority of the testifiers supported providing some direction through statute about trustees compensation being reasonable. The Treasurer of the Board of Trustees of the Kamehameha Schools Bernice Pauahi Bishop Estate submitted comments indicating that studies of the Bishop Estate trustees' compensation found their compensation levels to be within the range of compensation using national comparables.

Upon further consideration, your Committees have amended this measure by:

- (1) Repealing the existing statutory schedule for trustee commissions;
- (2) Inserting language that trustee compensation should be limited to an amount that is reasonable under the circumstances;
- (3) Adding a provision that this Act shall apply to both existing and new trusts, provided that any provision in existing trust agreements regarding trustee compensation shall supersede this Act; and
- (4) Making technical nonsubstantive changes.

As affirmed by the records of votes of the members of your Committees on Judiciary and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3037, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3037, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 12. Noes, none. Excused, 5 (Bunda, Fernandes Salling, Iwase, Tam, Taniguchi).

SCRep. 2715 (Joint) Judiciary and Ways and Means on S.B. No. 3230

The purpose of this bill is to establish the Kau prison planning commission, in the office of the governor, for the purpose of representing the residents of Kau and the island of Hawaii in negotiations with the state concerning the planning, design, and construction of a new correctional facility in Kau.

Your Committee finds that this bill will provide a formal mechanism to allow community input regarding the possible location, construction, and operation of a state correctional facility within the district of Kau. Your Committee agrees that soliciting input from the residents will provide an opportunity for consensus building and collaboration that will ultimately result in a win-win situation with regards to the integration of a state correctional facility in the district of Kau.

Testimony in support of this bill was submitted by the Department of Education and a private citizen. Testimony in opposition to this bill was submitted by the Department of Public Safety.

Upon further consideration your Committee has amended the bill by:

- (1) Adding the language "including but not limited to" to allow other factors to be included in negotiating the agreements for improvement of public services;
- (2) Adding a provision which sets up who nominates the nine members of the commission to be appointed by the government;
- (3) Changing the provision which provides that six members of the commission are to be Kau residents and the other three members are to be residents of the island of Hawaii;
- (4) Providing that six or more of the members must agree in writing before entering into any public or private agreement regarding the construction or lease of a Kau prison;
- (5) Clarifying that any agreement made in violation of Section 6 of this Act shall be void;
- (6) Deleting Section 9 which provides that this Act shall be enforced by the third circuit court for the county of Hawaii;
- (7) Changing the effective date to upon approval except Section 9 which shall take effect July 1, 1998; and
- (8) Making technical nonsubstantive changes.

As affirmed by the records of votes of the members of your Committees on Judiciary and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3230, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3230, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 14. Noes, none. Excused, 3 (Bunda, Iwase, Levin).

SCRep. 2716 Judiciary on S.B. No. 785

The purpose of this bill, as received by your Committee, is to require members of state boards and commissions to file financial disclosure forms with the State Ethics Commission which shall be available for public review. This bill would also require that attorneys, consultants, and independent business people who receive more than twenty-five percent of their income from a single state source to identify this information in their financial disclosures.

Your Committee finds that the public has a right to know about potential conflicts of interest which may be attached to board and commission members. Your Committee further finds that the disclosure of financial interests of board and commission members will help raise the public's confidence in the actions taken and the decisions made by public officials on the behalf of the citizens they represent.

Testimony in support of the bill was submitted by the Hawaii State Ethics Commission and Common Cause Hawaii.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the provision which stated that financial disclosures may be privileged and need not be public;
- (2) Adding a provision that requires any public official who provides legal, consultant, or other services to disclose the identity of the official's clients if more than \$25,000 in gross revenues are derived from that client. This minimum threshold is a significant enough amount to influence the decisions of public officials who are in a position of responsibility;
- (3) Changing the effective date to January 1, 1999; and
- (4) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 785, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 785, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 2717 Judiciary on S.B. No. 2329

The purpose of this bill, as received by your Committee, is to create a comprehensive statutory scheme to address bias-motivated violent crimes by establishing a civil cause of action and remedy for the aggrieved individual, the Attorney General, or the prosecuting attorney. In addition, this bill provides for the prosecution and sentence enhancement of hate crimes and provides for the gathering and reporting of hate crime data.

Your Committee finds that crimes and threats against persons because of their race, color, religion, ancestry, national origin, political affiliation, gender, sexual orientation, age or disability are a significant and growing problem across the nation and in Hawaii. Your Committee recognizes that the state has a compelling state interest in preventing crimes and threats that are motivated by bigotry and bias.

Your Committee further finds that Hawaii does not have any laws that address bias-motivated crimes and that Hawaii is the only state that does not comply with the federal Hate Crime Statistics Act which requires states to compile data on hate crimes.

Testimony in support of the bill was submitted by Hawaii State Commission on the Status of Women, Domestic Violence Clearinghouse and Legal Hotline, Hawaii Women Lawyers, Consumer Lawyers of Hawaii, Japanese American Citizens League, and two private citizens.

The Hawaii Civil Rights Commission also submitted testimony in expressing concerns that (1) filing a complaint with the Commission would be duplicative of the new civil action remedy and (2) the Commission does not have the resources or expertise to investigate and adjudicate the complaints and develop a training course for law enforcement officers.

Upon further consideration, your Committee has amended the bill by:

- (1) Adding a preamble that emphasizes the purposes of the bill;
- (2) Defining "hate crime";
- (3) Deleting all provisions that give the attorney general and city or county prosecuting attorney the right to bring a civil cause of action and intervene when any person has a right to sue under this chapter;
- (4) Deleting the provision that describes what information the civil complaint should include because this is redundant. The Rules of Civil Procedure would govern;
- (5) Deleting the provision that an aggrieved person may also file a complaint with the Hawaii Civil Rights Commission;
- (6) Deleting the provision that allows an aggrieved individual to "prosecute" a civil action for damages;
- (7) Deleting the provision that describes where an aggrieved person can file the civil complaint since the Rules of Civil Procedure would also govern;
- (8) Deleting the provision that requires the following statement "VIOLATION OF THIS ORDER IS A CRIME PUNISHABLE UNDER SECTION 706-E OF THE PENAL CODE" since the section referred to has also been deleted;

- (9) Deleting all of section 2 of the bill that describes the jurisdiction of the Hawaii Civil Rights Commission, training courses and guidelines for local law enforcement officers as requested by the Commission;
- (10) Deleting all of section 3 of the bill that describes the criminal sanctions and enhanced penalty structure for persons who commit hate crimes and replacing it with a more clearly defined penal scheme that actually fits within Hawaii's penal code;
- (11) Deleting the provision which provides a process of service for any order, extension, modification or termination of a temporary restraining order or injunction; and
- (12) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2329, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2329, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 2718 Commerce, Consumer Protection, and Information Technology on S.B. No. 2297

The purpose of this bill is to enact the Hawaii Patient Protection Act which protects a patient's health care rights.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, HMSA, the Hawaii Medical Association, and the Hawaii Coalition For Health. Testimony supporting the measure with amendments was received from AARP. The Office of Information Practices (OIP) offered comments.

Your Committee finds that managed care plans were developed as a means of reducing the costs of medical care. These plans contract with a provider group to provide services for a set fee regardless of the amount of services performed.

Your Committee further finds that unlike fee for service plans, a managed care plan participant does not usually have direct access to specialists without prior approval from the primary provider.

Your Committee further finds that some managed care plans engage in the corporate practice of medicine. In these instances, the provider no longer has the authority to decide when a patient's condition warrants the services of a specialist. Instead, an administrative or accounting office makes the decision which often results in an automatic denial.

Your Committee notes that the OIP believes the definition for "managed care plan" does not clearly convey whether a government-sponsored health plan would fall under this definition.

Your Committee further notes the concerns of the OIP that the records of government-sponsored health plans and peer review committees formed by a government agency may be subject to public access under the Uniform Information Practices Act (Modified).

Your Committee has reviewed the concerns of the OIP and, after careful consideration, does not believe that this bill will affect any public records because this measure is intended to protect consumers in private managed care plans.

Your Committee amended the bill by reformatting the contents into a new chapter instead of a new part to chapter 432D, Hawaii Revised Statutes, and making conforming amendments thereto.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2297, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2297, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2719 Commerce, Consumer Protection, and Information Technology on S.B. No. 2761

The purpose of this bill is to require that persons seeking motorcycle liability coverage enroll and pass an education course approved by the Department of Transportation or the installation commander of any branch of the United States military that meets the Motorcycle Safety Foundation standards.

Your Committee received written testimony in support of this measure from the Department of Transportation, Street Bikers United, an insurance agency, and five interested citizens. Written testimony opposing the measure was received from the Motorcycle Safety Foundation and two interested citizens.

Your Committee finds that motorcyclists who attend and pass an approved Motorcycle Safety Foundation (MSF) course are eligible to save up to 15% on their insurance premiums.

Your Committee further finds that the Department of Defense and the Navy and Marine Corps require that all military personnel attend and pass a MSF approved safety course in order to operate a motorcycle on military installations.

Your Committee notes that the required courses are free to military personnel, while state motorcycle beginner courses cost \$150.

Your Committee believes that military personnel should not be forced to take the state motorcycle beginner course as long as the safety course required on the military installation adequately meets recognized safety standards.

Your Committee amended the bill by requiring that the course approved by the installation commander of any branch of the armed services, in order to be recognized by the State, must meet all MSF learn to ride course standards.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2761, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2761, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2720 Commerce, Consumer Protection, and Information Technology on S.B. No. 1384

The purpose of this bill is to allow riders of motorcycles and motor scooters to obtain insurance after they have obtained their motorcycle license or motor scooter's learner's permit without having to first enroll in a motorcycle education course.

Your Committee received support for the bill from the Professional Insurance Agents of Hawaii, Carr's Insurance Agency, Street Bikers United, and numerous individual motorcycle and motor scooter riders.

Opposed to this bill are the Insurance Commissioner, the Hawaii Insurers Council, and instructors in the Hawaii Motorcycle Safety Education Program.

The Hawaii Motorcycle Dealers Association expressed support on condition that the bill's language does not negate Act 269, Session Laws of Hawaii 1997, which provides a waiver of the motorcycle or motor scooter skills or road test on proof of successful completion of an approved motorcycle education course.

Under existing law in section 431:10G-104, Hawaii Revised Statutes, the enrollment and passing of an approved motorcycle education course is a prerequisite to obtaining liability insurance for the riders and learners. A temporary insurance binder of 90 days is available, but only if the rider enrolls in and completes an approved motorcycle education course.

The education requirement, while outwardly promoting rider safety, in reality establishes a bias for the approved education course. Your Committee understands that only one such course exists in the State, offered at only one campus on only one island at specific times with a relatively steep financial cost.

This scenario forces riders to either not ride their bike or scooter, or enroll in the course, or ride or learn to ride a motorcycle or motor scooter with no insurance coverage. This has greatly increased the number of riders on the roads without insurance. Your Committee is not aware of the education courses making an effort to be more accessible to the neighbor islands or the military in an effort to reduce uninsured motorcycle riders.

Your Committee is also concerned that this issue has come before the Legislature numerous times with no discernible progress. Motorcycles and motor scooters are efficient forms of transportation, but little has occurred to improve access to them. Driver education as a prerequisite to obtaining insurance does not exist for any other motor vehicle license. Your Committee views the existing law as unfair, discriminatory and burdensome to Hawaii's motorcycle and motor scooter riders and learners.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1384 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2721 (Joint) Commerce, Consumer Protection, and Information Technology and Judiciary on S.B. No. 2525

The purpose of this bill is to establish in the offenses against property rights chapter of the penal code new sections and definitions that make deceptive telemarketing acts or practices a criminal violation.

Your Committees received testimony in support of this measure from the Department of Commerce and Consumer Affairs, the Honolulu Police Department, the Executive Office on Aging, and the Hawaii Coalition For Health. Testimony supporting this measure with amendments was received from AT&T, Legislative Information Services of Hawaii, the Office of the Prosecutor, AARP, and the Direct Selling Association.

Your Committees find that telemarketing fraud is on the rise and in most cases, telemarketers target the elderly who are vulnerable and considered easy targets.

Your Committees further find that the Federal Trade Commission (FTC) promulgated rules criminalizing deceptive and abusive telemarketing practices which apply broadly to any telemarketing plan that involves more than one interstate telephone call. Your Committees note that pursuant to explicit rules set forth by Congress and the FTC, state law enforcement can enforce the federal telemarketing rules, your Committees believe it must proceed carefully before legislating in an area already occupied by federal law.

Therefore, in order to further discussions on this matter, your Committees amended the bill by deleting its contents and creating a new part in chapter 708 with four new sections and a definition that defers to federal law.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2525, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2525, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 10. Noes, none. Excused, 5 (Bunda, Chun Oakland, Levin, Solomon, Anderson).

SCRep. 2722 (Joint/Majority) Commerce, Consumer Protection, and Information Technology and Judiciary on S.B. No. 2850

The purpose of this bill is to amend the State's solid waste management laws by:

- (1) Redefining "open dump";
- (2) Replacing the term "solid waste disposal system" with the term "solid waste management system";
- (3) Including the processing of solid waste in the definition of "solid waste management system"; and
- (4) Expanding the penalties for violations of these laws by including a possible 30 day prison term for each offense and revoking a general contractor's license to operate or certificate of authorization from the Public Utilities Commission (PUC) to the existing criminal penalty.

Your Committees received written testimony from the Department of Health and the Department of Public Works.

Your Committees voiced concerns that paragraph (3) of the prohibition section which specifically addresses general contractors is too narrow in scope. Your Committees recognize that persons other than general contractors may violate the solid waste management laws.

Accordingly, your Committees amended the bill by:

- (1) Deleting the specific reference to general contractors in paragraph (3) of the prohibition section and adding language to make the revocation applicable to all professional licenses;
- (2) Deleting the word "criminal" in the penalties subsection since civil, administrative, and criminal penalties are involved; and
- (3) Making a technical, nonsubstantive change for clarity.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2850, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 2850, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, 1 (Slom). Excused, 6 (Bunda, Ihara, Kanno, McCartney, Solomon, Tanaka).

SCRep. 2723 Commerce, Consumer Protection, and Information Technology on S.B. No. 1946

The purpose of this bill is to allow native Hawaiian healing practices to be performed by traditional native Hawaiian healers even though they may not have a license to practice medicine.

Specifically, the bill exempts this type of alternative health care practice from the prohibition of the practice of medicine without a license.

Testimony in support of the bill was received from the Waianae Coast Comprehensive Health Center, the State Council of Hawaiian Homestead Associations, the Hawaii Health Foundation, the Office of Hawaiian Affairs, the Oahu Council of the Association of Hawaiian Civic Clubs, and several interested individuals. Papa Ola Lokahi supported the bill but expressed concerns. The Board of Medical Examiners submitted testimony wherein it stated that it did not object to the bill. An interested individual expressed concerns on the bill.

Testimony indicated that native Hawaiian medicinal, spiritual, and applied kahuna have practiced in Hawaii for almost two thousand years. These traditional practices remain the treatment of choice of many in the State. These choices range from spiritual healing (laau kahea), herbal healing (laau lapaau), mental and family conflict resolutions (hooponopono), and massage (hoolomilomi).

Additionally, testimony indicated that there is an urgent need to preserve the traditional Hawaiian healing arts before they vanish with the last of the surviving kahunas. In its testimony, the representative from the Hawaii Health Foundation stated that when he started working with the Hawaiian community 11 years ago, there were 27 kahuna masters at a kahuna conference on Maui. At last count, 17 of them are still alive, and most of them are in their 70's and 80's.

Many of those who testified in support of the measure also expressed concerns regarding the definition and identification of traditional native Hawaiian healers. Specifically, this concern focused on the blood quantum of "native Hawaiian healers." Many stated that blood quantum should not be the issue. Your Committee feels that the resolution of this and other issues relating to the implementation of this bill would be best left to the Hawaiian community.

After considering the merits of the measure and the testimony received, your Committee has amended the bill by:

- (1) Requiring Papa Ola Lokahi to convene a panel comprised of representatives from native Hawaiian organizations to address issues including but not limited to:
 - (A) The appropriate Hawaiian blood quantum necessary for a person to perform traditional native Hawaiian healing practices; and

- (B) The appropriate certification requirements necessary for a person to be authorized to perform traditional native Hawaiian healing practices.

At the hearing, Papa Ola Lokahi was asked if they were willing to be responsible for taking the lead in this regard and they agreed;

- (2) Requiring Papa Ola Lokahi to submit annual progress reports to the Legislature regarding the progress of the panel's efforts to address these issues. Papa Ola Lokahi also agreed to do this;
- (3) Inserting a "sunset" provision that will repeal the provisions of the bill after five years; and
- (4) Making technical, nonsubstantive changes for purposes of style and clarity.

Your Committee believes that the resolution of these types of issues would be best handled by the native Hawaiian community. Additionally, as amended, this bill strikes a balance between protecting the community and native Hawaiian tradition regarding alternative health care practices, which your Committee believes is a good starting point.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1946, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1946, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2724 Commerce, Consumer Protection, and Information Technology on S.B. No. 2037

The purpose of this bill is to prohibit prepaid health care plans from refusing to cover emergency medical treatment when the plan member fails to obtain preauthorization.

Kaiser Permanente presented testimony in support of the bill, and provided suggested amendments. The Insurance Commissioner of the Department of Commerce and Consumer Affairs, and the Department also expressed support for the bill. Numerous individuals also testified to personal experiences with being unable to obtain preauthorization during an emergency or being turned away by the plan's approved emergency department without authorization to go elsewhere, then receiving an outrageous bill because the patient went to an "unauthorized" emergency room.

Your Committee finds that a person in a medical crisis should not have to simultaneously juggle "preauthorization" or unanticipated financial expense. Your Committee therefore has adopted the suggested amendments by Kaiser Permanente as a thoughtful and considerate approach to prepaid emergency medical care in Hawaii.

The amended bill begins with definitions of "emergency medical condition," "emergency services," and "stabilize." Each definition provides a juncture in the decisions required of the patient, the medical provider, and the health care plan.

The amendment require that a health plan cover emergency services to members with emergency conditions at all times. Prior authorization is prohibited. Coverage for emergency services is required of the health plan up to the members stabilization under certain conditions, such as the inability of member to travel to his participating hospital because of his condition. The standard to be applied is whether a prudent layperson would have reasonably believed that such travel would have seriously jeopardized his or her health, as defined in the section. At that point, the provider must attempt to call the health plan; otherwise, the plan is not required to reimburse the provider.

The health plan, however, may be required to reimburse the provider if the provider attempted to contact the plan's agent, with no success within 30 minutes of the initial of the member. Other contingencies are also considered in the amended language of the bill. In the event of a dispute between the plan and the provider concerning continuing treatment of the member, than the health plan is responsible for alternative treatment under specific circumstances.

The new language also provides for cost-sharing with the member in the event non-participating providers are involved. Finally, the bill requires the health plan to educate its members thoroughly about the emergency medical services law, and the plans own available emergency departments.

Your Committee has amended the statute chapters relating to (1) accident and sickness insurance contracts, Chapter 431:10A, HRS; (2) mutual benefit societies, Chapter 432:1, HRS; and (3) health maintenance organizations, Chapter 432D, HRS.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2037, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2037, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 2725 Commerce, Consumer Protection, and Information Technology on S.B. No. 2409

The purpose of this bill is to prohibit financial institutions from requiring non-account holding customers who wish to cash a check at the financial institution to be subjected to fingerprinting.

Your Committee received testimony in support of the bill from members of the University of Hawaii at Hilo Student Association. The Department of Commerce and Consumer Affairs, the City and County of Honolulu Police Department and Department of the Prosecuting Attorney, and the Hawaii Bankers Association testified in opposition to the measure.

Your Committee finds that, at the end of September, 1997, financial institutions in Hawaii instituted a policy of requiring all persons who do not have accounts to be fingerprinted if those persons wished to cash a check. Your Committee also finds that although fingerprinting may be a deterrent to fraud, there is a significant difference between an individual's giving up of fingerprints to an official law enforcement body under specific circumstances that meet constitutional standards and being required to give them to private commercial entities. Because this policy is not based on any regulatory requirement by the State or federal government, there may be an absence of adequate safeguards and assurances regarding the possible abuse or misuse of the databases of fingerprints collected by financial institutions.

Mindful of a person's right to privacy, your Committee has amended the bill by deleting the statutory prohibition against financial institutions requiring fingerprinting for the cashing of checks by non-account holding customers contained in section 2 of the bill. Your Committee has inserted in its place a requirement that the Department of Commerce and Consumer Affairs study the issue and report its findings to the Legislature prior to the 1999 legislative session.

Your Committee believes this to be the more prudent means of addressing a complex issue that pits the financial security rights of financial institutions against a person's inherent right to privacy.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2409, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2409, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

SCRep. 2726 Commerce, Consumer Protection, and Information Technology on S.B. No. 2414

The purpose of this bill is to prohibit pawn finance charges above the maximum interest rate allowed for financial services companies. The bill also prohibits the pawnbrokers from accepting pledged goods whose market value exceeds \$2,000.

Your Committee received testimony in support of this measure from the Legal Aid Society, an attorney, and an interested citizen. Testimony supporting this measure with amendments was received from the Department of Commerce and Consumer Affairs and a pawnbroker. Testimony in opposition to this measure was received from the Hawaii Pawnbrokers Association.

Your Committee finds that under pawn laws, pawnbrokers are allowed to charge a one time flat service charge of 20% a month on items pawned. The flat charge means pawnbrokers may not charge for storage, insurance, lost tickets, handling, filing, or anything else.

Your Committee further finds that the average pawn is about \$50 to \$75 resulting in the customer paying an average charge of less than \$15. This one time flat service charge allows a pawn shop to profit and continue to offer customers pawn service.

Your Committee further finds that a new lending scheme called the auto pawn has arrived in Hawaii. Under this scheme, the consumer retains the vehicle but gives the pawnbroker the title to the vehicle. The consumer receives a 30 day loan of up to one-half of the wholesale blue book value of a vehicle and must pay an annual interest rate of 240 percent.

Your Committee further finds that this scheme is an attempt by lenders to circumvent usury laws and the regulatory requirements for financial services companies. By taking title to a vehicle, lenders argue that they are taking constructive possession of the vehicle and therefore they are within the scope of the pawn laws.

Your Committee further finds that because of the exorbitant finance charge, consumers often default the loan and lose vehicles worth significantly more than the loan amount.

To outlaw this scheme and to further protect the public against other schemes of this kind, your Committee amended the bill by reinsuring the flat 20% a month finance charge, prohibiting pawnbrokers from accepting motor vehicles, boats, or homes as pledged goods, and increasing the pledged goods value limit to \$5,000.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2414, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2414, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Levin, Solomon).

SCRep. 2727 Commerce, Consumer Protection, and Information Technology on S.B. No. 2469

The purpose of this bill is to conform the Uniform Securities Act to federal law. Specifically the bill:

- (1) Requires that the commissioner receive certain documents and fees prior to federal covered securities being offered or sold in this State;
- (2) Specifies the effective date of an initial notice filing by an investment company other than a unit investment trust;

- (3) Specifies the amounts of notice filing fees;
- (4) Provides for amendment and termination of notice filings;
- (5) Gives the commissioner discretion to require the issuer of federal covered securities to file a notice and pay fees no later than 15 days after the first sale in this State;
- (6) Authorizes the commissioner to suspend any offer or sale of a federal covered security in this State, upon notice and a hearing, if the commissioner believes there has been a violation of the Uniform Securities Act;
- (7) Requires that federal covered advisers make a notice filing prior to transacting business in this State;
- (8) Defines "federal covered adviser" and "federal covered security";
- (9) Amends the definition for "salesperson" by excluding from its meaning persons effecting federal covered security transactions;
- (10) Repeals several criteria for persons who do not have a place of business in the State and are not included in the definition for "investment adviser":
 - (A) Investment companies as defined in the Investment Company Act of 1940; and
 - (B) Business communications directed in any manner into the State.
- (11) Clarifies that the exempted persons above do not have more than 5 clients who are residents of this State;
- (12) Replaces employment by a mutual fund registered with the Securities and Exchange Commission with an investment company registered under the Investment Company Act of 1940 as a criteria for exclusion from the definition for "investment adviser";
- (13) Includes a person who is excluded from the definition of "investment adviser" under the Investment Advisers Act of 1940, and a federal covered adviser, from the definition of "investment adviser" in this State;
- (14) Amends the definition for "investment adviser representative" to include with respect to a federal covered adviser, persons defined as an "investment adviser representative" who has a place of business in this State as defined in rule 203A-3 of the Securities and Exchange Commission under the Investment Advisers Act of 1940;
- (15) Adds the section regulating federal covered securities to the list of sections certain securities are exempted from and adds them to the exempt transactions section;
- (16) Exempts other section 18(b)(1) securities of the Securities Act of 1933 from the registration or filing requirements of the Uniform Securities Act;
- (17) Repeals the exemption from registration and regulation under the Uniform Securities Act for securities issued by an "investment company" registered under the Investment Company Act of 1940, and related provisions;
- (18) Repeals securities issued by an issuer registered as an open-end management company or unit investment trust under the Investment Company Act of 1940, from the criteria for exempting securities registered under the Securities Act of 1933;
- (19) Replaces the paragraph relating to a nonissuer distribution of an outstanding security with a paragraph relating to nonissuer transactions by a registered agent of a registered broker-dealer;
- (20) Clarifies that registration is necessary in order to offer or sell securities in the State other than a federal covered security and securities specifically exempted;
- (21) Specifies that the record of registration of securities include federal covered security notice filings;
- (22) Clarifies that investment advisers who maintain their principal place of business in another state and who are registered and in compliance with that state's financial reporting requirements, may submit a copy of their financial statements instead of a balance sheet;
- (23) Repeals a paragraph allowing a copy of a current registration by any national securities exchange, national securities association registered under the Securities Exchange Act of 1934, or the United States Securities and Exchange Commission for registration of investment advisers;
- (24) Exempts dealers registered under the Securities Exchange Act of 1934, and investment advisers who maintain their principal place of business in another state and who are registered and in compliance with that state's net capital, bonding and recordkeeping requirements, from filing a bond, minimum capital requirements, or recordkeeping requirements;
- (25) Includes federal covered advisers in the section relating to registration of dealers, investment advisers, salespersons, and investment adviser representatives;
- (26) Gives the commissioner authority to request certain documents from a dealer exempted from the recordkeeping requirements;

- (27) Excludes violations of the federal covered securities section from violations for which the commissioner may seek an injunction;
- (28) Excludes the federal covered securities, and the notice filing requirements for federal covered advisers sections, from the voidable sale section;
- (29) Excludes violations of the notice filing requirements for federal covered securities, and the notice filing requirements for federal covered advisers, from the criminal penalty section;
- (30) Removes from the application of section 485-25(a)(5) and (7), Hawaii Revised Statutes, relating to fraudulent and prohibited practices, any advertising matter related to or used in connection with the offer or sale of a federal covered security; and
- (31) Makes technical, nonsubstantive changes.

Your Committee received testimony in support of this measure from the Hawaii Society of the Institute of Certified Financial Planners, the Securities Industry Association of Hawaii, the Investment Company Institute, and an attorney. Testimony supporting the measure with amendments was received from the Department of Commerce and Consumer Affairs.

Your Committee finds that the National Securities Markets Improvements Act (NSMIA) of 1996, relating to federally registered investment advisors and their representatives, took effect on July 8, 1997.

Your Committee further finds that NSMIA:

- (1) Identified certain securities offerings as "national" and precluded substantive state regulation of these offerings, many of which were already exempt under most state securities laws;
- (2) Granted the Securities and Exchange Commission exclusive regulatory oversight of large investment adviser firms, while state securities regulators were left with the responsibility of regulating small investment advisers and investment adviser representatives who have a place of business within that state; and
- (3) Prohibits states from imposing recordkeeping requirements that differ from federal recordkeeping requirements.

Your Committee further finds that the enactment of NSMIA has caused significant discrepancies between Mainland investment advisor firms doing business in Hawaii, and small, in-state investment adviser firms. The in-state firms are now subject to cumbersome administrative requirements that are not required of Mainland firms placing the in-state firms at a competitive disadvantage.

Your Committee amended the bill with changes proposed jointly by the Department of Commerce and Consumer Affairs and the Investment Company Institute. The amendments include:

- (1) Deleting the substance of the first new section relating to federal covered securities, and replacing it with language that gives the commissioner discretion to require the filing of certain federal covered security related documents;
- (2) Deleting the substance of the second new section relating to the notice filing requirements for federal covered advisers, and replacing it with language prohibiting persons from transacting federal covered adviser business in this State without first filing copies of federal covered adviser documents that were filed with the Securities and Exchange Commission, consenting to service of process, and paying a filing fee;
- (3) Replacing the list of persons not included in the definition for "federal covered adviser" with persons excluded from the definition of "investment adviser" and other persons designated by the commissioner;
- (4) Deleting the added language under the definition of individuals not included in the definition of "salesperson";
- (5) Reinserting investment companies to the list of clients of a person who has no place of business in this State and is not included in the definition of "investment adviser";
- (6) Reinserting the paragraph exempting nonissuer distribution of an outstanding security to the exempt transactions section and deleting the replacement paragraph language;
- (7) Deleting the injunctions and criminal penalties sections from the bill;
- (8) Removes the application of section 485-25(a)(5) and (7), Hawaii Revised Statutes, relating to fraudulent and prohibited practices, any advertising matter covered by section 18(a) of the Securities Act of 1933; and
- (9) Making other technical, nonsubstantive amendments for clarity, style and proper drafting purposes.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2469, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2469, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Levin, Solomon).

The purpose of this bill is to transfer the responsibility for licensure of massage schools from the Department of Education (DOE) to the State Board for Vocational Education (SBVE).

Your Committee received testimony in support of this bill from The Board of Massage Therapy, the State Auditor, and the DOE.

Your Committee finds that this bill changes the definition of trade, technical, and vocational schools to exempt flying schools qualified under an agency of the U.S. government and massage therapy schools licensed by the state board for vocational education. The bill also requires that SBVE and the U.S. Department of Health and Human Services establish and determine the necessary qualifications to teach massage therapy for the protection of students, and the maintenance of minimum education and training standards.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2482 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2729 Commerce, Consumer Protection, and Information Technology on S.B. No. 2564

The purpose of this bill is to define the word "premium" as describing a bond that is excluded as insurance for purposes of the Insurance Code.

This bill received support from the Building Industry Association of Hawaii, the Hawaii Bankers Association, the Hawaii Financial Services Association, Inc., the Hawaii League of Savings Institutions, and MidPac Lumber Company. The State Insurance Commissioner could only support the bill if the building industry, financial institutions, and consumers reach a consensus. Your Committee believes a consensus exists on this bill.

For many decades in Hawaii's construction industry, contractors building either new houses, or renovations, obtained performance bonds from their material houses, such as MidPac Lumber Company, Honsador, and Hawaii Planning Mill. The performance bonds enabled the homeowner to obtain construction loans from savings and loans institutions. In many cases, the material houses gave performance bonds based on the industry reputation of the contractor, and did not charge a premium for the bond. They merely expected, but did not require, that the contractor purchase materials from their company. The contractors often obliged the material houses.

The bill amends the insurance code by adding a definition of "premium" as the required giving of money or its equal worth to the surety for the surety's obligation. This definition, however, explicitly does not include an indemnification or a gratuitous benefit given to the surety.

The intent of this bill is to clarify that the existing bonding practice in Hawaii's building industry as described above does not create an insurance contract. Under this bill, the material supply houses are not considered as selling "insurance" and such practices do not make them subject to the insurance code. Your Committee amended the bill by moving the definition of premium to the new subsection created by the bill for purposes of clarity.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2564, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2564, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2730 Commerce, Consumer Protection, and Information Technology on S.B. No. 2575

The purpose of this bill is to establish a means to provide oversight and public input whenever a nonprofit corporation (nonprofit) decides to convert to a for-profit corporation (for-profit).

Testimony supporting the bill was received from the Insurance Commissioner. The Commissioner of Securities submitted testimony opposing the bill.

According to federal law, if a nonprofit has tax exempt status, it must transfer its nonprofit assets to other charitable purposes when it ceases its nonprofit status. Other states have encountered situations where a transfer resulted in stockholders of a for-profit making unjust financial gain.

For example, a nonprofit may appraise a piece of real property for \$5 million. The nonprofit elects to cease engaging in nonprofit activities and decides to sell its assets so that all its assets are now controlled by a for-profit. The for-profit transfers \$5 million in cash or equivalent to another nonprofit. Later the for-profit sells the property for \$8 million. Your Committee believes that the total \$8 million should have gone to a charitable purpose and not just \$5 million. In this example, the for-profit has unjustly gained \$3 million because there was no oversight of determination of fair market value.

Your Committee finds that certain nonprofits which are entitled to tax benefits are "subsidized" by government and if the nonprofit ceases or does not continue its public charitable purpose, the assets of the nonprofit should continue to serve the public. Your Committee believes that some type of oversight is necessary to ensure that the fair market value of an asset is transferred to another charitable entity. This bill establishes a procedure to determine fair market value, provide public input through a hearing process, and allow judicial review of the Insurance Commissioner's decision.

Your Committee wants to make it clear that this bill is not intended to allow any nonprofit corporation to circumvent any statutes dealing with corporations, especially in regard to mergers, consolidations, and other types of acquisitions and has amended this bill to reflect this intent by amending the definition of "conversion" to indicate that a conversion involves transfer of assets and not mergers, consolidations, or other types of acquisitions. Other amendments were made to conform language in the bill to reflect this new definition. It is your Committee's understanding that the Insurance Division and the Business Registration Division agreed to this amendment.

There have been instances where board of directors or officers of a nonprofit have directly benefited from a conversion because they owned stock in a for-profit which received the nonprofit's assets. Your Committee believes that the provision contained in section -5 of the bill are justified and should be construed as liberally as possible to ensure that a board member or officer does not benefit from a conversion.

Your Committee believes that there may be instances where the Insurance Commissioner discovers a conversion after the fact. One remedy for these types of situations should be to make the conversion voidable. Your Committee has also amended this bill by permitting the Insurance Commissioner to void any transaction that occurs where an asset was transferred without approval of the Commissioner and which should have been approved by the Insurance Commissioner. It is not your Committee's intent to limit other sanctions, penalties, actions, or fines available to the Insurance Commissioner. The Insurance Division and the Business Registration Division also agreed to this amendment.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2575 as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2575, S.D. 1, and be placed on the calendar for third reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Solomon, Tanaka).

SCRép. 2731 (Majority) Commerce, Consumer Protection, and Information Technology on S.B. No. 2588

The purpose of this bill is to replace the requirement that applicants for a license to practice veterinary medicine in the State of Hawaii must pass the State Constructed Examination (SCE), with the requirement that applicants must instead pass "any United States regional board examination on veterinary medicine."

The intent of this bill is to eliminate an additional and essentially duplicative layer of requirement for licensure, and reduce agency exposure to litigation and agency costs associated with administration of the SCE.

Testimony in opposition of the measure was received from the Board of Veterinary Examiners (Board). The Department of Commerce and Consumer Affairs submitted comments on the bill (DCCA).

Under present law, the Board already requires an applicant for licensure in Hawaii to pass two national examinations, namely the National Board Examination (NBE) and the Clinical Competency Test (CCT), in addition to the SCE. Thus, with repeal of the SCE alone, licensure examination requirements in Hawaii would be reduced only minimally to the two nationally administered examinations.

The DCCA noted its concern that as a licensing agency, it is exposed to the burdensome cost of litigation and incurs significant time and expense by administering the SCE. The Board, however, remains committed to retaining their SCE, despite DCCA's continued questioning of its content and necessity. Thus far, the DCCA has honored the Board's decision to retain the SCE, but testified that it has had to continuously work with them in an effort to improve the content of the SCE. Although the DCCA recognizes the efforts of the Board to improve the SCE exam, a passing rate of less than 70% raises red flags for the DCCA, possibly indicating that a disproportional number of applicants are being failed. The examination is not truly reflective of the pre-exam information provided to candidates, the answers to the questions may be suspect, or the grading of the examination may be flawed due to subjectivity.

The DCCA acknowledged that the passing rate for last year's exam was a satisfactory rate of 86%. However, while it appears a comfort level has been reached on this particular SCE, it does not necessarily negate the DCCA's overall concerns with SCE's, or its justification as an additional layer of licensure requirements.

In particular, the DCCA noted that only 25 percent of the questions on the Board's SCE test on knowledge of the Board's and Agriculture Department's laws and rules. The DCCA believes this subject matter is best suited to take the form of a self certification on the application for licensure, as is done for numerous other regulated areas. Absent the questions related to laws and rules, this leaves an examination of approximately 57 questions, 46 of which are acknowledged by the Board to not be specific to the State of Hawaii. Thus, only 11 of the remaining questions are based on aspects of veterinary medicine unique to Hawaii. The DCCA questions the seemingly limited value of the SCE's content.

In addition, the DCCA provided the following statistics relevant to the administration of the SCE:

- (1) The SCE is administered twice a year;
- (2) There is on average twenty-one (21) SCE candidates per year;
- (3) Of the twenty-one (21) candidates on average that take the SCE per year, thirteen (13) maintain non-Hawaii addresses;
- (4) There is no veterinary school or education program in the State of Hawaii;
- (5) The total direct and indirect costs incurred by the DCCA in administration of the SCE is \$2,700 annually; and

- (6) The DCCA spends one hundred thirty (130) hours per year ensuring the validity, fairness and defensibility of the SCE.

After considering the merits of the bill and the testimonies received, your Committee has amended the measure to:

- (1) Clarify that the National Veterinary Examinations as approved by the Board are required to qualify for a license to practice veterinary medicine in Hawaii; and
- (2) Require a form of self certification on the application for licensure that the applicant has read, understood, and agrees to comply with the provisions of the applicable laws and rules, in lieu of the SCE and its examination section testing on the Board's laws and rules.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2588, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2588, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Chun Oakland). Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2732 (Majority) Commerce, Consumer Protection, and Information Technology on S.B. No. 2589

The purpose of this bill is to replace the requirement that applicants who wish to be licensed as dentist in Hawaii pass the State Constructed Exam (SCE) with a regional board exam.

This bill will:

- (1) Eliminate the duplicative testing requirements and suspect content of the SCE;
- (2) Reduce the State's exposure to potential litigation for restraint of trade; and
- (3) Reduce agency costs associated with administering the SCE.

Testimony opposing the bill was received from the Board of Dental Examiners (Board), the Hawaii Dental Association, and several dentists and other interested parties. The Department of Commerce and Consumer Affairs (Department) and an interested individual submitted comments on supporting the bill.

The Department noted in its testimony that as a licensing agency, it must always be cognizant of litigation issues. Licensing examinations, especially SCE's are at the high end of exposing an agency to litigation. SCE's are exams that are developed in-house, with the Board providing the final decision on the content of the exam. This process attempts to replicate that of a national testing agency's examination development standards and procedures, but on a much smaller scale, and with limitations.

Additionally, the Department stated that a passing rate of less than 70 percent raises red flags for the Department, possibly indicating that:

- (1) The exam was designed to fail a disproportionate number of otherwise qualified applicants; or
- (2) The grading of the examination may be flawed due to subjectivity.

The Department totally relies on the Board for the content of the exam, and no matter if the Department has concerns about the content, the Board has the final say.

On issues regarding the impact of the dental SCE, the Department provided the following information:

- (1) 23 percent of the test takers filed complaints regarding the test;
- (2) The direct and indirect costs to the Department in administering the exam is \$49,200; and
- (3) 950 hours were spent on ensuring validity, fairness, and defensibility of the exam.

Additionally, the Department provided your Committee with information indicating that 40 other states require one of the four regional exams and only 10 require a SCE. Also, of the 40 states that require one of the four regional exams, the trend appears that the region the state is located in is the regional exam they have adopted.

Your Committee is aware that the Board was subject to a court ordered consent decree from 1980 to 1991, owing to abuse in the administration of the SCE. The pass rate since that time has consistently been below 70 percent, the rate that raises red flags for the Department. In fact, the passing rate for last February's exam was only 37 percent of graduates from accredited dental schools. A lawsuit based on discrimination, federal civil rights statutes, anti-trust, and restraint of trade, together with tort claims for loss due to emotional stress and loss of earnings could cost the State millions of dollars in liability.

After considering the merits of the measure and the testimonies received, your Committee has amended the bill by replacing the SCE with the Western Regional Examination Board examination.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2589, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2589, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Chun Oakland). Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2733 (Majority) Commerce, Consumer Protection, and Information Technology on S.B. No. 2595

The purpose of this bill is to replace the requirement that applicants for a Hawaii chiropractor's license must pass the State Constructed Examination (SCE), with the requirement that applicants must instead pass "any United States regional board exam."

The intent of this bill is to eliminate the essentially duplicative testing requirements and suspect exam content of the SCE, and reduce agency exposure to litigation and agency costs associated with administration of the SCE.

Testimony in opposition to the measure was received from the Board of Chiropractic Examiners (Board). The Department of Commerce and Consumer Affairs (DCCA) submitted comments on the bill.

Under present law, Section 442-6(c), Hawaii Revised Statutes (HRS), already requires an applicant for licensure in Hawaii to first pass the NBCE's written examination (parts I and II), the written clinical competency examination (part III), and the physiotherapy examination in order to qualify for the SCE. Thus, with repeal of the SCE, licensure examination requirements in Hawaii would be reduced only minimally to the nationally administered NBCE examination, and would remain comparable to the requirements of most other states. As noted in the Board's testimony, the majority of states require chiropractic applicants to pass parts I, II, and III, including physiotherapy, of the NBCE written examination, in order to qualify for licensure.

The DCCA noted its concern that as a licensing agency, it is exposed to the burdensome cost of litigation and incurs considerable time and expense by administering the SCE. In particular, the DCCA testified that it is concerned with the content of the SCE to the extent that the passing rate for last years exam was only 52%. A passing rate of less than 70% raises red flags for the DCCA, possibly indicating that a disproportional number of applicants are being failed, the examination is not truly reflective of the pre-exam information provided to candidates, the answers to the questions may be suspect, or the grading of the examination may be flawed due to subjectivity.

In addition, the DCCA provided the following statistics relevant to the administration of the SCE:

- (1) The SCE is administered twice a year;
- (2) There is on average fifty (50) SCE candidates per year;
- (3) Of the fifty (50) candidates on average that take the SCE per year, forty-five (45) maintain non-Hawaii addresses;
- (4) Twelve (12) per cent of total test takers file SCE related complaints;
- (5) There is no chiropractic school or education program in the State of Hawaii;
- (6) The total direct and indirect costs incurred by the DCCA in administration of the SCE is \$5,800 annually; and
- (7) The DCCA spends two hundred (200) hours per year ensuring the validity, fairness and defensibility of the SCE.

After considering the merits of the bill and the testimonies received, your Committee has amended the measure to:

- (1) Clarify that the National Board of Chiropractic Examiners' written examination (parts I and II), the written clinical competency examination (part III), and the physiotherapy examination is required to qualify for chiropractic licensure in Hawaii; and
- (2) Require a form of self certification on the application for license that the applicant has read, understood, and agrees to comply with the provisions of the applicable laws and rules, in lieu of the SCE and its take home examination section testing on the Board's laws and rules.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2595, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2595, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Chun Oakland). Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2734 Commerce, Consumer Protection, and Information Technology on S.B. No. 2598

The purpose of this bill is to expedite the rulemaking process of the Insurance Division of the Department of Commerce and Consumer Affairs by making its rules subject only to Chapter 91, Hawaii Revised Statutes (HRS), without further rule oversight requirements.

The Insurance Commissioner testified in support of the bill. He expressed dismay over the long delays in obtaining approval of division rules, and making insurance rate filings based on "draft" rules still awaiting final approval.

Your Committee believes that passage of this bill will eliminate review of commission proposed rules by multiple state agencies, and accelerate rule making. Unlike many state agencies, the division has its own legal staff to review its rules to insure compliance with Chapter 91, HRS. Your Committee notes that other state agencies can still comment on the proposed rules through the public hearing process.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2598 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2735 (Majority) Commerce, Consumer Protection, and Information Technology on S.B. No. 2602

The purpose of this bill is to replace the requirement that applicants for a landscape architect license in the State of Hawaii must pass the State Constructed Examination (SCE), with the requirement that applicants must instead pass "any United States regional board exam."

The intent of this bill is to eliminate an additional and essentially duplicative layer of requirement for licensure, and reduce agency exposure to litigation and agency costs associated with administration of the SCE.

Testimony in opposition to the measure was received from the Board of Professional Engineers, Architects, Surveyors, and Landscape Architects (Board) and other interested parties. The Department of Commerce and Consumer Affairs (DCCA) submitted comments on the bill.

Under the present law, the Board already requires an applicant for licensure in Hawaii to pass the LARE in addition to the SCE. Thus, with repeal of the SCE, licensure examination requirements in Hawaii would be reduced only minimally to the nationally administered LARE.

The DCCA noted its concern that as a licensing agency, it is exposed to the burdensome cost of litigation and incurs significant time and expense by administering the SCE. However, the DCCA testified that the Board remains committed to retaining their SCE, despite DCCA's continued questioning of its content and necessity. Thus far, the DCCA has honored the Board's decision to retain the SCE, but testified that it has had to continuously work with them in an effort to improve the content of the SCE. The passing rate for last year's exam was only 40%. Although the DCCA recognizes the efforts of the Board to improve the SCE exam, a passing rate of less than 70% raises red flags for the DCCA, possibly indicating that a disproportional number of applicants are being failed, the examination is not truly reflective of the pre-exam information provided to candidates, the answers to the questions may be suspect, or the grading of the examination may be flawed due to subjectivity.

In addition, the DCCA provided the following statistics relevant to the administration of the SCE:

- (1) The SCE is administered once a year;
- (2) There is on average five (5) SCE candidates per year;
- (3) Of the five (5) candidates on average that take the SCE per year, two (2) maintain non-Hawaii addresses;
- (4) There is no landscape architecture school or education program in the State of Hawaii;
- (5) The total direct and indirect costs incurred by the DCCA in administration of the SCE is \$1,500 annually; and
- (6) The DCCA spends seventy (70) hours per year ensuring the validity, fairness and defensibility of the SCE.

After considering the merits of the bill and the testimonies received, your Committee has amended the measure to:

- (1) Clarify that the National Landscape Architect Exam is required to qualify for licensure as a landscape architect in Hawaii; and
- (2) Require a form of self certification on the application for licensure that the applicant has read, understood, and agrees to comply with the provisions of the applicable laws and rules, in lieu of the SCE and its take home examination section testing on the Board's laws and rules.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2602, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2602, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Chun Oakland). Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2736 (Majority) Commerce, Consumer Protection, and Information Technology on S.B. No. 2610

The purpose of this bill is to replace the requirement that applicants for a Hawaii land surveyor's license pass the State Constructed Exam (SCE), with a regional board exam.

This bill will:

- (1) Eliminate the duplicative testing requirements and suspect content of the SCE;
- (2) Reduce State exposure to potential litigation for restraint of trade; and

- (3) Reduce agency costs associated with administering the SCE.

Testimony opposing the bill was received from the Department of Accounting and General Services; the Board of Professional Engineers, Architects, Surveyors, and Landscape Architects (Board); and several interested parties. The Department of Commerce and Consumer Affairs (Department) submitted comments on the measure.

The Department noted in its testimony that as a licensing agency, it must always be cognizant of litigation issues. Licensing examinations, especially SCE's are at the high end of exposing an agency to litigation. SCE's are exams that are developed in-house, with the Board providing the final decision on the content of the exam. This process attempts to replicate that of a national testing agency's examination development standards and procedures, but on a much smaller scale, and with limitations.

Additionally, the Department stated that a passing rate of less than 70 percent raises red flags for the Department, possibly indicating that:

- (1) A disproportional number of applicants are being failed;
- (2) The answers to the questions may be suspect; or
- (3) The grading of the examination may be flawed due to subjectivity.

Information from the Department indicated that the passing rate for Part IV of the Land Surveyor SCE was 47 percent. Part IV consists of two to three "essay-type" questions covering mathematical surveying problems and writing a legal description. The Department has had problems with the accuracy of the "solutions" to the mathematical surveying problems provided by the Board members.

There is also a take-home, multiple choice, laws and rules exam. It also goes beyond testing subject matter related to land surveyors. The Department stated that it believes that this take-home exam can and should be substituted with a form of certification by the applicant, on the application, that the person has read, understands, and agrees to comply with the provisions of the applicable laws and rules.

The Department provided further information regarding the impact of the land surveyors SCE as follows:

- (1) 23 percent of the test takers filed complaints regarding Part IV of the exam;
- (2) The examination fee is \$120;
- (3) The direct and indirect costs to the Department in administering the exam is \$8,000; and
- (4) 350 hours were spent on ensuring validity, fairness, and defensibility of the exam.

The Department also clarified that there are no regional board examinations as the bill proposes to implement.

After considering the merits of the bill and the testimonies received, your Committee has amended the bill by:

- (1) Clarifying that the National Land Surveyor Licensing Examinations will replace the SCE; and
- (2) Requiring applicants to certify on the application that the applicant has read, understands, and agrees to comply with the laws and rules that the Board determines are required for licensure.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2610, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2610, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Chun Oakland). Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2737 Commerce, Consumer Protection, and Information Technology on S.B. No. 2633

The purposes of this bill are to:

- (1) Require that the fair market value of real property be determined in conformance with the Uniform Standards of the Professional Appraisal Practice in fixing condemnation compensation and renegotiated rental amounts;
- (2) Allow lease renegotiations concluded within 5 years prior to the effective date of this Act to be reopened, by either party, for reconsideration pursuant to this Act; and
- (3) Require that provisions, rights, benefits, and remedies in any law, ordinance, or regulation relating to the lease of real property be equally available to all lessees or tenants.

Your Committee received testimony in support of this measure from the Hawaii Council of Associations of Apartment Owners, Monarch Properties, Inc., The Hawaii Public Interest Advocate, Windward Town & Country Plaza Phase I, Waialae Plaza, Central Plaza, Paradise Park, Inc., the Windward Post Office, Wholesale Motors, Inc., Cycle City, Ltd., and 17 interested citizens. Testimony opposing the measure was received from Kamehameha Schools Bernice Pauahi Bishop Estate, the National Association of Industrial and Office Properties, and the Hawaii Chapter of the Appraisal Institute.

After careful consideration, your Committee finds the following:

- (1) Federal courts have held that in condemnation proceedings, determining just compensation is a matter for the courts and cannot be prescribed by state legislatures. Moreover, the proposed language in section 519-1(a)(2) Hawaii Revised Statutes (HRS), relating to reopening lease renegotiations may constitute a violation of the Constitution's impairment of contract clause;
- (2) The bill references sections 10-13.6(b) and 171-18.5(b), HRS, which require that the fair market value of land be valued on a per acre basis. While the per acre basis may be appropriate for large properties such as agriculture land, it may not be appropriate for small urban property; and
- (3) The Auditor's Office is in the process of completing a report in response to HCR 165 (1997) which, in part, examines the appropriateness of conducting all appraisals in conformance with the Uniform Standards of the Professional Appraisal Practice (USPAP).

Recognizing the importance and magnitude of leasehold land issues, it is the Committee's intention that this bill provide a means to facilitate further discussion on the matter.

Accordingly, your Committee amended the bill by deleting section 1 relating to condemnation compensation, deleting all of the language in section 2 except the provision that fair market value shall be determined in conformance with the USPAP, and renumbering the existing sections.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2633, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2633, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 2738 (Majority) Commerce, Consumer Protection, and Information Technology on S.B. No. 2640

The purpose of this bill is to repeal Chapter 457G, Hawaii Revised Statutes (HRS), the regulatory scheme for occupational therapists, and to institute a simple registration system in place of regulation.

Specifically, the bill replaces HRS Chapter 457G with a new chapter requiring any person representing, advertising, or announcing oneself as an occupational therapist, in connection with the person's place of business, to register the person's name and business address biennially with the Department of Commerce and Consumer Affairs (DCCA). The DCCA would be responsible for maintaining a list of these therapists enabling the State to observe the profession and enact tighter regulation if conditions warrant. Occupational therapy assistants would not have to register because they work in a controlled setting with monitoring by occupational therapists.

Testimony in opposition to the bill was received from the Occupational Therapy Association of Hawaii and other interested parties. Testimony in support of the measure was received from the State Auditor.

This Committee agrees with the testimony of the State Auditor and its findings that full-scale regulation of occupational therapy is not warranted because, among other reasons:

- (1) The practice poses little risk of serious harm to consumers and adequate private protections for consumers are already in place;
- (2) No documented evidence of actual harm caused by an occupational therapist in Hawaii was found;
- (3) Occupational therapists work under orders from the patient's physician and are employed by knowledgeable health care providers;
- (4) The American Occupational Therapy Association and the National Board for Certification in Occupational Therapy help ensure competent practice;
- (5) Criminal laws provide for additional protection;
- (6) The State should not allocate its limited general fund resources to regulate occupational therapy practice when current protections are sufficient, regulation is duplicative, and its benefits are so uncertain; and
- (7) The costs of investigating and pursuing a violation of HRS Chapter 457G, estimated by the Office of Consumer Protection to be about \$32,000, remain a concern.

After considering the merits of the bill and the testimonies received, your Committee has amended the measure at the urging of the State Auditor to add the new regulatory program to the sunset schedule in HRS Section 26H-4(b), which would repeal the program as of December 31, 2003, and require the State Auditor to perform a sunset evaluation prior to repeal reporting on whether the program should be reenacted, modified, or permitted to expire.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2640, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2640, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Chun Oakland). Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2739 Commerce, Consumer Protection, and Information Technology on S.B. No. 2644

The purpose of this bill is to provide for separate licensing categories for professionals in the areas of skin and nail care in response to an industry trend to specialize, expand the scope of practice for estheticians in accord with increased customer demand for new techniques and products, and increase the training hours for estheticians to include the expanded scope of services, thereby guarding the health, safety and welfare of consumers.

Testimony in support of the measure was received from the Board of Barbering and Cosmetology (Board) and other interested parties. The Board testified that amendment of the manicurist category by changing the name to "nail technician" recognizes the more common and acceptable title of a person providing manicure services to the fingernails and toenails. The Board testified further that changing the name of the cosmetician category to "esthetician" and separating out the practice of nail technicians is in line with the growing industry trend of specializing in esthetic or manicure services separately.

After considering the merits of the bill and the testimonies received, your Committee has amended the measure at the urging of the Board of Barbering and Cosmetology to:

- (1) Retain the hours of apprenticeship and school training presently required in HRS Section 439-12(b) and (e) for a cosmetologist or nail technician applicant for examination; and
- (2) Increase the apprenticeship and school training requirements in HRS Section 439-12(d) to 1,200 hours and 600 hours, respectively, for an esthetician applicant for examination to adequately cover the expanded scope of services provided by estheticians.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2644, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2644, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2740 (Majority) Commerce, Consumer Protection, and Information Technology on S.B. No. 2824

The purpose of this bill is to create an administrative citation process for handling licensing law infractions by licensees. Specifically, the bill adds a new section to Chapter 436B, Hawaii Revised Statutes (HRS):

- (1) Permitting issuance of citations to licensees who have acted or are acting in noncompliance with HRS Chapter 436B, the licensing laws for the respective profession or vocation, or the rules adopted thereunder;
- (2) Requiring each citation to describe the basis thereof in writing and the specific statutory provision alleged to have been violated;
- (3) Providing for an order of abatement and the assessment of administrative fines in the amount of not more than \$250 for a first violation, not more than \$500 for a second violation, and not more than \$1,000 for any subsequent violation; and
- (4) Providing due process by which a licensee served with a citation under this section may submit within twenty days of service a written request to the respective licensing authority for a hearing with respect to the violation alleged, upon which request the licensing authority shall afford an opportunity for a hearing under HRS Chapter 91.

Your Committee received written testimony from the Department of Commerce and Consumer Affairs (DCCA) in strong support of the measure. The Hawaii Association of Realtors testified in opposition to the bill.

The DCCA testified that certain licensing law violations are immediately discernable, relatively minor in nature, and do not directly correlate with consumer harm. The bill would thus provide for efficient and effective processing of relatively minor licensing law infractions that would otherwise be handled through the Regulated Industries Complaints Office's (RICO) traditional case processing system. RICO's normal case processing system can involve a full intake and field investigation and the initiation and resolution of formal legal action which is both time consuming and resource intensive.

Your Committee notes that the aim of the measure is not to create unwieldy regulatory power to assess fines on a licensee for errors that may constitute technical infractions of the licensing laws, but is instead intended to create a streamlined enforcement process to target the unlawful conduct of repeat or habitual offenders, thereby making the sanction and abatement of violations more swift, sure and fiscally effective.

After considering the merits of the bill and the testimonies received, your Committee has made technical, nonsubstantive amendment to the bill in the form attached hereto.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2824, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2824, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, 1 (Slom). Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2741 Commerce, Consumer Protection, and Information Technology on S.B. No. 2829

The purpose of this bill is to provide for licensing rather than registration of persons under the motor vehicle repair industry law.

Your Committee received written testimony in support of this measure from The Motor Vehicle Repair Industry Board.

Your Committee finds that this bill amends Chapter 437B, Hawaii Revised Statutes (HRS), the motor vehicle repair industry law by changing all references to the term "license", or like terms, for "registration", or like terms. This places chapter 437B, HRS, into its proper perspective as a "licensing" law rather than a "registration" law, and aligns it with other occupational regulations.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2829 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2742 Commerce, Consumer Protection, and Information Technology on S.B. No. 2834

The purpose of this bill is to clarify and conform the numerous sections of the motor vehicle insurance law as passed in Act 251, Session Laws of Hawaii 1997.

The Insurance Commissioner of the Department of Commerce and Consumer Affairs submitted testimony in support of the bill, as did State Farm Insurance Companies, the Consumer Lawyers of Hawaii and the Hawaii Insurers Council. Others such as the Hawaii Chiropractic Association also testified.

Prior to passage of Act 251, Hawaii's driving public paid the second highest auto insurance premiums in the country. Act 251 therefore became the Legislature's response to these concerns, and significantly changed the motor vehicle insurance law in Hawaii.

The current bill makes several technical corrections and amendments to clarify the intent of Act 251.

All references refer to sections (Sec'n) in Chapter 431:10C (Motor Vehicle Insurance), unless otherwise specified. The original bill:

1. Adds new definitions for "motor vehicle insurance policy" and "monthly earnings"; amends definition of person receiving public assistance benefits"; repeals definition for "personal injury protection policy;"
2. Extends amnesty program for uninsured motorists from December 31, 1998. Allows uninsured motorists to reenter motor vehicle (MV) insurance market without being surcharged for failure to have insurance.
3. Excludes MV insurance group plans from mass merchandising restrictions
4. Adds language to exclude benefits paid or incurred under any optional additional coverage from "covered loss deductible." Adds avoidance of covered loss deductible to statutory violations of MV code for altering or offsetting deductible against judgment, settlement or award.
5. Replaces the word "nonremedial" with the phrase "nonmedical remedial care" in referring to certain unavailable optional coverage. Old language prevented licensed massage therapists from providing services under Act 251.
6. Amends mandatory language to allow offering "managed care" as an option.
7. Adds "Passenger" to prohibition against payment of personal injury protection benefits under MV policy to operator or passengers of motorcycles or motor scooters, unless expressly covered in MV policy.
8. Clarifies which personal injury protection (PIP) benefits attributable to eligible injured person will apply to the \$5,000 deductible. There shall include over and above standard "personal injury protection benefits, those similar benefits from social security, worker's compensation or public assistance, applicable amounts of co-payments paid or incurred, amounts paid by health insurer up to amounts allowed under chapter for those persons excluded from standard PIP benefits, certain defined health maintenance organization benefits, and limited amounts for physical therapy and chiropractic benefits.
9. Increases costs of preparing report to insurer up to \$20 per page, and up to a maximum of \$75 a report.
10. Adds drivers convicted of driving under the influence of marijuana to considerations for inclusion in joint underwriting plan.
11. Adds exclusion of motorcycle and motor scooter passengers from MV PIP benefits for injury/death to motorcycle code, section 431:10G-301, to mirror same provision in MV code. Lowers dollar limits for motorcycle/motor scooter liability coverage from \$25,000 to "\$20,000 per person, with aggregate limit \$40,000 per accident" and lowers medical payment coverage from \$20,000 to \$10,000 limit. Also clarifies benefits coverage to conform to MV benefits.
12. Makes several nonsubstantive, clarifying and conforming changes to statute.

Numerous amendments to the original bill were suggested in the testimony of the Insurance Commissioner. Your Committee also contributed to those amendments, as further described below. The amended bill:

1. Retains existing statute definition of "insured."

2. Adds "therapeutic massage by a license massage therapist when prescribed by a medical doctor" to PIP benefits, and retains original statute coverage of "professional" and "nursing" as separate benefits.
3. Deletes from original bill limitation of chiropractic benefits for every \$10,000 of PIP benefits purchased, and references chiropractic treatment according to guidelines in effect on January 25, 1997.
4. Adds language to allow Commissioner to adopt Chapter 91 rules without oversight of other agencies; incorporates language of SB 2598, which amends section 431:2-201.
5. Adds new language to prevent loss of any (premium) discounts for "not at fault" driver in accident. Current law prevents increases in premium in same situation.
6. Retains change in original bill to delete "provider of services" as claimant who can object to denial of benefits, or contest denial to third party.
7. Deletes "five motor vehicles or more" from new language requiring availability of optional coverage in commercial MV policies for wage loss, death/funeral benefits, managed care, and alternative car. This leaves cost of coverage open to marketplace.
8. Amends optional wage loss coverage to "multiples of \$500 a month/(and aggregate) \$3000 per accident per person with a range from \$ 500/\$3000 up to \$2000/\$12000," and deletes two year floor. Change allows wage loss benefits to be received in minimum six months, or for intermittent period of time so long as valid claim within limits. Sec'n 18.
9. Adds new language to allow offering of optional chiropractic treatment benefits for no more than lesser of wither 30 visits at up to \$75 per visit, or treatment according to defined Hawaii Chiropractic guidelines in effect on January 25, 1997 (light Green cover). Sec'n 18.
10. Simplified new language for "co-payments" and clarified language for "amounts paid by or on behalf of injured person not entitled to PIP benefits" when considering what gets included in tort threshold amount. Sec'n 21.
8. Nonsubstantive, clarifying and conforming changes to statute: 1) restore reference to supplemental security income program, Sec'n 29; 2) restored original language in section 61 of Act 251, 1997 SLH, Sec'n 30.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2834, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2834, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Levin, Solomon).

SCRep. 2743 Commerce, Consumer Protection, and Information Technology on S.B. No. 2837

The purpose of this bill is to clarify and conform motor vehicle insurance laws prohibiting certain discriminatory practices.

The intent of this bill is to prohibit insurers from refusing service to an individual based upon a person's race, creed, ethnic extraction, age, sex, length of driving experience, credit bureau rating, marital status, residence, or physical handicap, or because an insured has elected to obtain any required or optional coverage or deductible required by law.

Specifically, the bill, among other things:

- (1) Prohibits an insurer to refuse insurance coverage based on only one of those criteria previously listed; and
- (2) Provides that the burden of proof rests with the insurer to prove that a refusal to continue a policy was not based on noncompliance with this subsection, if an insured alleges that the insurer's refusal to continue the motor vehicle insurance policy is based solely upon one of the criteria.

The Department of Commerce and Consumer Affairs and The Consumer Lawyers of Hawaii submitted testimony in support of the bill which they feel addresses discriminatory acts against individuals that live in poor areas and have poor credit reports. This bill will enable the uninsured motorists to obtain insurance which helps to support the movement of having insured motorists.

State Farm Insurance Companies, Hawaii Insurers Council, and the National Association of Independent Insurers all opposed this bill for various reasons.

Your Committee made technical, nonsubstantive amendments for purpose of style and clarity.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2837, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2837, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2744 Commerce, Consumer Protection, and Information Technology on S.B. No. 2838

The purpose of this bill is to clarify that persons involved in the sale of insurance or adjusting of insurance claims must be licensed in this State. The bill also clarifies the effective dates for appointment, revocation, and termination of agents, subagents, and solicitors.

The Insurance Commissioner of the Department of Commerce and Consumer Affairs submitted testimony in support of this bill. The Hawaii Independent Insurance Agents Association also supported the bill.

The current law allows insurance professionals to be physically out of the State, obtain a license and sell insurance in the State. The bill therefore adds language to the current law to make clear that anyone "engaging in the business of insurance" must not only hold a license from the State, but must also hold an "appointment from the insurer in this State for the class of insurance." These provisions apply to agents, subagents, solicitors, and adjusters (hereinafter referred to as "insurance professionals"), and requires their presence in this State to obtain the appointment from the insurer they represent.

The bill also changes the procedure for notices of appointment, revocation, and termination of insurance professionals sent to the Commissioner. The bill will make the notices effective if received by the Commissioner within fifteen days of the notice, rather than "mailing ... within ten days" of the notice.

The Insurance Commissioner also suggested an amendment to conform the bill's language with actual practice regarding return of the notices of appointment by the Commissioner's office. The suggested amendment provides for return of the notice of appointment to the appointing agent, subagent, or domestic insurer, rather than to the licensee. Your Committee has adopted the suggested amendment to further improve communications with the Commissioner.

Your Committee also made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2838, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2838, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2745 Commerce, Consumer Protection, and Information Technology on S.B. No. 2958

The purpose of this bill is to update the gold and stamping law to incorporate Federal Trade Commission guidelines for platinum.

Testimony in support of the measure was received by Carats and Karats Fine Jewelry and two interested individual. The Office of Consumer Protection, Orion Polygraph Investigative Service, Cheyenne Apache Enterprises, Inc., the Hawaii Chapter of the International Association for Exposition Management, Douglas Trade Show Management, the Retail Merchants of Hawaii, and an interested individual submitted testimony opposing the bill. The American Gem Trade Association and JCK International Jewelry Shows submitted comments.

Your Committee has concerns regarding the bill as received because testimony indicated that:

- (1) The current gold and silver stamping law provides sufficient protection to consumers regarding fraud and unfair and deceptive acts and practices;
- (2) The changes proposed in the bill regarding gold and silver stamping could have an adverse impact on the sale of gold and silver merchandise in the State. For example, State Law would become more onerous than Federal Law and thereby restrict the sale or import/export of gold and silver merchandise; and
- (3) There is the danger that such restrictions would be viewed by the the U.S. Department of Commerce as a non-tariff trade barrier which could result in legal challenges.

However, testimony indicated that there is some need to provide for the stamping of platinum merchandise. Therefore your Committee has amended the bill by deleting its substantive contents and replacing therein a provision providing for the stamping of platinum merchandise.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2958, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2958, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Solomon, Tanaka).

SCRep. 2746 Commerce, Consumer Protection, and Information Technology on S.B. No. 3137

The purpose of this bill is to require a hearing within 60 days of the issuance of a temporary authority to operate a carrier service by motor vehicle before the Public Utilities Commission decides to further extend the temporary operating authority pending the determination of a properly presented certificate of public convenience and necessity or a permit seeking permanent operating authority.

The Public Utilities Commission opposed the reduction of the temporary authority period from the present 120 days to the 60 days contained in the bill. The PUC also did not agree with the hearing concept, finding the hearing requirement as straining their

already limited resources, and curtailing PUC's discretion on continuing a temporary authority as the PUC saw fit. E Noa Corporation, on the other hand, submitted testimony in support of the bill. It found the hearing requirement as a needed test of the "immediate and urgent" need standard and an opportunity for other carriers to address the initial grant of temporary authority before the grant metamorphs into a de facto "permanent" certificate through continuing extensions of temporary authority without a hearing.

Your Committee agrees with the need for a public hearing before the PUC grants a further extension of temporary authority pending a permanent certificate, and has amended the bill accordingly. Your Committee also agrees with the PUC, however, that 60 days is too short. Your Committee has therefore amended the bill to retain the 120 days contained in the current statute as the maximum duration of temporary authority.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3137, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3137, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Ige, D., Solomon).

SCRep. 2747 Commerce, Consumer Protection, and Information Technology on S.B. No. 3143

The purpose of this bill is to require that 46 kilovolt or greater high-voltage electric transmission systems be installed underground in urban districts.

Your Committee received testimony in support of this measure from the Sierra Club, Hawai'i Chapter, Na Leo Pohai, Life of the Land, and four interested citizens. Testimony opposing this measure was received from Hawaiian Electric Company, Inc. and the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy.

Your Committee finds that the automatic underground placement of all 46 kilovolt or greater power lines in urban districts might create significant increases for the customers of the electric utilities, not only in the affected areas, but also in rural neighbor island unaffected areas.

Your Committee believes that the decision on whether to build the power lines above or below ground should continue to be determined on a case by case basis after considering and balancing all relevant factors.

Your Committee amended the bill by deleting the urban district underground mandate, and replacing it with the requirement that the Public Utilities Commission consider the Consumer Advocate's recommendation, which will be based on its balancing of the same relevant factors.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3143, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3143, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 2748 Ways and Means on S.B. No. 721

The purpose of this bill is to appropriate moneys for the judiciary budget for FY 1997-1999.

Your Committee has amended this bill by removing its contents and inserted language to increase certain district, circuit, family and appellate court fees. Your Committee notes that some of these fees have not been raised since 1974. Your Committee received testimony in support of this amendment from the Judiciary. Two private attorneys provided testimony in opposition.

Your Committee recognizes the need to ensure access to our Courts and did not want the fee increases to be prohibitive. Your Committee adopted the recommendation made by the Judiciary to delete any charges for motions and other pleadings for divorce, adoption and guardianship cases that were contained in the proposed draft.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 721, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 721, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., McCartney, Anderson).

SCRep. 2749 Ways and Means on S.B. No. 1587

The purpose of this bill is to transfer the regulation of private cesspool pumping firms from the Board of Certification for Private Cesspool Pumping Firms and Operating Personnel in Wastewater Treatment Plants to the Department of Health.

In addition, this bill:

- (1) Regulates animal wastewater and domestic sewage from cesspools, septic tanks, and household aerobic units, including their treatment, processing, storage, transport, use, and disposal, under the water pollution law;

- (2) Authorizes the Director of Health to include in water pollution permits conditions relating to treatment, processing, storage, transport, use, and disposal; to enter and inspect buildings and places to enforce these conditions; and to issue cease and desist orders for violations of these conditions; and
- (3) Allows the Director of Health to prescribe the form, contents, and preparation of plans, reports, and other information submitted to the Director; and to require the owners and operators of regulated works, systems, and plants to submit information to the Director as required.

Your Committee finds that regulating private cesspool pumping firms, animal wastewater, and domestic sewage from cesspools, septic tanks, and household aerobic units, including their treatment, processing, storage, transport, use, and disposal, under the water pollution law, will provide the Department of Health with greater enforcement powers to punish criminal behavior and protect the public health and environment from harm.

Your Committee has amended this bill by inserting existing statutory language that was inadvertently omitted from section 342D-6(c), Hawaii Revised Statutes; and by making technical nonsubstantive changes for purposes of style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1587, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1587, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2750 Ways and Means on S.B. No. 2201

The purpose of this bill is to centralize the development and implementation of a tourism plan and to create a dedicated source of funding for tourism marketing and promotion.

The bill accomplishes this by:

- (1) Establishing the Hawaii Tourism Authority to oversee tourism marketing activities in the State and to manage the convention center facility; and
- (2) Raising the Transient Accommodations Tax from six to seven per cent and dedicating three-sevenths of the Tax to tourism promotion activities authorized by the Hawaii Tourism Authority.

Your Committee received testimony in support of the bill from the Department of Business, Economic Development, and Tourism, the Attorney General, the Department of Taxation, the University of Hawaii School of Travel Industry Management, Outrigger Enterprises, Inc., the Visitor Industry Coalition, and a private citizen. The Hawaii Hotel Association, Catrala-Hawaii, the Hawaii Activities and Tours Association, the Convention Center Authority, Neighbors of the Ala Wai, and the Ala Moana Residents Advisory Council testified in qualified support of the bill. Each noted that certain amendments should be made to the measure prior to passage. The Maui Hotel Association, the Hawaii County Council, and two private citizens provided comments on the measure. A member of the Maui County Council and the Mayor of Maui County opposed the bill.

Your Committee realizes that the recovery of Hawaii's economy has been painfully slow. With the recent financial crises in Asia and the State's inability to capture new growth in the westbound market, which currently enjoys a robust economy, the most important sector of Hawaii's economy is faced with many challenges. Consequently, there is an urgent need to stimulate the lackluster performance of Hawaii's visitor industry and develop new markets for the future.

In today's global marketplace, competition for a share of the visitor market has become fierce. In order to compete successfully, the level of funding for tourism marketing must be increased. A recent study confirms that Hawaii is outspent in terms of marketing, by competing destinations. In Fiscal Year 1996 when compared with thirteen competing destinations, Hawaii's tourism budget was ranked tenth. Puerto Rico, who ranked second, allocated \$91.6 million with \$38.0 million budgeted for marketing and advertising.

Your Committee believes that in order to compete effectively among well-funded competitors, Hawaii must become more aggressive and effective in marketing, developing, and maintaining its tourism product. Moreover, with the completion of the Hawaii Convention Center, Hawaii finally has a world class convention facility to offer to the convention market. With the convention center, the State can now develop and implement a tourism marketing plan, replete with a convention facility, that will enable Hawaii to vie for convention business that in the past went to other convention destinations. The convention center, coupled with Hawaii's inherent beauty and its citizens' spirit of aloha, can result in a tourist or business experience that is second to none in the world.

As other tourist destinations have "upped the ante" in tourism competition, so too must the State. The time has come for the State to overhaul and add more power to its economic engine. The first steps in achieving this goal are to substantially increase the level of funding for such purposes and provide a dedicated source of funding with appropriate oversight.

Your Committee has amended the bill by adding provisions that make the revenue produced by resort time share vacation units subject to the Transient Accommodations Tax.

Your Committee finds that resort time share occupants and hotel guests impose similar burdens on public facilities during their stay in Hawaii. They both impose burdens on the airports and highways, and require additional police for the protection they deserve. Additionally, since a portion of the money from the Transient Accommodations Tax is to be used to further the marketing of Hawaii as a tourist destination, the action will increase Hawaii's desirability as a destination for transients such as hotel guests and occupants of resort time share units. Currently, however, only hotels and vacation rentals pay the Transient Accommodations Tax and hence, incur most of the financial responsibility of ameliorating the impacts of island visitors.

Your Committee finds that it is appropriate to tax resort time share occupants under the Transient Accommodations Tax in a manner similar to transient hotel guests. In this manner they will contribute to the costs incurred by their visit and part of the moneys from the tax will go to tourism promotion, thereby spreading the financial burden of visitor impact more broadly.

Your Committee notes that the taxation of resort time share occupancy under the Transient Accommodations Tax means that resort time share tax revenues will be treated the same as those from the taxation of transient accommodations. Thus, the distribution of Transient Accommodations Tax revenues will include both the tax revenues from the taxation of transient accommodations as well as those from the taxation of resort time share occupancy.

Your Committee has also amended the bill by:

- (1) Removing the Hawaii Tourism Authority's exemption from the State Procurement Code (Chapter 103D, Hawaii Revised Statutes);
- (2) Exempting transient accommodations from the general excise tax and increasing the Transient Accommodations Tax from six per cent to eleven and one-half per cent;
- (3) Specifying that the Board of Directors of the Hawaii Tourism Authority shall select the Authority's executive director rather than the Governor;
- (4) Deleting the transfer of the Office of Tourism;
- (5) Deleting the \$960,000 appropriated for tourism research and leaving the amount blank;
- (6) Extending the life of the Convention Center Authority for one year and deleting provisions regarding the convention center from the new chapter creating the tourism authority and deleting the transfer of convention center management responsibilities and funding sources from the Convention Center Authority to the Hawaii Tourism Authority;
- (7) Deleting the requirement that the Hawaii Tourism Authority utilize project agreements when commissioning construction projects;
- (8) Clarifying the Auditor's oversight responsibilities regarding the convention center; and
- (9) Making technical amendments for the purposes of clarity and conformity.

The transfer of convention center management was deleted to ensure that the completed convention center facility experiences a smooth first year of operation and to allow the Hawaii Tourism Authority to focus on their main function which is marketing.

With respect to the exemption of transient accommodations' from the General Excise Tax and the subsequent increase in the Transient Accommodations Tax from the proposed seven to eleven and one-half per cent, your Committee believes that the consolidation of the two taxes imposed on transient accommodations will provide a more efficient method of taxation and collection. In addition, it will alleviate questions by tourists regarding the imposition of two taxes on their stay, and will reduce workload and paper filing for both the Department of Taxation and the industry.

Your Committee has amended the bill to provide for an allocation of revenues from the Transient Accommodations Tax (including resort time share occupancy) in a manner which will maintain the counties' share. The share for calendar 1999 for debt service has been reduced. Your Committee finds that with the balance in the convention center capital special fund and approximately \$10 million in calendar year 1999 there will be sufficient money for debt service. In calendar year 2000, the amount going to debt service is increased.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2201, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2201, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2751 Ways and Means on S.B. No. 2582

The purpose of this bill is to require property and casualty insurers writing direct business in the State to have a claims service office established in the State.

Specifically, this measure allows insurers to either establish their own complete claims service office or engage the services of an independent adjusting service.

Your Committee believes that this measure will ensure that Hawaii consumers will receive prompt, fair, and competent claims assistance from adjusters familiar with the statutes, rules, court decisions, procedures, customs, and practices specific to Hawaii.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2582, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Chun Oakland, Levin, McCartney, Anderson).

SCRep. 2752 Ways and Means on S.B. No. 2600

The purpose of this bill is to authorize the issuance of special purpose revenue bonds and refunding special purpose revenue bonds to assist Hawaiian Electric Company and Hawaii Electric Light Company with their respective multi-project capital improvement programs on the islands of Oahu and Hawaii.

In addition, this bill prohibits Hawaiian Electric Company from using special purpose revenue bond funds derived from this bill to pay for the installation of a 138 kV line between the Kamoku Substation and the Pukele Substation on the island of Oahu.

Your Committee finds that Hawaiian Electric Company and Hawaii Electric Light Company are utilities serving the general public in providing electric energy, and that the issuance of special purpose revenue bonds and refunding special purpose revenue bonds pursuant to chapter 39A, part VI, Hawaii Revised Statutes, is in the public interest and for the public health, safety, and general welfare of the State.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2600, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Chun Oakland, Levin, McCartney, Anderson).

SCRep. 2753 Ways and Means on S.B. No. 2774

The purpose of this bill is to consolidate procurement provisions in the public contracts law, chapter 103, Hawaii Revised Statutes, into the procurement code, chapter 103D, Hawaii Revised Statutes. This bill also permits county boards of water supply to designate their chief procurement officers.

Your Committee heard testimony in support of this bill from the Department of Accounting and General Services, The Arc in Hawaii, Kona Krafts, Opportunities for the Retarded, Inc., Ka Lima O Maui, and Goodwill Industries of Hawaii.

Your Committee agrees that the provisions transferring the preferences for qualified community rehabilitation programs are vital to the success of those programs. The State's procurement needs are met by these groups and at the same time the State is providing economic assistance to these groups who continue to train and strengthen the work force in Hawaii.

Your Committee has amended this bill by:

- (1) Reinstating the preference for the purchase of goods and construction contracts and not just service contracts from qualified community rehabilitation programs;
- (2) Reinstating the permission for construction to be purchased from qualified community rehabilitation programs along with the purchase of goods and services;
- (3) Repealing section 103-57, Hawaii Revised Statutes;
- (4) Adding three sections to amend references to repealed sections; and
- (5) Other technical, non-substantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2774, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2774, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2754 Ways and Means on S.B. No. 2778

The purpose of this bill is to provide greater clarity as to the types of construction projects for which insurers may offer pooled liability insurance.

Specifically, this bill defines "specific construction project", "specific public works construction projects, or any other construction projects in the public interest", and "total construction project" to include projects with multiple sites or ongoing construction in phases.

Your Committee believes that these amendments will allow private as well as public construction projects to realize the cost savings available through pooled insurance.

Your Committee has amended this measure by making the statutory text in this bill consistent with the printed version of the Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2778, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2778, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (McCartney).

SCRep. 2755 Ways and Means on S.B. No. 2861

The purpose of this bill is to appropriate emergency funding to maintain the current level of emergency ambulance services on Maui, Lanai, and Molokai, to fund the current level of emergency and urgent care services at the Waianae Coast Comprehensive Health Center, and to reimburse the Hawaii county fire department for emergency medical services performed.

Your Committee finds that, these appropriations are necessary to continue vital emergency medical services in these areas.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2861, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Ige, M., Iwase, Levin, McCartney).

SCRep. 2756 Ways and Means on S.B. No. 2862

The purpose of the bill is to authorize an emergency appropriation by increasing the current expenditure limit for the Department of Health, Adult Mental Health Division's mental health and substance abuse special fund to fund community-based mental health services required for adults with serious mental illnesses.

Your Committee finds that this bill is required for compliance with the stipulations and order in federal court between the state Department of Health and the United States Department of Justice.

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

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2862, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2862, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Ige, M., Iwase, Levin, McCartney).

SCRep. 2757 (Majority) Ways and Means on S.B. No. 2922

The purpose of this bill is to establish a new management framework for the state capitol and to provide funding for the Office of the Legislative Analyst.

Specifically, the bill establishes a joint state capitol management committee composed of nine members to oversee the management of the state capitol. The Governor, the Senate, and the House of Representatives. would each be represented by three members.

The bill also provides funding for the Office of the Legislative Analyst which was statutorily established under Chapter 21F, Hawaii Revised Statutes, but never funded.

Your Committee received testimony from the Department of Land and Natural Resources which stated that the jurisdiction over the capitol grounds should be addressed in the bill. Further discussion was held on the need for a higher level of support services resulting from the state capitol's extensive use for public meetings, legislative, and other forums during the legislative session and other times of the year.

Your Committee has amended the bill by:

- (1) Deleting the sections that appropriate funds for the joint state capitol management committee;
- (2) Inserting an appropriation for public access services;
- (3) Inserting an appropriation to the fund the activities of the Joint Legislative Committee on Long Term Care;
- (4) Transferring the sunrise of revolving and special funds duties contained in section 23-11, Hawaii Revised Statutes, from the Auditor to the Legislative Analyst; and
- (5) Inserting a section calling for the Legislature to meet in special session in July 1998, to address budget and tax issues after the council on revenues reports in June and to consider any gubernatorial vetoes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2922, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2922, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, 2 (Ige, M., Iwase). Excused, none.

SCRep. 2758 Ways and Means on S.B. No. 3015

The purpose of this bill is to clarify the definitions relating to aircraft service and maintenance for the aircraft service and maintenance facility exemption to the general excise tax.

Your Committee finds that clarification of the definitions is necessary for a fair application of the general excise tax.

Your Committee has amended this bill by:

- (1) Adding amounts received from the sale of material, parts, or tools purchased by a person licensed under the general excise tax law to the amounts excluded from the general excise tax;
- (2) Specifying that refueling, janitorial services, restocking of supplies, and loading and unloading cargo do not qualify as aircraft service and maintenance for the purposes of the tax;
- (3) Deleting the definition of "maintenance";
- (4) Amending the definition of "construction of an aircraft service and maintenance facility" to apply only to facilities eighty thousand square feet or larger; and
- (5) Changing the effective date from June 30, 1997 to "upon approval".

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3015, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3015, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Taniguchi, Anderson).

SCRep. 2759 Ways and Means on S.B. No. 3141

The purpose of this bill is to relieve general contractors of their subcontractors' general excise tax liability.

Your Committee received testimony in support of the bill from the Small Business Task Force on Regulatory Relief, Consulting Engineers Council of Hawaii, the American Institute of Architects State Council, and a private accounting firm. The Tax Foundation of Hawaii provided comments on the bill. The Department of Taxation opposed the measure.

Your Committee believes that if a general contractor has paid general excise taxes for a subcontractor, the general contractor should be relieved of liability for the subcontractor's taxes upon proof of payment.

Your Committee has amended the bill to clarify its intent by restoring the bracketed material in section 237-13(3)(B) and adding language at the end of that paragraph.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3141, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3141, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Iwase, Levin, McCartney).

SCRep. 2760 Ways and Means on S.B. No. 2204

The purpose of this bill is to improve the overall regulatory climate by requiring the establishment of time limits within which government agencies must act.

Specifically, this bill requires agencies to establish rules that set specific time periods for the approval processes on any applications for business or development-related permits, licenses, or other required approvals. Upon setting the time period deadlines, if an agency does not act on an application within the set time period, the permit, license, or other required approval is deemed automatically approved.

In streamlining the approval process your Committee is also mindful of environmental concerns. This bill is not intended to jeopardize the environment. The provisions in this bill are intended to allow for the continued safeguard of legitimate review and public comment on those issues.

Your Committee has amended this bill to clarify that the specific time period controls apply only to state approvals and do not control any federal or county approvals that may be involved in the same projects and so should not cause increased costs to the counties. Your Committee has removed the automatic approval of a business or development-related permit if an agency fails to complete a procedure within a designated time period.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2204, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2204, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2761 Ways and Means on S.B. No. 2213

The purpose of this bill is to provide for the development and implementation of a three-year transformation of the state government's budgeting, accounting, and procurement systems into an integrated system that supports the efficient use of public funds and assets in accordance with the recommendations of the Economic Revitalization Task Force, and to provide a temporary exemption from the civil service laws for state and county grants, subsidies and purchase of services contracts.

Your Committee concurs with the purposes of the bill and believes that the budgeting, accounting and procurement systems should be evaluated to make changes that support the efficient use of public funds and assets.

Your Committee also concurs with the temporary exemption from civil service laws for organizations that are awarded grants, subsidies and personal services contracts pursuant to standards that are established by law. The exemption will allow the State and counties to continue to award contracts to individuals and organizations that provide a vast array of public services using employees that are disabled, disadvantaged, or have other difficulty in competing in the workplace. Your Committee believes that while the exemption will benefit the State, counties, private individuals, and entities, use of the exemption should not cause the termination, layoff or suspension of a civil service employee, or the transfer of a civil service employee to a non-civil service position or to a position in the civil service that reduces the employee's potential for advancement. Your Committee has accordingly modified the exemption to prohibit the State or county from privatizing public services and functions which would result in the termination, layoff, suspension, or intentional and unfair transfer of a civil service employee.

Your Committee also amended the exemptions to make it clear that the counties cannot establish standards for granting of public money or property that is inconsistent with state law. Your Committee believes that section 4 of Article VII of the State Constitution requires the State, and not the counties, to set the standards.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2213, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2213, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 13. Noes, none. Excused, none.

SCRep. 2762 Ways and Means on S.B. No. 3201

The purpose of this bill is to require the Governor and the Mayors of all counties to develop a viable process to eliminate duplication of services relating to highway and road maintenance and parks services.

Your Committee finds that duplication currently exists in these areas, and that economic conditions dictate the elimination of redundant services and the consolidation of similar functions. Combining the provision of these services is obvious, justifiable, and compelling.

Your Committee has amended the bill by:

- (1) Changing the focus of the decision-making from the Governor and the Mayors to a task force co-convened by the Governor, the President of the Senate, and the Speaker of the House of Representatives;
- (2) Designating how the twelve members of the task force shall be selected;
- (3) Requiring the task force to fulfill its duties using a facilitated process, including use of alternative dispute resolution; and
- (4) Making an appropriation in a blank amount for the purposes of the bill.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3201, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3201, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., Iwase, McCartney).

SCRep. 2763 (Majority) Ways and Means on S.B. No. 3129

The purpose of this bill is to consolidate the functions performed by the Departments of Budget and Finance and Human Resources Development into a new Department of Administration.

Your Committee received testimony in favor of the intent of consolidating government functions to streamline administrative services and make government more efficient from the Departments of Budget and Finance, Accounting and General Services, and Human Resources Development, although the former two departments recommended passage of the original version of S.B. No. 3047. Testimony in opposition to the measure was received from the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO.

While your Committee agrees with the intent of making government more efficient and cost-effective by eliminating duplicative functions and increasing government productivity, your Committee nevertheless has a number of concerns regarding this bill, but has decided to advance the bill for the purposes of continued dialogue. Upon further consideration, your Committee has amended this bill by making the following technical, nonsubstantive amendments:

- (1) Since section 5 of the bill repeals section 26-5, Hawaii Revised Statutes, sections 76-9 and 76-121 have been amended to delete references to the repealed section;
- (2) Since section 6 of the bill repeals section 26-8, Hawaii Revised Statutes, section 88-23 has been amended to delete a reference to the repealed section; and
- (3) The addition of new sections in the bill, as a result of making the changes recommended in (1) and (2) above, changes the section numbers specified to take effect on July 1, 1999, in section 13 of the bill. These section numbers have been renumbered accordingly.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3129, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3129, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, 1 (Fernandes Salling). Excused, 3 (Ige, M., Iwase, McCartney).

SCRep. 2764 Ways and Means on S.B. No. 3076

The purpose of this bill is to create an administrative service center, administratively placed within the Department of Health, to provide centralized, coordinated, and integrated administrative services to the Departments of Health and Human Services.

Your Committee received testimony in favor of this measure from the Departments of Health and Human Services, with comments and amendments, and from Government Efficiency Teams, Inc. Testimony in opposition to the measure was received from the Hawaii Government Employees' Association.

While your Committee agrees with the intent of this bill, and recognizes the need to reduce duplicative functions and services to make government more efficient, your Committee finds that the solution proposed in this bill would be unworkable.

Your Committee has accordingly deleted the contents of the bill and substituted language to create a contracts office within the Department of Human Services for administrative purposes to provide centralized, coordinated, and integrated purchase of service contracting for the Departments of Human Services and Health, including all agencies attached to those departments, in order to promote efficiency, avoid duplication, and maximize the use of resources.

The bill further requires the Director of the contracts office to report to the Legislature before the convening of the Regular Session of 2000 concerning the implementation of this bill and the need for any changes in the functions or structure of the office, together with proposed legislation. Finally, the bill is to take effect on July 1, 1999, and is repealed on July 1, 2004.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3076, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3076, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Iwase, Anderson).

SCRep. 2765 (Majority) Ways and Means on S.B. No. 2263

The purpose of this bill is to create temporary vacancy pools for vacant state positions in the executive and judicial branches to be controlled by the Governor and Chief Justice, respectively.

The vacancy pools would apply to all state positions except those that are federally or special funded. Half of the vacancies would be eliminated with the other half falling under the discretion of the Governor and Chief Justice, respectively, for reassignment. Generally no new positions would be allowed and the vacancy pools would terminate on June 30, 2001.

Your Committee received testimony from the Judiciary, and opposing testimony from the Department of Budget and Finance, the Department of Land and Natural Resources, and the Department of Education.

Your Committee has amended the bill by exempting its provisions from chapter 89, Hawaii Revised Statutes, and by making technical changes that have no substantive effect.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2263, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2263, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, 1 (Ige, M.). Excused, 1 (Anderson).

SCRep. 2766 (Majority) Ways and Means on S.B. No. 2222

The purpose of this bill is to enable the governor or the mayor of each county to establish sick leave sharing programs utilizing uncredited sick leave from retirees.

Your Committee received testimony in support of the bill from the Hawaii State Teachers Association and the Hawaii Government Employees Association. The Department of Education, Department of Human Resources Development, and the City and County of Honolulu Department of Personnel testified against the measure.

Your Committee has amended the bill by deleting its substance and inserting provisions that:

- (1) Delete Admissions Day, Good Friday, and Presidents' Day as state holidays;
- (2) Provide for the reduction of the number of vacation days for all public employees;
- (3) Amend collective bargaining laws to authorize emergency legislation affecting public employees;
- (4) Impose an across-the-board salary reduction for all state employees;

- (5) Provide transitional severance benefits and one year of health and life insurance for state government employees who are terminated due to a reduction in state government workforce;
- (6) Allow qualified state government employees to retire in lieu of receiving the transitional severance benefits;
- (7) Eliminate a portion of the positions made vacant by the early retirement program; and
- (8) Extend employee protections for furloughs through Fiscal Year 1999-2000.

Your Committee finds that due to a seven-year downward spiral of the State's economy, and a poor outlook for relief in the near future, the State is facing a severe fiscal crisis which threatens the State's ability to function effectively as a sovereign entity. Your Committee further finds that the severity of the problem requires the consideration of every form of cost reduction measure available, including salary and benefits reduction and furloughs.

Your Committee believes that a state of fiscal emergency exists in the State, requiring all sectors of government to consider drastic budgetary measures to reduce the operating costs and expenses of government. The fiscal crisis facing the State affects all residents of Hawaii and can be overcome only with the cooperation and sacrifice by everyone. Public servants, government officers and employees and their labor representatives must demonstrate the fortitude to carry a portion of and share the economic burden facing the State, and provide an example to the citizens of Hawaii.

Your Committee believes that a reduction of future holiday and vacation leave benefits, and furloughs are some of the least economically painful means to reduce the overall costs of operating government. Holiday and vacation leave benefits available to public employees may require reduction to achieve additional savings in the budget. Additionally, furloughs of public employees remain a viable alternative.

Your Committee also finds that due to the State's dire financial situation, the termination of public employees may be inevitable. Consequently, your Committee believes that the option of receiving a severance package or retiring early should be provided in order to ease the affected employees' transition from public employment.

Your Committee notes that the provisions of this bill offer, at very least, a significant departure from the way state government has historically crafted budgetary policy legislation. However, in order to combat the State's fiscal crisis, your Committee finds it imperative to use every arrow in its financial quiver to arrive at a solution that will be the least financially invasive to all the citizens of the State. In this light, your Committee believes that the amended bill merits passage in order to promote further discussion on the concepts contained therein.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2222, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2222, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 9. Noes, 3 (Fernandes Salling, Ige, M., Anderson). Excused, 1 (Iwase).

SCRep. 2767 Ways and Means on S.B. No. 2210

The purpose of this bill is to provide additional guidelines to ensure the implementation of school-based budgeting beginning with fiscal biennium 1999-2001.

Your Committee finds that despite educational reform and departmental restructuring, many of the recent initiatives for change in our public schools have still not been implemented by the Department of Education. Your Committee is particularly concerned that legislative efforts to give local schools more control over their budgets continue to languish.

Your Committee believes that substantial movement in this direction is imperative if public education is to improve at the most important level -- the neighborhood school. Your Committee has amended this bill to:

- (1) Add a new section to chapter 302A, Hawaii Revised Statutes (HRS), on weighted pupil evaluation system;
- (2) Amend section 302A-1301, HRS, to reduce the department's administrative expenditures to 4.5 per cent of its total operating budget beginning with the 1999-2001 biennium, and cap each program EDN at a specified per cent of the department's total general fund appropriation; and
- (3) Amend section 302A-1301, HRS, to provide that all positions within program EDN 100 shall be assigned to a school and under the direct supervision of a principal.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2210, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2210, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2768 Ways and Means on S.B. No. 2211

The purpose of this bill is to require the Department of Education to provide the Legislature with an implementation plan for the study and instruction of technology in education for all grades of public schools before the Regular Session of 1999.

Your Committee finds that in 1995 the United States Congress, Office of Technology Assessment reported that despite technologies available in schools, a substantial number of teachers report little or no use of computers for instruction. To use computers and other technologies well, teachers need visions of the technologies' potential, opportunities to apply them, training and "just-in-time" support, and time to experiment. Most teachers have not had adequate training to prepare them to use technology effectively in teaching, and a majority of teachers report feeling inadequately trained to use technology resources--particularly computer-based technologies. Although schools have made significant progress in helping teachers to use basic technological tools such as word processing and databases, they still struggle with integrating technology into curriculum.

Your Committee received testimony in support of this bill from the Department of Education, the Department of Business, Economic Development and Tourism, and the Hawaii Business Roundtable.

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

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2211, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2211, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2769 Ways and Means on S.B. No. 2207

The purpose of this bill is to provide the University of Hawaii with additional flexibility in the governance of its internal affairs in the areas of indemnification for collaborating institutions, and contracts for services with the Research Corporation of the University of Hawaii, by consolidating fourteen special funds into three funds, authorizing the university to use either its own seal or logo in lieu of the state seal on its motor vehicles, repealing the current budgetary formula, and allowing deposit of university special funds outside the state treasury.

Your Committee finds that this measure, and the provisions for the university's legal representation, which were part of S.B. No. 2207, as introduced, are appropriate steps in the university's goal of additional flexibility. Your Committee has amended this measure to:

- (1) Incorporate the legal representation provisions of S.B. No. 2207, which add a new section on university attorneys in chapter 304, Hawaii Revised Statutes (HRS), and amend sections 28-8.3 and 304-6, HRS;
- (2) Amend section 26-52, HRS, to remove the sunset date of the authority of the Board of Regents to set the university presidents' salary;
- (3) Amend section 304-2, HRS, to exempt the university from chapters 102 and 103D, HRS;
- (4) Change the formula for the general fund budget appropriations from a minimum of four to a minimum of three times the amount of regular tuition and related fee revenues for fiscal year 1998-1999;
- (5) Amend Act 321, Session Laws of Hawaii 1986, to remove the sunset date; and
- (6) Make technical, nonsubstantive amendments.

While your Committee supports increased flexibility for the university, the Legislature has a responsibility to ensure that the exemptions to both the concessions and procurement laws are implemented in a careful and consistent manner. Your Committee understands that the university is committed to developing internal policies and procedures, which are consistent with the goals of public accountability, for both these exemptions. Therefore, your Committee requests the university report to the Legislature twenty days prior to the convening of the Regular Session of 1999, the following information:

- (1) The university's policies and procedures for the arrangements of concessions or concession spaces, and for the procurement of goods and services;
- (2) To what extent these policies and procedures follow the provisions of chapters 102 and 103D, HRS;
- (3) To what extent these policies and procedures differ from the provisions of chapters 102 and 103D, HRS; and
- (4) Benefits the university anticipates as a result of the exemptions to chapters 102 and 103D, HRS, such as timeliness, cost savings, flexibility in obtaining intellectual and research services, and generation of additional income, in addition to any other examples as may arise.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2207, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2207, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2770 (Majority) Ways and Means on S.B. No. 3239

The purpose of this bill is to authorize the President of the University of Hawaii to transfer functions and personnel of the university between and among the units of the university without the Governor's approval.

Furthermore, this measure conditions the President's actions upon prior consultation with collective bargaining units to be affected by the transfers.

Testimony in favor of the measure was received by the Department of Budget and Finance.

Your Committee finds that this measure provides added dimensions to the Legislature's efforts to promote greater autonomy for the University of Hawaii from the executive branch of government.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3239, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, 1 (Ige, M.). Excused, 2 (McCartney, Anderson).

SCRep. 2771 Ways and Means on S.B. No. 3191

The purpose of this bill is to allow insurance companies to use the low-income housing tax credit to offset their insurance premium taxes.

Your Committee finds that housing in Hawaii, especially for the poor continues to be a serious and chronic problem. Although the housing market has, to an extent, reached the middle class, adequate and affordable housing eludes the poor. This bill will assist the State's low income population by providing an incentive to insurance companies to invest in low-income housing projects.

Your Committee has amended the bill by providing a specific date the tax credit will take effect, and taxable year to which it will apply, to allow the Department of Taxation the opportunity to create or adjust necessary forms and procedures, and to prevent the credit from applying for a fractional year.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3191, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3191, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Anderson).

SCRep. 2772 Ways and Means on S.B. No. 2259

The purpose of this bill is to provide a tax credit to small businesses to be applied against the difference between the amount a small business spent on advertising in the 1997 tax year and the amount spent on advertising in the 1998 tax year.

Your Committee received testimony in support of the bill from the Office of Hawaiian Affairs, the Hawaii Business League, and the Kauai Economic Development Board. The Department of Taxation and the Tax Foundation of Hawaii submitted comments on the measure.

Your Committee finds that this tax credit would help small businesses bolster the portion of their business budget that is usually the first to be cut -- their advertising budget. Your Committee believes that providing small businesses with this tax credit will assist them in remaining economically viable and competitive in an already tough marketplace.

Your Committee has amended the bill by:

- (1) Changing the amount of the tax credit from the difference between the amount a small business spent on advertising in the 1997 tax year and the amount spent on advertising in the 1998 tax year to fifty percent of what the small business spent on advertising for the 1998 taxable year;
- (2) Requiring that documentation be provided in order to claim the advertising credit;
- (3) Adding a five year expiration provision; and
- (4) Making a technical, nonsubstantive change.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2259, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2259, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 5 (Ige, M., Iwase, McCartney, Taniguchi, Anderson).

SCRep. 2773 (Majority) Ways and Means on S.B. No. 2260

The purpose of this bill is to establish a tax credit of fifty percent of the total planning costs associated with renovating a home or small business, with an unspecified maximum credit for 1998.

Your Committee received testimony in support of the bill from the Hawaii Business League and the Kauai Economic Development Board. The Department of Taxation and the Tax Foundation of Hawaii submitted comments on the measure.

Your Committee finds that the bill would help stimulate the State's sluggish economy by providing the necessary incentive for small businesses and homeowners to upgrade their properties at a lesser cost while concomitantly providing Hawaii's ailing construction industry with work.

Your Committee has amended the bill to provide for an expiration period after five years, after which the Legislature may evaluate the revenue impacts of the credit.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2260, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2260, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, 1 (Fernandes Salling). Excused, 5 (Ige, M., Iwase, McCartney, Taniguchi, Anderson).

SCRep. 2774 Ways and Means on H.B. No. 1699

The purpose of this Act is to provide greater access to growth capital for Hawaii businesses.

This measure accomplishes this by:

- (1) Expanding the financing capabilities of the Department of Business, Economic Development, and Tourism by establishing a loan guarantee program; and
- (2) Allowing transfers of funds between the capital loan revolving fund and the Hawaii strategic development corporation revolving fund.

The Department of Business, Economic Development, and Tourism testified in support of this bill.

Your Committee finds that establishing this loan guarantee program will encourage economic activity. Under the loan guarantee program, private financial institutions will extend the loans, and the State will guarantee ninety per cent of the value. This expands the State's ability to support industries in Hawaii that contribute to the growth or diversification of State's economic base.

This bill also allows the transfer of funds between the capital loan program and the Hawaii strategic development corporation revolving fund. Both programs have the shared goals of providing growth financing for businesses, but the Hawaii Strategic Development Corporation focuses more on providing equity capital to start-up and early stage businesses, which the capital loan program often cannot service due to a lack of collateral by these companies. Allowing the transfer of moneys between these funds will expand the opportunities for economic development.

Your Committee has amended the effective date of this bill by changing the effective date from July 1, 1997 to July 1, 1998, and by making other technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1699, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1699, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., McCartney, Anderson).

SCRep. 2775 Ways and Means on S.B. No. 2923

The purpose of this bill is to expand the responsibilities of the Ombudsman to include assisting small businesses.

In particular, this bill provides that the Ombudsman is to serve as an advocate in state government on behalf of small businesses; assist small businesses in resolving problems with government agencies; develop a procedure to facilitate and expedite the timely processing of applications for permits, licenses, and other documents; and perform related acts for small businesses. In addition, the bill authorizes the Ombudsman to establish a small business advisory council, composed of representatives of the small business community and government agencies.

Your Committee finds that there is a continuing need to assist small businesses in Hawaii, which help to ensure a sound economic base and contribute significantly to the State's economic development. This bill recognizes the importance of small businesses in this State, assists them in cutting through government red tape, and provides for effective advocacy on their behalf.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2923, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (McCartney).

SCRep. 2776 (Majority) Ways and Means on S.B. No. 2292

The purpose of this bill is to transfer excess moneys from a number of specified special and revolving funds to the state general fund.

The bill also repeals the employment and training fund, and transfers the moneys in and from the employment and training fund to the special unemployment insurance administration fund.

Your Committee received supporting testimony from the Department of Land and Natural Resources. Opposing testimony was submitted by the Department of Commerce and Consumer Affairs, the Department of Transportation, the Department of Labor and Industrial Relations, the University of Hawaii, the Condominium Council of Maui, the Villages of Kapolei, the Hawaii Real Estate Research and Education Center, HCUL, and ATDC.

Your Committee finds that due to the austere nature of the economy and anticipated cutbacks in government services, this bill is necessary to ensure the efficient use of state funds and to streamline government operations as warranted.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2292, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, 1 (Anderson). Excused, none.

SCRep. 2777 Ways and Means on S.B. No. 2803

The purpose of this bill is to establish the Hawaii small business regulatory flexibility act, to be repealed on June 30, 2000.

In particular, this bill provides for greater input by small businesses in the regulatory process by providing for a petition process to an agency for regulatory review, periodic administrative review of rules having small business impacts, and an independent small business regulatory review board to consider small business concerns and recommend changes to administrative rules.

Your Committee finds that while the success of small businesses in Hawaii is crucial to developing a sound economy, many small businesses in the State are unduly burdened by administrative rules, many of which produce a disproportionate impact on small businesses. Your Committee finds that this bill will help small businesses by requiring agencies to consult with affected small businesses to ease that impact in the rule drafting process.

Upon further consideration, your Committee has amended this bill by:

- (1) Deleting references in the bill to the small business defender within the office of the ombudsman, since this element is addressed in S.B. No. 2923;
- (2) Deleting references in the bill to three-year terms for the small business regulatory review board, since this provision conflicts with the four-year terms provided in section 26-34, Hawaii Revised Statutes (relating to selection and terms of members of boards and commissions); and
- (3) Making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2803, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2803, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Levin, McCartney, Anderson).

SCRep. 2778 Ways and Means on H.B. No. 2222

The purpose of this bill is to appropriate funds to establish manufacturing extension programs in Hawaii.

Specifically, the bill appropriates \$2, for purposes of further discussion, for fiscal year 1997-1998, to be expended by the Department of Business, Economic Development, and Tourism; provided that the Department of Business, Economic Development, and Tourism provide a dollar-for-dollar match of funds.

Your Committee received testimony in support of this bill from the Department of Housing and Community Development of the City and County of Honolulu; the Hawaii Agriculture Research Center; the Industry Network Corporation; and one individual. Your Committee also received testimony in support of this bill from the Department of Labor and Industrial Relations; provided that the executive biennium budget is not adversely affected.

Your Committee finds that the appropriation will help to leverage federal funds to directly support small- and medium-sized manufacturing operations in Hawaii that will increase their productivity, enhance their global competitiveness, and create jobs in the State.

Your Committee has amended this bill:

- (1) By adding the word "federal" in the phrase "match of federal funds" in section 1 of the bill on page 1, line 7 to clarify that the appropriated amount is to be matched by federal funds;
- (2) By changing the period for which the funds are appropriated from "fiscal year 1997-1998" (page 1, line 3) to "fiscal year 1998-1999"; and
- (3) By changing the effective date from "July 1, 1997" (page 1, line 12) to "July 1, 1998".

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2222, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2222, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Iwase, Kawamoto, McCartney, Anderson).

SCRep. 2779 Ways and Means on S.B. No. 3258

The purpose of this bill is to exempt software companies from paying the general excise tax; establish the Hawaii Internet Exchange, establish the University of Hawaii work force development training program, and make appropriations and authorize the issuance of general obligation bonds to establish a fiber optic connection to the internet for the University and the Department of Education.

Testimony was submitted in support of this bill by the University of Hawaii and the Department of Education. Comments were submitted by the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that improving student and faculty access to technology and developing an educated work force in this area is necessary for Hawaii to keep up with the rest of the world. Your Committee finds that Hawaii is a geographically ideal location to operate an internet exchange, and that the provisions of this bill will create jobs and encourage the economy.

Your Committee has amended this bill by deleting the software corporation exemption and substituting provisions that will provide a tax incentive for technology training or job creation.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3258, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3258, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 13. Noes, none. Excused, none.

SCRep. 2780 Commerce, Consumer Protection, and Information Technology on S.R. No. 5

The purpose of this resolution is to establish policies for the Legislative Broadcast Program's cablecasts of Senate proceedings.

Your Committee received testimony in support of the measure from the University of Hawaii.

Your Committee finds that in an effort to increase public access to and participation in the legislative process, the Legislative Broadcast Project was established in 1994 to cablecast Senate proceedings on a pilot basis.

The Legislature, through the passage of Act 373, Session Laws of Hawaii 1997, established Chapter 21G, Hawaii Revised Statutes, the Legislative Broadcast Program. Upon the permanent establishment of the Legislative Broadcast Program, formal policies governing the Senate's participation with regard to content, broadcast, and ownership rights must be established.

To this end, the resolution establishes the following governing policies for the Legislative Broadcast Project as it pertains to the Senate:

- (1) The content, selection, and editorial policies shall be administered by the President of the Senate;
- (2) 'Olelo: The Corporation for Community Television, shall provide technical and engineering support, programming time for cablecasts, broadcast production television equipment, and preventive maintenance, repair, and replacement as needed. Cablecast programming coverage will be provided by 'Olelo on O'ahu; and, via the Hawai'i Interactive Television System, by Akaku: Maui Community Television on Maui, Moloka'i, and Lana'i; by Ho'ike: Kaua'i Community Television on Kaua'i; and by Na Leo 'O Hawai'i: Hawai'i Community Television on Hawai'i;
- (3) Programming shall include live cablecasts on O'ahu and tape-delayed cablecasts statewide. All legislative proceedings shall be authorized for programming and selected by the Public Access Room Coordinator. The President of the Senate may authorize special programming in consultation with the Majority Leaders and Minority Leader;
- (4) Cablecasts of legislative proceedings shall be covered gavel-to-gavel; and
- (5) Tapes and cablecasts shall be considered property of the Legislature. Duplication or distribution other than that authorized by the Legislature of tapes or cablecasts shall not be permitted.

Your Committee believes that the policies contained in the resolution provide for independent selection of legislative proceedings to be broadcast based upon the criteria of public interest and newsworthiness while adequately maintaining the Senate's control over the use of televised cablecasts of its proceedings.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 5 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 2781 Economic Development on Gov. Msg. No. 136

Recommending that the Senate advise and consent to the nominations of the following:

BARBERS POINT NAVAL AIR STATION REDEVELOPMENT COMMISSION

G.M. No. 136 JACK ENDO, for a term to expire June 30, 2000; and
 RANDOLPH G. MOORE, for a term to expire June 30, 2001.

Upon review of the statements submitted on behalf of the nominees, your Committee finds that the aforementioned nominees will work with compassion and commitment to assist in administering the functions related to the Barbers Point Naval Air Station Redevelopment Commission. Your Committee further finds that the nominees have been appointed based upon their credentials, integrity, and a desire to make Hawaii better through their participation on this commission.

Mr. Jack Endo, a certified public accountant and the sole proprietor of his own accounting firm, brings an entrepreneurial and small business background to the Commission. Mr. Randolph G. Moore has extensive experience in real property development in Hawaii. He is an active member of the Chamber of Commerce of Hawaii and represents the business community on the Commission. Both nominees served with distinction on the forerunner organization to the Commission and participated in the formulation of the Barbers Point Naval Air Station Community Redevelopment Plan.

As affirmed by the records of votes of the members of your Committee on Economic Development that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
 Ayes, 6. Noes, none. Excused, 4 (Baker, Chumbley, Matsunaga, McCartney).

SCRep. 2782 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 138

Recommending that the Senate advise and consent to the nomination of the following:

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

G.M. No. 138 PATRICK T. KUBOTA, for a term to expire June 30, 1999.

Upon review of the qualifications and other background information submitted by the nominee, your Committee finds that Patrick T. Kubota is the Executive Vice President of the Building Industry Association of Hawaii, an accomplished real estate broker, and a Certified Public Accountant.

Testimony submitted to your Committee in support of the nominee indicates that Mr. Kubota is known as an individual who possesses superlative administrative skills and a comprehensive knowledge of all aspects of the building industry.

Mr. Kubota has showcased his administrative abilities in his capacity as the Executive Vice President of the Building Industry Association of Hawaii, an organization comprised of 500 member organizations that represent all aspects of the building industry. Mr. Kubota also has experience in the public sector as well, serving as a legislative advisor to the Honolulu City Council in zoning, planning, housing, and budget matters. Mr. Kubota has also managed the development and sale of residential and commercial projects on the island of Hawaii and as a CPA, specialized in the real estate and retail sectors.

Your Committee members diligently questioned the nominee regarding his vision of the purpose of and charge of the Hawaii Community Development Authority. Based on this discussion, your Committee believes that the nominee will be a welcome asset to the Hawaii Community Development Authority.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
 Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Ige, D.).

SCRep. 2783 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 140

Recommending that the Senate advise and consent to the nomination of the following:

KAHO'OLAWE ISLAND RESERVE COMMISSION

G.M. No. 140 COLETTE P. MACHADO, for a term to expire June 30, 2001.

Upon review of the qualifications and other background information submitted by the nominee, your Committee finds that Colette P. Machado has a long history of serving the Hawaiian community as well as the general public.

Testimony in support of the nominee submitted to your Committee indicates that Ms. Machado is known as an individual with a strong sense of community service and her grasp of the issues that impact upon the island of Kaho'olawe will be of great use in ameliorating the various concerns facing the remediation of the island.

Your Committee finds that Ms. Machado was appointed on an interim basis by Governor Cayetano to fill the seat reserved for an Office of Hawaiian Affairs' representative that was vacated by Trustee A. Frenchy DeSoto in November 1997. Ms. Machado's appointment to fill this vacancy is particularly appropriate in that prior to her election to the Office of Hawaiian Affairs, Ms. Machado served on the Kaho'olawe Island Reserve Commission as a representative of the Protect Kaho'olawe Ohana.

Your Committee members diligently questioned the nominee regarding her vision for the stewardship of the island of Kaho'olawe. Based on this discussion, your Committee believes that the nominee will be an asset to the Kaho'olawe Island Reserve Commission.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Ige, D.).

SCRep. 2784 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 141

Recommending that the Senate advise and consent to the nomination of the following:

KANEOHE BAY REGIONAL COUNCIL

G.M. No. 141 KURT K. MENCH, for a term to expire July 1, 1998.

Upon review of the qualifications and other background information submitted by the nominee, your Committee finds that Kurt K. Mench has regularly attended Kaneohe Bay Regional Council meetings, owns a boat that is moored in Heeia Kea Boat Harbor, and possesses significant knowledge in the areas of boating, fishing, and various other issues that are pertinent to the Council's jurisdiction.

Testimony in support of the nominee submitted to your Committee indicates that Mr. Mench is known as an individual with a strong sense of community service and his grasp of the issues that impact upon Kaneohe Bay will be of great use in ameliorating the various concerns facing the Kaneohe Bay Regional Council.

Your Committee members diligently questioned the nominee regarding his vision for the stewardship of Kaneohe Bay. Based on this discussion, your Committee believes that the nominee will be an asset to the Kaneohe Bay Regional Council.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Ige, D.).

SCRep. 2785 Government Operations and Housing on H.B. No. 2765

The purpose of this bill is to authorize the procurement policy board to issue interim rules by procurement directives exempt from the requirements of chapter 91, Hawaii Revised Statutes (HRS), which would remain in effect no longer than June 30, 1999.

Testimony in support of this bill was submitted by the State Procurement Office.

Your Committee finds that this bill will accommodate, for not more than twelve months, the appointment of two new procurement policy board members, as required under Act 190, Session Laws of Hawaii 1997, as well as allow for initial input into the rules process prior to fulfilling the requirements of chapter 91, HRS. At a later point, the new procurement policy board members will be in place to participate in reviewing and adopting the final rules governing chapter 103F, HRS, in accordance with chapter 91, HRS.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2765, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Anderson).

SCRep. 2786 Government Operations and Housing on H.B. No. 2793

The purpose of this bill is to allow the owner of real property purchased pursuant to chapter 201G, Hawaii Revised Statutes (HRS), to transfer or sell the real property without restriction after three years from the date of purchase.

The Housing Finance and Development Corporation (HFDC) submitted testimony in support of this bill.

Act 299, Session Laws of Hawaii (SLH) 1997, reduced the period an owner is subject to transfer and sale restrictions from ten to three years by amending the appropriate sections in chapter 201E, HRS. Act 350 will repeal chapter 201E, HRS, and enact chapter 201G, HRS, on July 1, 1998. Thus, it is necessary to amend the appropriate sections in chapter 201G, HRS, to reflect the intent of Act 299, SLH 1997.

Your Committee finds that under this bill, homeowners who have purchased affordable units with buy back restrictions may transfer and sell their units without restrictions after a three-year instead of a ten-year restriction period. This reduced restriction period will expire on December 31, 2000, after which the ten-year restriction period will be reinstated and HFDC must notify approximately 2,600 homeowners of the change in the statute.

Your Committee has amended this bill by making technical, nonsubstantive amendments in conformance with the companion bill, Senate Bill No. 2804, S.D. 1.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2793, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2793, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Anderson).

SCRep. 2787 Government Operations and Housing on H.B. No. 2801

The purpose of this bill is to exempt the Villages of Kapolei project from the owner-builder/self-help accommodation requirement under section 201G-120(a), Hawaii Revised Statutes.

The Housing Finance and Development Corporation (HFDC) submitted testimony in support of this bill.

Though supportive of owner-builder and self-help housing efforts, the HFDC indicated that it is not feasible in all cases to accommodate these efforts in housing projects of the Housing and Community Development Corporation of Hawaii (HCDCH), the successor entity to HFDC. The HFDC noted that accommodating owner-builder and self-help housing efforts may not be feasible with respect to the Villages of Kapolei project.

Upon consideration of all pertinent issues and testimony presented, your Committee concurs with the testimony of HFDC and has amended this bill by making a technical, nonsubstantive amendment in conformance with the contents of the companion bill, Senate Bill No. 2812, S.D. 1.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2801, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2801, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Anderson).

SCRep. 2788 Transportation and Intergovernmental Affairs on H.B. No. 3185

The purpose of this bill is to permit administrative revocation of the driver's license of a person tested for evidence of driving under the influence of intoxicating liquor after having been involved in a motor vehicle accident.

Your Committee held a hearing on a companion bill, S.B. No. 2494, on February 10, 1998.

Your Committee finds that this measure will augment Act 101, Session Laws of Hawaii 1997, which allowed emergency medical service providers to release blood/alcohol content to law enforcement officers when the patient was involved in a motor vehicle accident.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3185, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2789 Transportation and Intergovernmental Affairs on H.B. No. 3252

The purpose of this bill is to increase the property damage threshold of motor vehicle accidents from \$1,000 to \$3,000 when determining if a moving violation has occurred for which proof of financial responsibility is required.

Testimony in support of this bill was received from the City and County of Honolulu Department of Finance. Testimony in opposition to this bill was received from a representative of State Farm Insurance Companies.

Your Committee finds that Act 216, Session Laws of Hawaii 1995, amended the property damage threshold for reportable vehicle accidents from \$1,000 to \$3,000. This bill corrects inconsistencies in both the Hawaii Revised Statutes and Session Laws of Hawaii 1995.

After considering the pertinent issues and testimony, your Committee has amended this bill by correcting statutory language to reflect the current Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3252, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3252, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2790 Economic Development on H.B. No. 2791

The purpose of this bill is to change the name of the Business Permits Service Center to the Business Action Center and to augment the center's duties and activities and eliminate obsolete functions.

Testimony in support of this bill was presented at the hearing by the Director of Business, Economic Development, and Tourism.

Your Committee finds that this bill allows the Business Action Center to accept alternative methods of payment, authorization verifications, and documentation which lessens the time and expense associated with starting a business in Hawaii.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2791, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Kawamoto, Levin, McCartney).

SCRep. 2791 Judiciary on H.B. No. 2519

The purpose of this bill is to repeal section 84-31.5, Hawaii Revised Statutes (HRS), which requires that the Hawaii State Ethics Commission maintain a list of all persons who examine public financial disclosure statements.

Your Committee finds that this section was declared unconstitutional in Boyer v. State of Hawaii, Civil No. 90-3514-11 (First Circuit Court). The court held that this section violated Article XIV of the Hawaii Constitution and the First Amendment guarantees of freedom of speech and the right to petition government for a redress of grievances.

Your Committee further finds that the Court held section 84-31.5 HRS was unconstitutional because its provisions impose a listing and reporting condition on access to public financial disclosure statements. More specifically, the Court held that these conditions are not condoned under Article XIV and do not have a rational relationship to the purpose of Article XIV of our State Constitution. Therefore, the Court concluded that section 84-31.5 violates the mandate of Article XIV that such financial disclosure statements be public.

Testimony in support of the bill was submitted by the Hawaii State Ethics Commission and Common Cause Hawaii.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2519 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 2792 Judiciary on H.B. No. 2714

The purpose of this bill is to allow the Judiciary to write-off, after a period of two years, all delinquent fines and restitution which in its judgment are uncollectible.

Your Committee finds that allowing the Judiciary to write-off delinquent fines which are uncollectible would give the Judiciary flexibility to ensure that the information kept on outstanding fines and restitution is complete, accurate, and up-to-date. Furthermore, your Committee notes that delinquent fines and restitution which are written-off may be transferred back to the Judiciary's accounts receivable if such amounts become collectible.

Testimony in support of this bill was submitted by the Judiciary.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the language that releases the Judiciary from further accountability for the written-off accounts;
- (2) Adding language requiring that such deletion from the Judiciary records be done in accordance with proper accounting standards;
- (3) Deleting the provision which requires the Judiciary to submit an annual report to the legislature; and
- (4) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2714, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2714, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 2793 Judiciary on H.B. No. 2888

The purpose of this bill is to compensate the many victims who have received awards from the Criminal Injuries Compensation Commission to reimburse them for losses they have suffered because of their victimization.

Your Committee finds that, while these are difficult fiscal times, crime victims receive a criminal injuries compensation award only when there is no other recourse. Restitution from the offender, while theoretically available, may not offer a real promise of recompense to the victim.

Further, your Committee finds that the financial assistance provided by the Criminal Injuries Compensation Commission to these crime victims for counseling, medical, hospital, or other related bills often makes a critical difference as victims try to recover from their physical, psychological, and emotional injuries.

Testimony in support of the bill was submitted by the Criminal Injuries Compensation Commission, the Department of the Prosecuting Attorney of the City and County of Honolulu, and the Sex Abuse Treatment Center.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the provision which includes awards to inmates; and
- (2) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2888, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2888, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 2794 Judiciary on H.B. No. 2447

The purpose of this bill is to amend various provisions of the Hawaii Revised Statutes and the Session Laws of Hawaii pursuant to chapter 23G, Hawaii Revised Statutes, to correct errors, update references, clarify language, and delete obsolete or unnecessary provisions.

Your Committee finds that all of the statutory amendments proposed by the measure are of a purely technical nature and either contain no substantive changes to the law, or, if they have any substantive effect, are done simply to correct the types of errors noted in this report.

Your Committee finds the reasons for the respective technical amendments made in the bill are as follows:

Section 1. Section 26-14.6(f), HRS, makes reference to §§360-5 and 360-14. L 1997, c 350, enacted chapter 201G (c 350, §2), HRS, and repealed chapter 360 (c 350, §18), HRS, effective July 1, 1998. Section 26-14.5(f), HRS, should be amended by deleting the references to §§360-5 and 360-14 and replacing them with §§201G-55 and 201G-74, to conform to the amendments made by L 1997, c 350.

Section 2. Section 29-15.5(c), HRS, makes reference to §201E-161(b)(2), HRS. L 1997, c 350, enacted chapter 201G (c 350, §2), HRS, and repealed chapter 201E (c 350, §18), HRS, effective July 1, 1998. Section 29-15.5(c), HRS, should be amended by deleting the reference to §201E-161(b)(2) and replacing it with §201G-312(b)(2), to conform to the amendments made by L 1997, c 350.

Section 3. Section 76-9, HRS, refers to the director of personnel services and the department of personnel services. The department of personnel services was renamed the department of human resources development and the director of personnel services was renamed the director of human resources development by L 1994, c 56. Section 76-9, HRS, should be amended by deleting the references to the director of "personnel services" and the department of "personnel services" and replacing them with the correct references to the director of "human resources development" and the department of "human resources development".

Section 4. Section 76-22.5, HRS, refers to the director of personnel services. The director of personnel services was renamed the director of human resources development by L 1994, c 56. Section 76-22.5, HRS, should be amended by deleting the reference to the director of "personnel services" and replacing it with the correct reference to the director of "human resources development". Section 76-22.5, HRS, should also be amended by deleting the brackets around the section number to ratify the revisor's numbering of the section.

Section 5. L 1997, c 352 amended the procurement law by changing the procurement policy "office" to the procurement policy "board". Section 103D-108, HRS, should be amended to replace the references to the policy "office" with references to the policy "board". Section 103D-108, HRS, should also be amended by deleting the brackets around the section number to ratify the revisor's numbering of the section.

Section 6. L 1997, c 352 amended the procurement law by changing the procurement policy "office" to the procurement policy "board". The revisor replaced the reference to the policy "office" with a reference to the policy "board" in §103D-209, HRS, to conform to the amendments made by c 352. Section 103D-209, HRS, should be amended by deleting the brackets around "board" in "policy board" to ratify the revisor's replacement of the reference to the policy "office" with a reference to the policy "board".

Section 7. L 1997, c 352 amended the procurement law by changing the procurement policy "office" to the procurement policy "board". The revisor replaced the reference to the policy "office" with a reference to the policy "board" in §103D-407(a), HRS, to conform to the amendments made by c 352. Section 103D-407(a), HRS, should be amended by deleting the brackets around "board" in "policy board" to ratify the revisor's replacement of the reference to the policy "office" with a reference to the policy "board".

Section 8. L 1997, c 352, amended the procurement code by deleting the definition of "external procurement activity" (c 352, §21) and adding the definition of "external procurement unit" (c 352, §14) in §103D-801, HRS. The revisor replaced the reference to external procurement "activity" with a reference to external procurement "unit" in §103D-803, HRS, to conform to the amendments

made by c 352. Section 103D-803, HRS, should be amended by deleting the brackets around "unit" in "external procurement unit" to ratify the revisor's replacement of the reference to external procurement "activity" with a reference to external procurement "unit".

Section 103D-803, HRS, should also be amended by deleting the brackets around the section number to ratify the revisor's numbering of the section.

Section 9. L 1997, c 352, amended the procurement law by deleting the definition of "external procurement activity" (c 352, §21) and adding the definition of "external procurement unit" (c 352, §14) in §103D-801, HRS. The revisor replaced the reference to external procurement "activity" with a reference to external procurement "unit" in §103D-804, HRS, to conform to the amendments made by c 352. Section 103D-804, HRS, should be amended by deleting the brackets around "unit" in "external procurement unit" to ratify the revisor's replacement of the reference to external procurement "activity" with a reference to external procurement "unit".

Section 10. L 1997, c 352, amended the procurement law by deleting the definition of "external procurement activity" (c 352, §21) and adding the definition of "external procurement unit" (c 352, §14) in §103D-801, HRS. Section 103D-805, HRS, should be amended to replace the reference to external procurement "activity" with a reference to external procurement "unit". Section 103D-805, HRS, should also be amended by deleting the brackets around the section number to ratify the revisor's numbering of the section.

Section 11. L 1997, c 352, amended the procurement law by deleting the definition of "external procurement activity" (c 352, §21) and adding the definition of "external procurement unit" (c 352, §14) in §103D-801, HRS. Section 103D-806(a), (b), and (c), HRS, should be amended by replacing the references to external procurement "activity" and external procurement "activities" with references to external procurement "unit" and external procurement "units".

Section 12. L 1997, c 352, amended the procurement law by deleting the definition of "external procurement activity" (c 352, §21) and adding the definition of "external procurement unit" (c 352, §14) in §103D-801, HRS. Section 103D-807, HRS, should be amended by replacing the reference to external procurement "activity" with a reference to external procurement "unit". Section 103D-807, HRS, should also be amended by deleting the brackets around the section number to ratify the revisor's numbering of the section.

Section 13. L 1997, c 352, amended the procurement law by deleting the definition of "external procurement activity" (c 352, §21) and adding the definition of "external procurement unit" (c 352, §14) in §103D-801, HRS. Section 103D-808, HRS, should be amended by replacing the reference to external procurement "activity" with a reference to external procurement "unit". Section 103D-808, HRS, should also be amended by deleting the brackets around the section number to ratify the revisor's numbering of the section.

Section 14. Section 166-3, HRS, makes reference to §155-4(12), HRS. L 1997, c 258, §2, amended §155-4, HRS, by, inter alia, renumbering paragraph (12) to paragraph (11). Section 166-3, HRS, should be amended by deleting the reference to §155-4(12) and replacing it with §155-4(11), to conform to the amendment made by L 1997, c 258, §2.

Section 15. The definition of "lands" in §206-1, HRS, makes reference to "section 356-2". L 1997, c 350, enacted chapter 201G (c 350, §2), HRS, and repealed chapter 356 (c 350, §18), HRS, effective July 1, 1998. The definition of "lands" in §206-1, HRS, should be amended by deleting the reference to §356-2 and replacing it with §201G-1.

Section 16. The definition of "public utility" in §269-1, HRS, should be amended by deleting the brackets around "plants" in paragraph (10) of the definition. Paragraph (10) referred to "plans or facilities" prior to the revisor's replacement of "plans" with "plants". Paragraph (8) of the definition refers to "plants or facilities". (emphasis added) The deletion of the brackets ratifies the revisor's replacement of "plans" with "plants".

Section 17. Section 269-33(a), HRS, makes reference to chapter 486I, HRS. L 1997, c 257, repealed chapter 486I (c 257, §5), HRS, and enacted chapter 486J (c 257, §2), HRS. Section 269-33(a), HRS, should be amended by deleting the reference to chapter "486I" and replacing it with chapter "486J", to conform to the amendments made by L 1997, c 257.

Section 18. Section 330-8, HRS, makes reference to "'food' as defined in section 328-1(3)". L 1997, c 214, §1, amended §328-1, HRS, in pertinent part, by replacing the contents of §328-1 with unnumbered definitions. Section 330-8, HRS, should be amended by deleting the reference to section "328-1(3)" and replacing it with section "328-1", to conform to the amendment made by L 1997, c 214, §1.

Section 19. Section 353-22.8, HRS, makes reference to chapter 576 or its successor. L 1997, c 295, repealed chapter 576 (c 295, §5), HRS, and enacted chapter 576B (c 295, §1), HRS. Section 353-22.8, HRS, should be amended by deleting the reference to chapter "576 or its successor" and replacing it with chapter "576B", to conform to the amendments made by L 1997, c 295.

Section 20. Section 412:7-306(h), HRS, refers to a savings and loan association. Although the last sentence in subsection (h) initially refers to a savings and loan association, the latter part of the sentence refers to the "savings association's". The omission of "and loan" appears to have occurred as a result of a simple oversight. Section 412:7-306(h), HRS, should be amended by amending the last sentence to refer to savings "and loan" association's to clarify that it is a savings and loan association that is being discussed.

Section 21. Section 428-1007, HRS, refers to a foreign limited liability company. Although the sentence in subsection (e) initially refers to the "foreign limited liability company", the latter part of the sentence refers simply to the "limited liability company". The omission of "foreign" appears to have occurred as a result of a simple oversight. Section 428-1007(e), HRS, should be amended by adding "foreign" to "limited liability company" to clarify that it is a foreign limited liability company that is being discussed.

Section 22. Section 428-1204(a), HRS, refers to limited liability company or foreign limited liability company. However, the first sentence of subsection (a) contains a reference to "limited company" or foreign limited liability company. The omission of "liability" in "limited company" appears to have occurred as a result of a simple oversight. Section 428-1204(a), HRS, should be amended by amending the first sentence to add "liability" to "limited company" to clarify that it is a limited liability company that is being discussed.

Section 23. Section 428-1301, HRS, pertains to fees to be paid by limited liability companies and foreign limited liability companies. Paragraph (17) of §428-1301, HRS, refers to "limited liability company or limited liability company". The omission of "foreign" from the second reference to "limited liability company" appears to have occurred as a result of a simple oversight. Section 428-1301, HRS, should be amended by adding "foreign" to the second reference to "limited liability company" in paragraph (17). The addition of "foreign" in paragraph (17) will clarify the reference to a limited liability company or "foreign" limited liability company. Section 428-1301, HRS, should also be amended by deleting the brackets around the section number to ratify the revisor's numbering of the section.

Section 24. Section 514A-14.5(c), HRS, makes reference to chapter 356, HRS. L 1997, c 350, enacted chapter 201G (c 350, §2), HRS, and repealed chapter 356 (c 350, §18), HRS, effective July 1, 1998. Chapter 201G, HRS, is already referenced in §514A-14.5. Thus, §514A-14.5(c), HRS, should be amended by deleting the reference to chapter 356, and placing the remaining references to chapters 359 and 201G in numerical order.

Section 25. Section 514A-62, HRS, was amended by L 1997, c 135, §10, to, inter alia, change the word "purchase" in subsection (c) to "purchaser". The amendment was made without any brackets or underscoring and appears to have occurred as a result of a simple oversight. Section 514A-62(c), HRS, should be amended to delete the brackets around "purchase" to ratify the revisor's replacement of "purchaser" with "purchase".

Section 26. Section 516-31, HRS, makes reference to chapters 356 to 360. L 1997, c 350, repealed chapters 356, 358D, 359A, and 360, and chapter 359, parts III, V, VI, and VII (c 350, §18), HRS, and enacted chapter 201G (c 350, §2), HRS, effective July 1, 1998. The other chapters within the "356 to 360" range were earlier repealed. Thus, the only chapter remaining regarding the reference to chapters 356 to 360 is chapter 359.

Section 516-31, HRS, should be amended by deleting the reference to chapters "356 to 360" and replacing it with chapters "201G and 359".

Section 27. Section 521-7(9), HRS, makes reference to chapter 358D, HRS. L 1997, c 350, repealed chapter 358D, Homeless Assistance Act (c 350, §18), HRS, and enacted chapter 201G, Housing and Community Development Corporation of Hawaii (c 350, §2), HRS, effective July 1, 1998. Part IV of chapter 201G pertains to "Homeless Assistance".

Section 521-7(9), HRS, should be amended by deleting the reference to chapter "358D" and replacing it with chapter "201G, part IV", to conform to the amendments made by L 1997, c 350.

Section 28. Section 571-84.5, HRS, is amended by: (1) deleting the reference to chapter "576" and replacing it with chapter "576B"; and (2) deleting the brackets around the section number. L 1997, c 295, repealed chapter 576 (c 295, §5), HRS, and enacted chapter 576B (c 295, §1), HRS. Thus, the reference to chapter "576" should be deleted and replaced with chapter "576B". The deletion of the brackets around the section number ratifies the revisor's numbering of the section.

Section 29. L 1997, c 293, §33, amended §576E-2, HRS, by, inter alia, adding paragraph (11), which referred to "chapter 576 or its successor". L 1997, c 295, repealed chapter 576 (c 295, §5), HRS, and enacted chapter 576B (c 295, §1), HRS. Act 295 also amended §576E-2, in pertinent part, by deleting the reference to chapter "576, the Uniform Reciprocal Enforcement of Support Act" in the first sentence, and replacing it with a reference to chapter "____, the Uniform Interstate Family Support Act" (c 295, §4).

The revisor replaced the reference to chapter "576 or its successor" in §576E-2(11), HRS, with a reference to chapter "576B, the Uniform Interstate Family Support Act" to conform to the amendments made by cc 293 and 295. Section 576E-2(11), HRS, should be amended by deleting the brackets around the reference to chapter "576B, the Uniform Interstate Family Support Act" to ratify the revisor's replacement of the reference to chapter "576 or its successor" with a reference to chapter "576B, the Uniform Interstate Family Support Act".

Section 30. Section 576E-10(c)(6), HRS, makes reference to chapter 576 or its successor. L 1997, c 295, repealed chapter 576 (c 295, §5), HRS, and enacted chapter 576B (c 295, §1), HRS. Section 576E-10(c)(6), HRS, should be amended by deleting the reference to chapter "576 or its successor" and replacing it with chapter "576B", to conform to the amendments made by L 1997, c 295.

Section 31. L 1997, c 52, §7, amended §577-14, by, inter alia, changing the section heading to "Children born to parents not married to each other; support" and by adding in the text of the section "designated as children whose parents have not been married to other at the time of the children's birth". (emphasis added) The omission of the word "each" in "to other" appears to have occurred as a result of a simple oversight. The revisor added the word "each" to make the phrase "married to each other" consistent with the section heading. Section 577-14, HRS, should be amended by deleting the brackets around "each" in "married to each other" in the first sentence of the section to ratify the revisor's addition of "each".

Section 32. L 1997, c 295, repealed chapter 576 (c 295, §5), HRS, and enacted chapter 576B (c 295, §1), HRS. Section 634-37, HRS, should be amended by deleting the reference to chapter "576 or its successor" and replacing it with a reference to chapter "576B".

Section 634-37, HRS, should also be amended by deleting the brackets around the section number to ratify the revisor's numbering of the section.

Section 33. L 1994, c 200, §5, amended §78-4(a), HRS, as follows:

"(a) Any other provision of law to the contrary notwithstanding, no person shall be allowed to serve on more than one state board or commission expressly created by a state statute or the state constitution[.]; provided that this section shall not apply to the Hawaiian sovereignty elections council."

Act 200 had a repeal date of December 31, 1997 (c 200, §17). However, as it did not appear that the legislature intended to repeal §78-4(a) in its entirety on December 31, 1997, the revisor deleted the language that was added to §78-4(a) by L 1994, c 200, §5, and retained §78-4(a) in its pre-1994 amendment form.

L 1994, c 200, §17, should be amended to clarify that §78-4, HRS, shall be reenacted in the form in which it read on the day prior to the approval of the Act, to ratify the revisor's changes to §78-4(a).

Section 34. L 1997, c 236, §1, amended §304-7, HRS. The prefatory language in §1 stated that "Chapter" 304-7 was amended. Chapter 304-7 does not exist. The prefatory language in L 1997, c 236, §1 should be amended to state that it is "Section" 304-7 that is amended.

Section 35. L 1997, c 236, §2, amended §304-9, HRS. The prefatory language in §2 stated that "Chapter" 304-9 was amended. Chapter 304-9 does not exist. The prefatory language in L 1997, c 236, §2 should be amended to state that it is "Section" 304-9 that is amended.

Section 36. L 1997, c 251, §55, amended §431:12-101, HRS. The prefatory language in §55 stated that Section "413:12-101" was amended. Section 413:12-101 does not exist. The prefatory language in L 1997, c 251, §55, should be amended to state that it is Section "431:12-101" that is amended.

Section 37. L 1997, c 367, §2, amended §432:1-502, HRS. The prefatory language of §2 stated that Section "431:1-502" was amended. Section 431:1-502 does not exist. The prefatory language in L 1997, c 367, §2 should be amended to state that it is Section "432:1-502" that is amended.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2447 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, McCartney).

SCRep. 2795 Economic Development on H.B. No. 2780

The purpose of this bill is to improve and clarify the state statutes enacted pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 ("Welfare Reform Act").

Testimony was presented supporting the intent of the bill at the hearing by a representative of the Attorney General. Although not present at the hearing, the Department of Human Services submitted written testimony in support of the bill.

Your Committee finds that it is in agreement with the intent of this bill. However, your Committee finds that the bill only addresses situations where the father bears the cost of genetic testing in contested paternity cases.

After considering all pertinent issues and testimony, your Committee has amended the bill by adding language to the affect that the cost of genetic testing may be borne by the mother, if appropriate, in administrative actions. Technical, nonsubstantive changes were also made to the bill.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2780, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2780, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Kawamoto, Levin, McCartney).

SCRep. 2796 (Majority) Economic Development on H.B. No. 2997

The purpose of this bill is to make an emergency appropriation to be used to host the Miss Universe Pageant in May 1998.

Testimony supporting the intent of the bill was presented at the hearing by the Director of Business, Economic Development, and Tourism. Testimony in support of the bill was presented at the hearing by the President of the Hawaii Visitors and Convention Bureau (HVCB). Written testimony in opposition to the measure was received from the Hawaii State Commission on the Status of Women and the Hawaii Women's Coalition.

Your Committee finds that hosting the Miss Universe Pageant will provide economic benefits to Hawaii and, therefore, is moving the measure forward. However, your Committee would like to note a number of issues that remain unresolved:

- (1) Given the economic conditions in Hawaii, it is difficult for the State to make an appropriation for the kinds of services outlined in the budget provided by the HVCB;
- (2) HVCB is seeking in-kind contributions for costs associated with this event. However, there are no incentives in place to encourage the HVCB to continue to increase in-kind contributions once the emergency funds are appropriated;
- (3) HVCB, as the prime sponsor of this event, is not looking to provide support for the event by restructuring its own budgetary priorities; and
- (4) The contract to host the Miss Universe Pageant was signed before the funds were in place which leaves very little opportunity for legislative input.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2997, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, 1 (Slom). Excused, 4 (Bunda, Kawamoto, Levin, McCartney).

SCRep. 2797 Economic Development on H.B. No. 3365

The purpose of this bill is to remove the repeal date of the Convention Center Authority.

Testimony in support of this bill was presented at the hearing by the Director of Business, Economic Development, and Tourism, and the Vice-Chair of the Convention Center Authority. Though not present at the hearing, written testimony in support of the bill was received from the Hawaii Convention Park Council, the Pacific Resource Partnership, and the Hawaii Hotel Association.

A representative of the Ala Moana Residents Advisory Council presented testimony at the hearing in support of including legislative oversight of the Convention Center Authority. Though not present at the hearing, written testimony was submitted by two members of the Neighbors of the Ala Wai which supports the bill with an amendment that provides for legislative oversight of the Convention Center Authority.

Your Committee finds that it is necessary to provide legislative oversight of the Convention Center Authority in order to resolve outstanding problems relating to traffic, noise, and other outstanding claims against the Convention Center Authority regarding construction and operation.

After considering the pertinent issues and testimony, your Committee has amended the bill by:

- (1) Changing the Convention Center Authority repeal date to June 30, 1999; and
- (2) Adding a provision mandating the auditor to audit and monitor the Convention Center Authority regarding unresolved problems. The audit may also include financial audit issues that the auditor deems appropriate.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3365, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3365, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Kawamoto, Levin, McCartney).

SCRep. 2798 Government Operations and Housing on H.B. No. 2331

The purpose of this bill is to ensure that condominium apartment owners and the Real Estate Commission have direct communicative access to the officers of the association of apartment owners (AOAO).

The Real Estate Commission, Hawaii Council of Association of Apartment Owners, and Community Associations Institute submitted testimony in support of this bill. The testimony indicated that under current law a designated public contact person was the liason between the officers of the AOAO and the public. However, it was sometimes the case that the contact person failed to relay the information received to the board members and officers of the AOAO. Furthermore, condominium apartment owners need direct communication with the officers in order to voice any concerns regarding the condominium. On the other hand, the privacy concerns of the AOAO officers must be taken into consideration.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that this bill adequately balances the rights and concerns of both the AOAO officers and the need for direct communicative access with them. Your Committee has amended this bill by requiring that the name and current mailing address of a designated officer of the AOAO where the officer can be contacted directly be registered with the Real Estate Commission.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2331, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2331, H.D. 1, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Anderson).

SCRep. 2799 Government Operations and Housing on H.B. No. 2435

The purpose of this bill is to re-enact the Hale Kokua pilot project as a permanent program under the Housing and Community Development Corporation of Hawaii.

The Hawaii Housing Authority and the Kalihi-Palama Community Council submitted testimony in support of this bill.

The Hawaii Housing Authority testified that substantial ground work for the Hale Kokua program has been laid and re-enactment of the program will provide a viable alternative to homeless shelters.

The Kalihi-Palama Community Council testified that the Hale Kokua program has the potential to significantly reduce the homeless problem in Hawaii at a minimal cost to the State. The Hale Kokua program was scheduled to be extended by the legislature

in 1997, however, due to an unintentional error in the omnibus bill calling for the consolidation of all state housing functions into a single entity, the Hale Kokua program was mistakenly repealed.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that the Hale Kokua program is an extremely useful tool for the State's homeless effort that offers a creative system of incentives.

Your Committee has amended this bill by:

- (1) Replacing its contents with the Senate's version of this bill for purposes of correct drafting style; and
- (2) Deleting the language in the inserted Senate version that permits the moneys of the employment and training fund to be expended for training programs to provide job-specific skills for tenants participating in the Hale Kokua program under chapter 201G, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2435, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2435, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2800 Economic Development on S.C.R. No. 9

The purpose of this Concurrent Resolution is to support the efforts to establish a professional sports franchise in Hawaii.

Testimony in support of the measure was presented at the hearing by representatives of the Department of Business, Economic Development, and Tourism and the Economic Revitalization Task Force. Written testimony in support of the measure was received from the Hawaii Business Roundtable.

Your Committee finds that establishing professional sports franchises in Hawaii would provide economic benefits to the State. Members of your Committee expressed concerns that state and county initiatives to develop infrastructure for professional sports activities are not being coordinated and may lead to competition between venues.

After considering the pertinent issues and testimony, your Committee has amended the measure by:

- (1) Requesting the Department of Business, Economic Development, and Tourism to conduct a study to include:
 - (A) Ongoing efforts of state and county agencies and private organizations to provide infrastructure for professional sports activity in Hawaii;
 - (B) Projected future needs to provide for the continued expansion of professional sports activity in Hawaii; and
 - (C) Investigation of the wide-range of professional sports activities, including women's sports, such as the WNBA;
- (2) Changing the title to clarify that the subject of the Concurrent Resolution refers not to just baseball as the phrase "major league" appears to imply, but to any professional sports franchise;
- (3) Including the Governor, the President of the Senate, and the Speaker of the House of Representatives as recipients of certified copies of the Concurrent Resolution;
- (4) Removing the reference to funding a non-profit organization to pursue a major sports franchise in Hawaii in the fourth WHEREAS provision; and
- (5) Making technical, non-substantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 9, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 9, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Chumbley, Levin, Matsunaga, McCartney).

SCRep. 2801 Economic Development on S.C.R. No. 40

The purpose of this Concurrent Resolution is to request that the State and County of Hawaii construct a multi-purpose sports and recreation complex in Hilo.

Testimony supporting the intent of this Concurrent Resolution was presented at the hearing by the Director of Business, Economic Development, and Tourism. Testimony supporting the Concurrent Resolution was presented at the hearing by two representatives of the County of Hawaii Department of Recreation. Though not present at the hearing, written testimony in support of the Concurrent Resolution was received from the Athletic Director of Waiakea High School and the Hilo American Youth Soccer Organization.

Your Committee finds that Hilo does not at present have a multi-sports and recreation complex which is suitable for high school, college, recreational and professional sports activities. Further, such a complex in Hilo would be beneficial to the residents and visitor populations.

After considering the pertinent issues and testimony, your Committee amended this Concurrent Resolution by:

- (1) Expressing support for the construction of the sports complex;
- (2) Requesting that the State and County of Hawaii work together to plan for the design and construction of the sports complex;
- (3) Requesting that the State and County jointly report their progress in developing the sports complex plan to the Legislature; and
- (4) Changing the title to "Supporting the Construction of a Multi-purpose Sports and Recreation Complex in Hilo."

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 40, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 40, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 4 (Bunda, Kawamoto, Levin, McCartney).

SCRep. 2802 Economic Development on S.R. No. 13

The purpose of this Resolution is to request that the State and County of Hawaii construct a multi-purpose sports and recreation complex in Hilo.

Testimony supporting the intent of this Resolution was presented at the hearing by the Director of Business, Economic Development, and Tourism. Testimony supporting the Resolution was presented at the hearing by two representatives of the County of Hawaii Department of Recreation. Though not present at the hearing, written testimony in support of the Resolution was received from the Athletic Director of Waiakea High School and the Hilo American Youth Soccer Organization.

Your Committee finds that Hilo does not at present have a multi-sports and recreation complex which is suitable for high school, college, recreational and professional sports activities. Further, such a complex in Hilo would be beneficial to the residents and visitor populations.

After considering the pertinent issues and testimony, your Committee amended this Resolution by:

- (1) Expressing support for the construction of the sports complex;
- (2) Requesting that the State and County of Hawaii work together to plan for the design and construction of the sports complex;
- (3) Requesting that the State and County jointly report their progress in developing the sports complex plan to the Legislature; and
- (4) Changing the title to "Supporting the Construction of a Multi-purpose Sports and Recreation Complex in Hilo."

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 13, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 13, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 4 (Bunda, Kawamoto, Levin, McCartney).

SCRep. 2803 Education on S.C.R. No. 34

The purpose of this concurrent resolution is to request that the Governor establish a Wahiawa Centennial Celebration Advisory Commission by executive order.

Your Committee received testimony in support of this measure from two members of the Wahiawa Community and Business Association and the Hawai'i Restaurant Association.

Your Committee finds that the Wahiawa community will be honoring its rich heritage and celebrating its centennial anniversary with a celebration that includes several events.

Your Committee further finds that in order to protect the individuals involved in the planning and staging of the planned events from civil liability, the Centennial Advisory Commission must be established by the Governor's executive order.

Your Committee amended the concurrent resolution by making a technical, nonsubstantive amendment for clarity and style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 34, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 34, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Solomon).

SCRep. 2804 Judiciary on H.B. No. 2846

The purposes of this bill, as received by your Committee, are:

- (1) To increase the fines assessed on persons for the illegal sale of tobacco products to minors;
- (2) To increase the fines assessed on minors who purchase tobacco products; and
- (3) To hold the parents or legal guardians of these minors responsible for the payment of any fines imposed on the minor who illegally purchased tobacco products.

Your Committee finds that smoking rates among Hawaii's youth are alarmingly high and have been rising over the past decade. Your Committee further finds that through a survey done by the Department of Education, 34 percent of public high school students smoke.

Your Committee notes that the existing statute prohibiting the sale of tobacco products to minors has been ineffective in curbing the increasing rate of smoking among the youth. Further, your Committee agrees that the present structure for fines and penalties is outdated and a more up-to-date fee structure which is in line with current standards is needed to increase local compliance and reduce illegal tobacco sales to minors.

Testimony in support of this bill was submitted by: the Department of Health; the Department of the Attorney General; the Honolulu Police Department; Hawaii Congress of Parents, Teachers and Students; Hawaii Medical Association; American Cancer Society; American Heart Association; American Lung Association; Coalition for a Tobacco Free Hawaii; the Hawaii State Commission on the Status of Women; and the Effective National Action to Control Tobacco.

Testimony in opposition to the bill was submitted by the Office of the Public Defender.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the provision that makes parents or legal guardians of the minor who illegally purchased the tobacco product responsible for the payment of any fine imposed upon the minor;
- (2) Deleting the provisions that increase the fines for minors for the first and any subsequent offense since these minors are not currently being fined;
- (3) Deleting the provisions requiring community service for minors and retaining the original statute which allows the court to require community service at its discretion; and
- (4) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2846, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2846, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 2805 Judiciary on H.B. No. 3032

The purpose of this bill is to make an emergency appropriation of \$2,151,800 to enable the Department of Public Safety to pay the cost of transferring inmates out-of-state for the remainder of the 1997-1998 fiscal year.

Your Committee finds that due to the overcrowding in our prisons, the Department of Public Safety needs to transfer 300 additional inmates currently incarcerated in Hawaii to out-of-state facilities. Your Committee further finds that the problem of overcrowding is a serious threat to public safety because criminal offenders are either avoiding incarceration altogether or prisoners are being released prior to the expiration of their sentence. Furthermore, your Committee has been informed that Hawaii's prison population is continuing to increase and, therefore, providing this additional funding to transfer inmates is essential.

Testimony in support of the bill was submitted by: the Department of Public Safety; the Department of the Prosecuting Attorney of the City and County of Honolulu; and the Government Efficiency Teams, Inc.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3032, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 2806 Judiciary on H.B. No. 2711

The purpose of this bill is to expand the provisions of Chapter 37D, Hawaii Revised Statutes (HRS), to include the Judiciary, so that the Judiciary may enter into alternative financing agreements. This bill also provides that the amounts due in unpaid financing agreements shall be part of the Judiciary's budget, as opposed to part of the executive budget.

Your Committee finds that Chapter 37D, HRS was enacted to permit state agencies to enter into creative financing agreements and thereby expedite construction projects while not jeopardizing ratings on state bonds. However, Chapter 37D presently omits the Judiciary from the definition of an "agency" entitled to enter into such financial agreements. Your Committee believes that allowing the Judiciary to enter into such agreements mirrors the original purpose for which Chapter 37D, HRS, was enacted.

Testimony in support of this bill was submitted by the Judiciary. The Department of Budget and Finance submitted comments on this bill.

Upon further consideration, this bill has been amended by making a technical amendment for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2711, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2711, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 2807 Education on H.B. No. 2230

The purpose of this bill is to rename and incorporate forestry and natural resource management into the agricultural program at the University of Hawaii at Hilo.

Your Committee received testimony in support of this measure from the University of Hawaii at Hilo and the Board of Land and Natural Resources.

Your Committee finds that Hawaii is one of the few states that does not have any professional natural resource management school yet Hawaii has an immense and diverse ecosystem.

Your Committee further finds that Hawaii has the 11th largest state forest in the United States, the oldest state forest management agency west of the Mississippi, and is the steward of America's tropical forests.

Your Committee further finds that several companies are currently interested in processing locally grown wood for veneer and solid wood production, making forestry a viable and economical land use.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2230, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Solomon).

SCRep. 2808 (Majority) Education on H.B. No. 2899

The purpose of this bill is to allow state boards subject to the public meeting requirements of Chapter 92 (the "Sunshine Law"), Hawaii Revised Statutes, to hold a meeting closed to the public to consider matters relating to the solicitation and acceptance of private donations.

The University of Hawaii (UH) submitted testimony in support of this bill.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that this bill will protect the confidentiality of those donors who choose to have their donation transactions with the UH remain private and that this bill may increase the amount of private donations.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2899 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Slom). Excused, 3 (Fernandes Salling, Ige, D., Solomon).

SCRep. 2809 Education on H.B. No. 3004

The purpose of this bill is to modify and clarify Chapters 37 and 37D, Hawaii Revised Statutes, with respect to financing agreements in general and as applicable to the University of Hawaii and the Department of Education.

The University of Hawaii submitted testimony commenting on this bill and expressed that it had no objection to its passage.

Upon consideration of the pertinent issues and testimony presented, your Committee finds that this bill appropriately amends the reporting and budgeting requirements for the University of Hawaii and the Department of Education and clarifies the provisions in Chapter 37D, Hawaii Revised Statutes, relating to the management of financing agreements in general.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3004, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Solomon).

SCRep. 2810 Education on H.B. No. 3454

The purpose of this bill is establish a commission and appropriate funds to celebrate the 100th anniversary of the arrival of Okinawans to Hawaii in the year 2000.

Your Committee received testimony in support of this measure from the State Foundation on Culture and the Arts.

Your Committee finds that it is important to recognize the contributions different ethnic groups have made in Hawaii's history.

Your Committee further finds that it is important to recognize the centennial anniversary of the first arrivals of Okinawans to Hawaii in order to celebrate their contributions.

Your Committee therefore, amended the bill by replacing the \$1 appropriation with \$100,000 to encourage funding.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3454, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3454, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Solomon).

SCRep. 2811 Education on H.B. No. 2695

The purpose of this bill is to repeal Chapter 318, Hawaii Revised Statutes (HRS), which requires an annual conference of college and university student leaders.

The University of Hawaii submitted testimony in support of this bill.

The University of Hawaii indicated that the Association of College Unions International - Hawaii annually conducts a conference where approximately 120-140 student leaders and staff are brought together for three days of intensive leadership education and organizational development training. Given the success of that conference, the University of Hawaii believes that the state conference required by Chapter 318, Hawaii Revised Statutes, is not necessary.

Upon consideration of all pertinent issues and testimony presented, your Committee concurs with the testimony submitted by the University of Hawaii.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2695 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Solomon).

SCRep. 2812 Transportation and Intergovernmental Affairs on H.B. No. 3581

The purpose of this bill is to create penalties for operating a moped on a roadway without a valid driver's license.

Your Committee has previously heard testimony on the companion bill S.B. No. 2549, S.D. 1.

Your Committee finds that the penalties imposed under this measure will enable enforcement of this law.

Your Committee has amended this bill by correcting statutory language to properly reflect the current Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3581, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3581, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2813 Transportation and Intergovernmental Affairs on H.B. No. 2613

The purpose of this bill is to amend the Hawaii Revised Statutes to replace references to county boards of supervisors with references to the council of each county, and also to clarify references to "ex officio", "county clerk", "attorney", "treasurer", and "chairperson".

Your Committee finds that a board of supervisors no longer exists within each county, and has taken this opportunity to amend the law to reflect the current and correct name for the legislative bodies of the counties.

Your Committee previously held a hearing on companion bill S.B. No. 2074, S.D. 1, on January 29, 1998.

Your Committee has amended this measure by deleting the amendments to section 26-12, Hawaii Revised Statutes, in Section 1 to keep the statute intact as it provides valuable historical reference to the existence of the board of supervisors for each county before 1959.

Your Committee has also made technical, nonsubstantive amendments throughout this measure for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2613, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2613, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2814 Human Resources on H.B. No. 2528

The purpose of this bill is to exempt election workers from the employment security law.

Your Committee received testimony in support of this bill from the Department of Labor and Industrial Relations and the Office of Elections.

This bill is consistent with the Federal Unemployment Tax Act which exempts state election workers who earn less than \$1,000 from unemployment compensation.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2528, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2815 Human Resources on H.B. No. 2901

The purpose of this bill is to provide emergency funds for the University of Hawaii (UH) for its workers' compensation costs.

Your Committee received testimony in support of this bill from the UH.

Act 328, Session Laws of Hawaii 1997, delegated budgetary responsibility to the UH for workers' compensation costs for its own employees. Act 328 appropriated a sum of moneys for this purpose for fiscal year 1997 to 1998, which has been exhausted.

This bill appropriates \$100,000 for fiscal year 1997 to 1998, out of the UH workers' compensation revolving fund, and the same sum for fiscal year 1997 to 1998, out of the UH workers' compensation special fund.

However, your Committee notes that the funds from which the appropriations are made do not exist. This being the case, your Committee defers to the Committee on Ways and Means on this matter.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2901, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2816 Economic Development on H.B. No. 2655

The purpose of this bill is to direct the Department of Business, Economic Development, and Tourism to conduct infrastructure project finance seminars.

Testimony in support of this bill was heard at the hearing from the Director of Business, Economic Development, and Tourism. Testimony supporting the intent of the bill was heard at the hearing from representatives of the Department of Transportation and the Neighborhood Board No. 12, Nuuanu-Punchbowl. Written testimony supporting the intent of the bill was received from the Convention Center Authority.

Your Committee finds that the Department of Business, Economic Development, and Tourism sponsored a successful seminar on infrastructure finance in December, 1997, which was co-sponsored by the financial services firm of Smith Barney. After the success of this seminar, the U.S. Department of Commerce expressed interest in holding similar seminars in Hawaii. Your Committee also finds that this initial seminar and future seminars will not require additional funding from the Legislature.

After considering the pertinent issues and testimony presented, your Committee amended this bill by:

- (1) Replacing the reference to "the Marks estate in Nuuanu" with "the Convention Center or other appropriate facility;" and
- (2) Replacing references to "institute" with "series of seminars."

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2655, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2655, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 2 (Levin, Matsunaga).

SCRep. 2817 Economic Development on H.B. No. 2967

The purpose of this bill is to designate surfing as the official state individual sport.

Testimony in support of this measure was presented at the hearing by a representative of the Office of Hawaiian Affairs, and three individuals. Written testimony in support of the bill was received from the International Surfing Association, the Waikiki Improvement Association, Waikiki Beach Activities and one individual.

Your Committee finds that surfing is a sport deeply rooted in Hawaiian culture, Hawaii is renowned throughout the world for its surfing, and the International Olympic Committee formally recognized the sport of surfing in June, 1995.

Your Committee has amended this bill by making a technical, nonsubstantive change for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2967, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2967, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 2 (Levin, Matsunaga).

SCRep. 2818 Economic Development on H.B. No. 3045

The purpose of this bill is to clarify definitions relating to general excise tax exemptions for the construction and operation of aircraft service and maintenance facilities.

Testimony in support of this bill was presented at the hearing by the Director of Taxation, and representatives of Aloha Airlines and Hawaiian Airlines. The Tax Foundation submitted written comments on the bill.

Your Committee finds that clarification of the definitions is necessary for a fair application of the general excise tax.

Your Committee has amended this bill by:

- (1) Exempting amounts received from the sale of material, parts, or tools purchased by a person licensed under the general excise tax law for use for aircraft service and maintenance;
- (2) Specifying within the definition of "aircraft service and maintenance" that refueling, janitorial services, restocking of supplies, and loading and unloading cargo do not qualify as aircraft service and maintenance for the purposes of tax;
- (3) Deleting the definition of "maintenance";
- (4) Amending the definition of "construction of an aircraft service and maintenance facility" to apply only to facilities eighty thousand square feet or larger; and
- (5) Deleting from the effective date the provision regarding applicability to taxable years after June 30, 1997.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3045, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3045, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 2 (Levin, Matsunaga).

SCRep. 2819 Education on H.B. No. 3331

The purpose of this bill is to streamline the historic preservation review process and ensure a standard of quality is applied to the studies conducted for the purpose of evaluating historical sites by:

- (1) Establishing minimum qualifications for professionals who undertake projects that must be reviewed by the State Historic Preservation Division; and
- (2) Establishing penalties for any work conducted as part of the historic preservation review process by a professional who does not meet these minimum qualification standards.

The Department of Land and Natural Resources supported the intent of the bill and recommended certain administrative amendments.

It is your Committee's understanding that a frequently encountered problem in the evaluation of Hawaiian cultural sites is a lack of knowledge of the culture and geography of Hawaii. Consequently, the quality of the historical reviews varies with the ability and knowledge of the professionals performing the review. The unfortunate ramifications of this lack of expertise are often realized only after the completion of the studies. Therefore, your Committee believes that minimum qualification standards would mitigate this problem by establishing a base level of expertise.

Your Committee finds that this measure is needed to ensure that the preservation of Hawaiian historical sites is conducted by qualified professionals that are cognizant of Hawaii's innate uniqueness.

Based on the recommendations by the Department of Land and Natural Resources, your Committee has amended this bill by:

- (1) Allowing an architect's project related experience to be used as an acceptable criterion to qualify architects that wish to participate in historic preservation projects;
- (2) Deleting the requirement that a historic preservation professional be a licensed architect;
- (3) Stating that a person who is qualified to perform ethnographic evaluations under the bill need only possess one of the four qualifications listed in the bill, rather than all of them; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3331, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3331, H.D. 2, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Solomon).

SCRep. 2820 Economic Development on H.B. No. 735

The purpose of this bill is to recognize game mammals such as the feral pig for cultural, subsistence, and recreational purposes. The bill also requires the Department of Land and Natural Resources to adopt rules which respects the cultural traditions of subsistence hunters.

Testimony in support of this bill was presented at the hearing by a representative of the Department of Land and Natural Resources and the ILWU Local 142, which also presented a list of 415 additional petitioners in support of the bill. Written testimony was also received in support of the bill from the Board of Directors of the Wildlife Conservation Association and the Big Island Bird Hunters.

Your Committee finds that this bill ensures the continued viability of game mammals such as the feral pig which are a significant resource to be managed for, among other reasons, cultural, subsistence, and recreational purposes.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 735, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Matsunaga, McCartney, Tanaka).

SCRep. 2821 Economic Development on H.B. No. 2547

The purpose of this bill is to issue special purpose revenue bonds for a planned slaughterhouse at Campbell Industrial Park on Oahu.

This bill authorizes the issuance of special purpose revenue bonds in the amount of \$10 million for the purpose of assisting the Palama Meat Company in financing the establishment of a slaughterhouse, including a meat processing plant and a waste processing plant. Your Committee finds that this construction constitutes a processing enterprise project as defined in part IV, chapter 39A, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2547, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Matsunaga, McCartney, Tanaka).

SCRep. 2822 Economic Development on H.B. No. 3403

The purpose of this bill is to deter the problems of theft and trespass on agricultural lands.

Specifically, the bill addresses these problems by:

- (1) Making it a criminal trespass in the first degree to knowingly enter or remain unlawfully in or upon cultivated, agricultural land that is fenced, enclosed, or secured in a manner to exclude intruders or on which is displayed the signage, "Private Property";
- (2) Making the offense of theft in the second degree of an aquaculture product or of agricultural equipment, supplies, or products subject to the requirement that the theft occur on:
 - (a) Premises that are fenced, enclosed, or secured in a manner designed to exclude intruders; or
 - (b) Premises on which is displayed a sign or signs sufficient to give notice;
 and
- (3) Changing the wording and spacing specifications of the signage for private property.

Your Committee finds that significant losses to farmers and ranchers occur as a result of trespass and the subsequent theft of crops, livestock, and equipment.

Your Committee believes that this bill will serve as an adequate deterrent to potential thieves and trespassers who victimize farmers and ranchers.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3403, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Kawamoto, Matsunaga, McCartney, Tanaka).

SCRep. 2823 Water, Land, and Hawaiian Affairs on H.B. No. 2558

The purpose of this bill is to establish a coordinated, collaborative, and consistent system of state and county plans, procedures, and programs governing land use and development in the State, to effectively manage the State's physical development and to protect the State's unique economic, natural, social, historical, and cultural assets for current and future generations.

The bill accomplishes these goals by establishing distinct roles for the State, the counties, and the county land use planning and management system to reduce overlap in land use responsibilities, build on the respective strengths and efficiencies of county and state agencies, and increase accountability for land use planning and management decisions.

The bill creates a more efficient system of land use planning by:

- (1) Making the Land Use Commission responsible for conducting conservation district boundary amendment proceedings;
- (2) Making the Land Use Commission, rather than the Office of Planning, responsible for a variety of functions, such as evaluating county plans, adopting statewide planning and development standards to supplement those contained in the bill, and certifying revisions of maps designating important agricultural lands; and
- (3) Clarifying that boundary amendment petitions to reclassify land to or from the conservation district shall be processed in accordance with state administrative procedures contained in Chapter 91, Hawaii Revised Statutes.

Your Committee has amended the bill by deleting its contents and inserting the provisions of S.B. No. 2063, S.D. 2, which is the Senate's version of effectuating land use reform.

The bill, as amended, redefines the relationship of state and county jurisdictions in the area of land planning and utilization to:

- (1) Promote efficiency and avoid duplication in the current land use system;
- (2) Establish clear lines of responsibility for decision making and oversight;
- (3) Promote the uniform application of state policies regarding the protection of Hawaii's environment and economy, and the provision of shelter and basic necessities of life to all members of the community; and
- (4) Establish a methodology by which state and county governments can resolve competing interests.

Your Committee recognizes that one of the primary recommendations of the 1997 Economic Revitalization Task Force (ERTF) was to improve the government land use regulatory process by eliminating duplicative government regulation, streamlining the land use process, and bringing timeliness and certainty in decision making. To achieve this goal, the ERTF recommended the elimination of the Land Use Commission (LUC).

Your Committee was concerned however, that the abolishment of the Land Use Commission would require a constitutional amendment and was diligent in questioning the Office of Planning on this concern during its public hearing on S.B. No. 2063. It is your Committee's belief that the Hawaii State Constitution, Article XI, section 3, mandates that "the State shall conserve and protect agricultural lands" and that the "legislature shall provide standards and criteria to accomplish the foregoing." The Constitution further provides that:

"Lands identified by the State as important agricultural lands needed to fulfill the purposes above shall not be reclassified by the State or rezoned by its political subdivisions without meeting the standards and criteria established by the legislature...." (emphasis added)

In short, while the LUC could be eliminated, the State Constitution appears to mandate that the State must regulate and reclassify important agricultural lands. Hence, if the LUC, which presently classifies agricultural lands, is eliminated, it may be constitutionally impermissible to transfer regulatory responsibility over important agricultural lands to the counties without a constitutional amendment.

Understanding your Committee's concern, the Office of Planning obtained an Attorney General opinion on the issue that in pertinent part, concurs with your Committee's assessment of the necessity of a constitutional amendment. Your Committee has attached a copy of the Attorney General's opinion as an exhibit to this report as a reference.

Toward the goal of improving the State's land use process, your Committee notes that the 1997 Legislature had already recognized the need to review the land use process when it adopted H.C.R. No. 215, H.D. 1. Among the concerns raised in the resolution were, inter alia:

- "(1) Extraordinary amounts of time required to secure development approvals;
- (2) Duplicative state and county review processes;
- (3) Substantial degree of uncertainty as to what can and cannot be done;
- (4) Excessive reliance on litigation to resolve planning and policy questions and settle specific disputes;
- (5) Too many public resources spent on project-by-project regulation and too little spent on effective planning;
- (6) Confusion over the purpose of the State Agricultural District, the rules for allowing residential use, and the criteria for designating agricultural lands;"

Pursuant to H.C.R. No. 215, a joint Senate-House legislative committee on land use planning was appointed to review the land use process. The joint committee conducted hearings in all four counties. The joint committee invited public comments on the ERTF's proposal to eliminate the LUC. During these hearings, the joint committee received numerous testimonies opposing the elimination of the LUC. A committee report signed by all five Senate members of the joint committee was transmitted to the Senate President on January 22, 1998.

It must be emphasized that your Committee recognizes the need, expressed by the ERTF and H.C.R. No. 215, to streamline the land use process and to end duplicative government regulation. At the public hearing on the Senate's version of the land use reform bill, several speakers raised concerns that:

- (1) The present land use system is duplicative; is not conducive to long-range planning and policy setting by the LUC;
- (2) The LUC too often acts as a zoning agency engaged in parcel-by-parcel regulation rather than as a policymaking authority engaged in long-range planning for our State; and
- (3) The present system detracts from focusing on regulation over important agricultural lands because of an over-inclusion of marginal lands in the agricultural district.

Your Committee believes that the land use process must be reformed, the process must be streamlined, and clear lines of jurisdictional authority must be established. Your Committee stands by its belief that there remains a need for a statewide planning agency to provide long-range planning for our State. Finally, in light of Article XI, section 3, of our Constitution, your Committee believes that absent a constitutional amendment, regulation of important agricultural lands must remain under the jurisdiction of the State and that the State must act to identify and regulate important agricultural lands. The amended bill accomplishes these objectives by:

- (1) Changing the name of the "State Land Use Commission" to the "State Planning Commission";
- (2) Giving the State Planning Commission sole authority to adjust land use district boundaries in the conservation and agricultural districts;
- (3) Giving the counties sole authority to adjust land use district boundaries in the urban and rural districts, and sole authority over zoning matters;
- (4) Requiring the State Planning Commission to adopt a state land use strategy document to guide the decision making of the Commission and other appropriate state and county agencies in their planning activities;
- (5) Requiring the state land use strategy document to identify state program priorities and concerns for the management of resources, facilities, and services under state jurisdiction within each county;
- (6) Requiring the Office of Planning to prepare and periodically (i.e., every five years) review the state land use strategy document;
- (7) Allowing open area recreational facilities, including golf courses and golf driving ranges, in rural districts; and disallowing golf courses and golf driving ranges in the agricultural district;
- (8) Replacing the Land Study Bureau's soil classification system with a system based on the agricultural lands of importance to the State of Hawaii (ALISH) classification system, the land evaluation and site assessment (LESA) classification system, the Land Study Bureau's classification system, and the production of high-value and unique agricultural commodities;
- (9) Requiring the counties to bring all county planning and zoning classifications into compliance with the new criteria for classifying agricultural, conservation, rural, and urban lands;
- (10) Requiring the Office of Planning to prepare land use district classification maps showing those marginal lands in the agricultural district that should be reclassified to the urban, rural, or conservation districts;
- (11) Requiring the Office of Planning to provide opportunities for public review and comment during the identification of areas for inclusion in or exclusion from the agricultural district and the delineation of the final proposed land use boundary amendments;
- (12) Requiring the State Planning Commission to approve or disapprove the proposed land use district boundary amendments by an affirmative vote of two-thirds of the total membership of the Commission;

- (13) Allowing a change in land use district classification resulting from a State Planning Commission decision to be appealed to the circuit court of the circuit in which the land in question is situated;
- (14) Increasing the minimum lot size for agricultural uses in the agricultural district from one acre to five acres;
- (15) Requiring the county planning departments to provide the State Planning Commission with an annual report on the status of the development of lands reclassified by the Commission;
- (16) Requiring petitions for the reclassification of agricultural land to be submitted to the State Planning Commission in order to determine whether or not the lands are important agricultural lands;
- (17) Requiring the formulation and revision of the state land use strategy document to be in conformance with the overall theme, goals, objectives, policies, and priority guidelines contained in the Hawaii State Planning Act;
- (18) Establishing an ad hoc State of Hawaii important agricultural lands commission to develop criteria, standards, and procedures for designating important agricultural lands to the State, and for guiding land use decision making involving important agricultural lands;
- (19) Requiring the criteria and standards for the designation and reclassification of important agricultural lands to include quantitative and qualitative factors that consider land evaluation and land use assessment; and
- (20) Requiring the ad hoc Commission to identify and develop criteria and standards necessary to provide uniform, statewide policy guidance for the planning and regulation of the use and management of important agricultural lands.

LAND USE RECLASSIFICATION

Recognizing that the state agricultural land use district includes marginal lands that are unsuited for agricultural purposes or which have been developed for non-agricultural use or are more suitable for non-agricultural use, the bill calls for the reclassification of these lands from the agricultural district to the rural district, thereby focusing state responsibility on the regulation of important agricultural lands. The following process will be used to facilitate the reclassification of lands of lesser agricultural value from the state agricultural district to other districts.

First, the Office of Planning is required to prepare district classification maps showing those lands in the agricultural district which are proposed for reclassification to the urban, rural, or conservation districts. The Office of Planning is to prepare these maps in consultation and cooperation with the county planning agencies, Department of Agriculture, and appropriate agricultural and other interest groups.

The Office of Planning shall then use the land criteria provided in section 205-2(d), Hawaii Revised Statutes, as a basis for determining the lands to be considered for retention in the agricultural district. The long-range land use patterns and areas designated agricultural or rural in adopted county general and development or community plans and the resource value of lands within the agricultural district for aquifer recharge shall also be considered in the determination of lands to be proposed for redistricting and lands proposed for retention in the agricultural district.

To ensure that state agencies and the general public are consulted in this process, the Office of Planning must provide opportunities in each county for public review and comment throughout the process prior to delineating the final proposed boundary amendments.

Upon the completion of these proceedings, the recommendations of the Office of Planning for boundary amendments will be submitted to the State Planning Commission in a report documenting the information used to formulate the recommendations, rationale, proposed district classification maps, and mitigation measures that may be necessary at the time that land use or development applications are submitted to the counties. The State Planning Commission shall then hold at least one public hearing in each county prior to its final adoption of the proposed district boundaries for that county. The State Planning Commission must approve or disapprove the proposed district boundary amendments in whole or in part within forty-five days after the conclusion of the public hearing. The adoption of the new district boundaries shall be adopted in final form on or before December 31, 1999, and will require a two-thirds affirmative vote of the Commission.

IMPORTANT AGRICULTURAL LANDS DESIGNATION

In the course of deliberation, your Committee found that Article XI, Section 3, of the State Constitution mandates the State to conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency, and assure the availability of agriculturally suitable lands. Section 3 also requires the Legislature to provide standards and criteria to accomplish these objectives.

To fulfill this constitutional mandate, the bill establishes a temporary commission authorized to develop principles, criteria, and standards to meet the State's agricultural objectives.

The State of Hawaii Important Agricultural Lands Commission is to serve for a period of two years and is charged with the responsibility to develop a set of criteria, standards, and procedures for the designation of important agricultural lands and to guide land use decision-making involving the designated important agricultural lands. The criteria, standards, and procedures are to be formulated to provide a coherent, long-range state agricultural land use policy, that will enable and promote the expansion of agriculture's role in Hawaii's economic future and the conservation of agricultural lands as an economic, physical, and sociocultural resource for present and future generations of residents and visitors.

The State of Hawaii Important Agricultural Lands Commission is to submit its recommendations for review and adoption in the Regular Session of 1999. Prior to June 30, 2000, the State of Hawaii Important Agricultural Lands Commission shall identify and adopt maps designating the important agricultural lands to the State which are based on the criteria, standards, and process for identifying important agricultural lands adopted by the 1999 Legislature.

Your Committee further notes that there may be areas of the State which may not neatly fall into the new district definitions contained in this bill. For example, a portion of the North Kohala shoreline area which may be appropriately preserved for open space. It is your Committee's recommendation that the state and county governments work closely to address this area of concern.

Your Committee realizes that as the State stands upon the precipice of the new millennium, the time has come to reform a land use system that has successfully served policymakers in achieving their goal of fashioning a modern society out of a primarily agrarian one. It is time to reform our current land use system in favor of a new land use system that is able to more efficiently embrace and implement the needs and values of Hawaii in the next century.

To this end, your Committee believes that the bill, as amended, judiciously balances all aspects of what will be a successful land use formula. A formula that, if properly administered and adhered to, will produce a result that is satisfactory to all parties, however diverse their viewpoint may be, who all share the vision of a beautiful, healthy, and prosperous Hawaii.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2558, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2558, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

EXHIBIT

STATE OF HAWAII
DEPARTMENT OF THE ATTORNEY GENERAL
425 QUEEN STREET
HONOLULU, HAWAII 96813
(808) 586-1500

March 18, 1998

Mr. Rick Egged
Director, Office of Planning
Department of Business, Economic
Development, and Tourism
P.O. Box 2359
Honolulu, Hawaii 96804

Dear Mr. Egged:

Re: H.B. No. 2558, H.D. 1, Relating to Land Use

This is in response to your request of March 10, 1998, to review H.B. No. 2558, H.D. 1, Relating to Land Use, to determine whether the bill meets the requirements of Article XI, Section 3, of the Hawaii State Constitution and whether we have other legal concerns regarding the bill.

I. BACKGROUND (BRIEF SUMMARY OF H.B. No. 2558, H.D. 1)

H.B. No. 2558, H.D. 1 ("the bill") enacts a new chapter entitled "State and County Land Use Planning and Management." Part I of the new chapter provides for two major land use districts: county and conservation. The county district will consist of all lands presently in the urban, rural, and agricultural land use districts. The conservation district will consist of all lands presently in the conservation land use district. Each county is authorized to plan, zone, and regulate its own county district lands. The Department of Land and Natural Resources is responsible for administration and regulation of uses of lands within the conservation district. The Land Use Commission retains responsibility for conservation district boundary amendments.

Part II of the new chapter requires each county to prepare, adopt, and update, on a five-year basis, an internally consistent, long-range comprehensive plan or set of plans. Part II also sets forth detailed requirements for plan elements, plan preparation and review, and plan adoption.

Part III of the new chapter also requires the Land Use Commission to adopt statewide planning and development standards in certain areas of state interest, including agricultural development and resource management, including the use of important agricultural lands. The purpose of the standards is to provide more specific guidance and criteria to county and state agencies and the public regarding the application of state policy in substantive areas of statewide planning concern or interest related to land use and development. The Land Use Commission is required to adopt the standards as rules, and to review and amend the rules at least every five years.

Part III of the new chapter also requires the Land Use Commission to adopt maps designating important agricultural lands to the State by July 1, 1999. The Office of Planning is tasked with preparing preliminary maps for the Land Use Commission. Once adopted, the maps of important agricultural lands will guide all decision-making on proposed reclassification of important agricultural lands, state agricultural development programs, and other state and county land use planning and decision-making. Any rezoning of

lands designated as important agricultural lands would require approval of two-thirds of the respective county council. Any application for county zone changes or development approvals would be referred to the Office of Planning for state agency review and comment. The Office of Planning can request a fact-finding hearing under certain circumstances.

II. ARTICLE XI, SECTION 3 (AGRICULTURAL LANDS)

Article XI, Section 3 of the Hawaii State Constitution ("Article XI, Section 3") provides as follows:

The State shall conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency and assure the availability of agriculturally suitable lands. The legislature shall provide standards and criteria to accomplish the foregoing.

Lands identified by the State as important agricultural lands needed to fulfill the purposes above shall not be reclassified by the State or rezoned by its political subdivisions without meeting the standards and criteria established by the legislature and approved by a two-thirds vote of the body responsible for the reclassification or rezoning action.

There are two aspects of the bill that raise concerns under Article XI, Section 3.

A. The first aspect of the bill that raises a concern involves the second paragraph of Article XI, Section 3, which requires reclassification of important agricultural lands by the State.

Lands identified by the State as important agricultural lands needed to fulfill the purposes above shall not be reclassified by the State or rezoned by its political subdivisions without meeting the standards and criteria established by the legislature and approved by a two-thirds vote of the body responsible for the reclassification or rezoning action.

Hawaii State Constitution, Article XI, Section 3 (emphases added).

The bill provides for rezoning of lands identified by the State as important agricultural lands solely by the county councils:

- (i) In any county action to amend planning maps or to rezone lands subsequent to designation by the state as important agricultural lands, the county councils shall consider and balance:
 - (1) The importance of the land for future agricultural use, including economic factors; and
 - (2) Other competing public benefits and objectives resulting from the alternative land uses. A legislative finding by the council that the competing public benefits and objectives outweigh the importance of retaining the land for agricultural use, or that the proposed action will have no significant impact upon the viability of agricultural operations on important lands must accompany any planning map or zoning change; provided further that any such action must be approved by a two-thirds vote of the county council.

H.B. No. 2558, H.D. 1, Section 2 at 20-21.

Floor discussion at the 1978 Constitutional Convention clearly indicates that a two-tier, state-county system was contemplated by Article XI, Section 3. Delegates had moved for an amendment to the draft constitutional provision dealing with agricultural lands. The amendment was the same language currently found in Article XI, Section 3.

Delegate Waihee rose to speak in favor of the motion . . . Delegate Lacy then questioned the movant as to "the body responsible for the reclassification or rezoning action," asking if it might be two different bodies. Delegate Waihee, in response, acknowledged that it would be two different bodies: the body responsible for reclassification, he explained, would be the Land Use Commission and the body responsible for rezoning, the various county councils. And the provision, he added, would require two-thirds votes in both cases.

Proceedings of the 1978 Constitutional Convention, Volume I, p. 441.

Further floor discussion shows that the State's role clearly was intended to be separate and distinct from the county's function in order to provide protection to lands designated as important agricultural lands.

Delegate Waihee explained:

In addition, it mandates that the legislature set out specific criteria and standards for enforcing the policy set forth in the first sentence. So what would happen in terms of the actual mechanism would be that -- first, a two-thirds vote of the Land Use Commission would be required for any change to urbanization. The second protection would be a two-thirds vote of the county council before any zoning changes from agriculture or any change to urban.

Id., at 441.

We believe that, pursuant to the intent of Article XI, Section 3, a state entity must approve the reclassification of lands designated by the State as important agricultural lands. As written, this bill eviscerates the State's role in reclassification of important agricultural lands and results in only the county's rezoning of such lands. We believe that the above-quoted portion of the bill is in conflict with Article XI, Section 3. Removal of the State's role would require a constitutional amendment deleting the requirement for reclassification by the State.

B. The second aspect of the bill that raises a concern under Article XI, Section 3, involves the duty of the legislature to provide standards and criteria.

The State shall conserve and protection agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency and assure the availability of agriculturally suitable lands. The legislature shall provide standards and criteria to accomplish the foregoing.

Hawaii State Constitution, Article XI, Section 3 (emphasis added).

The bill requires that the Land Use Commission adopt standards for agricultural development and resource management, including the use of important agricultural lands. We believe that Article XI, Section 3 clearly requires that the legislature enact laws setting forth standards and criteria to accomplish the State's objectives for agricultural lands. The bill's attempt to comply with Article XI, Section 3 is flawed because it improperly delegates the legislature's responsibility to the Land Use Commission. We believe that the bill should be amended to provided clear standards and criteria to accomplish the State's objectives for agricultural lands, as envisioned by Article XI, Section 3.

III. ARTICLE VIII, SECTION 5 (MANDATED PROGRAMS)

Article VIII, Section 5 of the Hawaii State Constitution provides as follows:

If any new program or increase in the level of service under an existing program shall be mandated to any of the political subdivisions by the legislature, it shall provide that the State share in the cost.

Part II of the bill requires each county to prepare, adopt, and update on a five-year basis an internally consistent, long-range comprehensive plan or set of plans. The responsibility of the counties to provide long-range comprehensive plans already exists in Haw. Rev. Stat. § 46-4, which provides in pertinent part that "[z]oning in all counties shall be accomplished within the framework of a long range, comprehensive general plan prepared or being prepared to guide the overall future development of the county." At this time we do not have sufficient information before us to determine whether the bill will result in an "increase in the level of service" under each county's existing planning program. Absent that information, we believe that this bill clarifies the duty of the counties in preparing and implementing their comprehensive plans and thus does not create a new program within the meaning of Article VIII, Section 5.

Finally, we note that this bill does not amend or repeal Haw. Rev. Stat. chapter 205. Because of the changes in the land use classification system and the change in the roles of the Land Use Commission and the Office of Planning, we suggest that your office review and compare the provisions of this bill with chapter 205 for consistency.

Very truly yours,

/s/ Ann M. Ogata-Deal
Ann M. Ogata-Deal
Deputy Attorney General

Approved:

/s/ John W. Anderson for
Margery S. Bronster
Attorney General

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Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Tanaka).

SCRep. 2824 **Transportation and Intergovernmental Affairs on H.B. No. 2332**

The purpose of this bill is to require the driver of a motor vehicle to take action either by removing or reporting the incident when the driver is responsible for waste material falling onto a highway or roadway.

The bill also defines "waste material" to mean rubbish, refuse, garbage, trash, offal, or debris of whatever kind of description, regardless of its value, and includes tires, tire debris, mufflers, tail pipes, and other motor vehicle parts, furniture, heavy tools and equipment, and lumber. Waste material does not include material used by authorized persons in connection with any lawful purpose, including but not limited to sand dropped on a highway or roadway for purposes of securing traction or water or other substances that may be sprinkled on a highway or roadway for cleaning or maintaining the highway or roadway.

Your Committee previously heard testimony on a companion bill, S.B. No. 2330, on January 30, 1998.

Your Committee has taken into consideration a letter of concern from the Office of the Administrative Director of the Courts of the Judiciary. Under current Hawaii Revised Statutes, a mandatory \$250 fine, a five-day license or vehicle registration suspension is required for all spilling load violations. The Judiciary is concerned that these violations are currently processed through the civil traffic system which allows defendants to respond by written statement in lieu of a court appearance, making it difficult to effectively implement the courts' orders.

Your Committee has amended this measure by adding an amendment to section 291C-131(g), Hawaii Revised Statutes, to make spilling load violations an offense as defined under section 701-107(5), Hawaii Penal Code. With this amendment, the offender will now be required to appear in person in court.

Your Committee has also amended the definition of "waste material" to mean "rubbish, refuse, garbage, trash, or debris of whatever kind or description." Your Committee wishes to clarify that this abbreviated definition still allows for the inclusion of offal, tire debris, mufflers, tail pipes, and other motor vehicle parts, furniture, heavy tools and equipment, and lumber. Further, "waste material" does not include material used by authorized persons in connection with any lawful purpose, and your Committee understands that sand or other substances dropped on highways or roadways for traffic safety is not considered as waste material under this section.

Further, for purposes of consistency, your Committee has clarified that spilling load violations shall subject only the driver of the vehicle, rather than including the owner, to applicable penalties.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2332, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2332, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2825 Transportation and Intergovernmental Affairs on H.B. No. 2358

The purpose of this bill is to require payment of a driver's education assessment of \$50 for first time violators who fail to use child passenger restraint systems for children under age four while operating a motor vehicle on a public highway. It also limits fines for up to three convictions to range between \$100 and \$500. First time violators are required by the court to attend a four-hour child passenger restraint system safety class conducted by the division of driver education.

Your Committee received testimony in support of this measure from the Department of Transportation, the Department of Health, the Keiki Injury Prevention Coalition, the Police Department of the City and County of Honolulu, the Hawaii Congress of Parents, Teachers and Students, and the Hawaii Nurses' Association.

Your Committee is in agreement that the proper use of child passenger restraint systems for children under four years of age would improve safety, and reduce the risk of child death from motor vehicle accidents. It appears that one of the best ways to increase safety for Hawaii's infants and toddlers while a passenger in a motor vehicle is to educate the adults.

Your Committee has amended this measure by allowing alternative methods of education, such as video conferences, use of home study courses which may include videos, or other non-site specific methods to be used during the child passenger restraint system safety class. In addition, your Committee has amended the class time from the required four hours to provide that four hours be the maximum length of the class.

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

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2358, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2358, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2826 (Joint) Human Resources and Judiciary on H.B. No. 2496

The purpose of this bill is to extend the sunset date for surcharge for indigent legal services and to require the Commission on Access to Justice (Commission) to report annually to the legislature on whether the filing fee surcharge is meeting the civil legal needs of indigent persons.

Your Committees received testimony in support of this bill from the Judiciary, Office of Community Services of the Department of Labor and Industrial Relations, Hawaii State Bar Association, Hawaii Lawyers Care, Na Loio No Na Kanaka, Domestic Violence Clearinghouse, Native Hawaiian Legal Corporation, Protection and Advocacy Agency of Hawaii, and Legal Aid Society of Hawaii.

Your Committees find that legal services for the indigent must be maintained and preserved in order to guarantee equal access to justice without regard to an individual's financial or social status.

Your Committees have amended this bill by deleting its contents and inserting the provisions of companion measure Senate Bill No. 2945, S.D. 1, which makes the following amendments:

- (1) Clarifies the expenditures of fees collected in the indigent legal assistance fund (fund);
- (2) Changes the administration of the fund from the office of community services to the administrative director of the courts;
- (3) Provides that the Commission shall annually review the filing fee surcharge program and report to the legislature each year; and
- (4) Makes permanent Act 305, Session Laws of Hawaii 1996, by removing the repeal date of June 30, 1999.

As affirmed by the records of votes of the members of your Committees on Human Resources and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2496, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2496, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 2827 Human Resources on H.B. No. 2845

The purpose of this bill is to make permanent the early intervention program of the Department of Human Services by repealing the sunset date of June 30, 1999, and to clarify the process for disbursement of funds from the early intervention special fund to accord with current law on purchases for health and human services.

Your Committee received testimony in support of this bill from the Department of Health (DOH).

This bill also authorizes the DOH to procure community-based, family-centered, early intervention services through purchase of service contracts rather than grants.

According to testimony of the DOH, this is a housekeeping measure.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2845, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Anderson).

SCRep. 2828 Human Resources on H.B. No. 3022

The purpose of this bill is to extend the exemption of the Office of Youth Services (OYS) from state and county requirements relating to planning, land use, construction, and renovation of existing facilities or construction of new facilities on the grounds of the Hawaii Youth Correctional Facility (HYCF), and to provide that no new construction or development shall be initiated on the site after July 1, 1999.

Your Committee received testimony in support of this bill from OYS, the Department of the Prosecuting Attorney of the City and County of Honolulu, and the Maunawili community. Testimony in opposition to this bill was received from the Department of Land Utilization of the City and County of Honolulu. Informational testimony was provided by a private citizen.

Your Committee finds that the HYCF was required to be relocated from the makai side of Kalaniana'ole Highway in Kailua as part of Act 151, Session Laws of Hawaii 1991. Act 151 was enacted to satisfy a consent decree between the State and the American Civil Liberties Union to improve conditions at the Oahu Community Correctional Center and the Women's Community Correctional Center (WCCC). The relocation of HYCF was necessary to rebuild WCCC. Essentially, the plan called for the WCCC and the HYCF to switch sites.

Testimony on S.B. No. 2873, S.D. 1, a companion measure, indicated that the HYCF is very close to completion and must be completed to fulfill the consent decree.

Your Committee has deleted the contents of this bill and inserted provisions of S.B. No. 2873, S.D. 2, which amend H.B. No. 3022, H.D. 2, as follows:

- (1) Adds "infrastructure" to the reference to Maluhia Cottage and Hookipa Cottage in describing the construction;
- (2) Requires that the new maintenance facility and vocational training center be located near the central storage building with certain specifications;
- (3) Clarifies that the piggery/barn area may be renovated for existing purposes only;
- (4) Restores the provision for prior legislative approval for new construction or development after July 1, 1999; and
- (5) Makes technical, nonsubstantive amendments for purposes of clarity and style.

The intent of your Committee in requiring that the new maintenance facility and vocational training center be located near the central storage area represents a deviation from the original plan, which would require additional appropriations to complete the project. Your Committee defers to the Committee on Ways and Means for the amount of appropriations, but the Department of Accounting and General Services gave a preliminary cost estimate as follows:

Eight Inch Sewer (1,250 linear feet at \$100 per foot)	\$125,000
Sewer Manhole (6 at \$10,000 each)	60,000
Basic Cost	<u>332,000</u>

TOTAL

\$517,000

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3022, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3022, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2829 Human Resources on H.B. No. 3024

The purpose of this bill is to permanently enact revisions to the public assistance and general assistance laws that were enacted in 1996 and 1997 by removing the sunset provisions.

Your Committee received testimony in support of this bill from the Department of Human Services (DHS) and Nā Loio No Nā Kānaka. Informational testimony was provided by the National Association of Social Workers.

Your Committee finds that the amendments in 1996 and 1997 were intended to conform to federal law and should therefore be made permanent so that the State can continue to receive federal funds.

Your Committee has amended this bill by:

- (1) Inserting a provision to establish a financial assistance advisory committee;
- (2) Inserting a provision to allow the DHS to set the standard of need at the current federal poverty level on a year by year basis depending on the amount appropriated;
- (3) Inserting a provision to allow the DHS to establish a food stamp program for immigrants and others who are ineligible for the federal food stamp program, if funds are appropriated by the legislature;
- (4) Repealing the general assistance advisory council;
- (5) Adding a severability clause; and
- (6) Making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3024, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3024, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2830 Human Resources on H.B. No. 3026

The purpose of this bill is to repeal the statute relating to personal care services to medical assistance recipients.

Your Committee received testimony in support of this bill from the Department of Human Services (DHS).

According to testimony of the DHS, this is a housekeeping measure because personal care services are being provided within the Medicaid waiver programs in home and community based services, so the statutory provision is obsolete.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3026 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Anderson).

SCRep. 2831 Human Resources on H.B. No. 3027

The purpose of this bill is to allow the Department of Human Services (DHS) to recover overpayments made to Medicaid providers in the fee-for-service Medicaid program for the aged, blind, and disabled recipients.

Your Committee received testimony in support of this bill from the DHS. Informational testimony was provided by the Hawaii Medical Association.

Your Committee finds that this bill enhances the State's ability to recover moneys erroneously paid to medical providers in the Medicaid program for the aged, blind, and disabled. Your Committee wishes to make clear that the aged, blind, and disabled are not affected by this bill, which only affects medical providers.

Your Committee has amended this bill on recommendation of the DHS upon consultation with the Department of Taxation to add two statutory amendments to clearly allow Medicaid overpayment recovery from state income tax refunds through the tax intercept program. Your Committee has also made technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3027, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3027, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Anderson).

SCRep. 2832 Human Resources on S.C.R. No. 18

The purpose of this concurrent resolution is to encourage the development of public-private sector partnerships with trusts and foundations for a pilot program of early childhood programs and services for native Hawaiian children.

Your Committee received testimony in support of this measure from the Department of Human Services (DHS).

The intent of this concurrent resolution is to provide and to enhance resources for early childhood programs for native Hawaiian children through funding or direct services. The goal is to expand the program to eventually include all children. According to the DHS, it is presently collaborating with community agencies to explore resources to complement current services to all children.

The DHS informed your Committee that it is also assisting Alu Like, Inc., in its pursuit of federal funding to provide child care services for native Hawaiians.

Your Committee feels that although the DHS seems to be making commendable efforts in providing early childhood programs and services, this concurrent resolution underscores the Legislature's commitment to the betterment and welfare of native Hawaiian children.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 18 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Fukunaga).

SCRep. 2833 Human Resources on S.C.R. No. 22

The purpose of this concurrent resolution is to urge the U.S. Congress, the President of the United States, and the Secretary of Health and Human Services to support the Hawaii congressional delegation's effort to amend the Social Security Act to increase Hawaii's federal medical assistance percentage (FMAP).

Your Committee received testimony in support of this concurrent resolution from the Department of Human Services (DHS), State Planning Council on Developmental Disabilities, and Healthcare Association of Hawaii.

Your Committee finds that this administration measure has a direct impact on federal funding for Hawaii's Medicaid program as well as many Department of Health programs receiving Medicaid reimbursements. The amount of federal reimbursement is based upon the FMAP, which is calculated according to a formula based on per capita income in the individual state in relation to the per capita income of the United States.

Your Committee further finds that the cost of living in Hawaii is much higher than the mainland, yet the formula for FMAP does not account for this difference. The result is that Hawaii receives less federal Medicaid funding, which means that the State must bear more of the financial burden for Medicaid.

Your Committee has amended this concurrent resolution to add a clause to clarify that the State is seeking to increase the federal contribution to Hawaii's Medicaid program as has been similarly done in Alaska.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 22, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 22, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2834 Human Resources on H.C.R. No. 48

The purpose of this concurrent resolution is to invite the Children's Millennium Conference to Honolulu in October 1999.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism.

Honolulu has the opportunity to host the Children's Millennium Conference in late 1999 and to serve as the convening site for a group of one thousand youth leaders, ranging in age from twelve to seventeen and representing over one hundred twenty countries.

Your Committee finds that Hawaii is an appropriate venue for a conference of this stature. The benefits to the State are that Hawaii will have a worldwide reputation as a community that values youth, their involvement in decision-making, and their leadership in moving towards self-determination.

Your Committee further finds that Hawaii will derive significant economic benefit in hosting the conference. Each child will likely be accompanied by at least one adult. This equates to two thousand or more visitors.

This measure expresses the intent of the Legislature to make children and children's issues a top priority.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 48, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Anderson).

SCRep. 2835 Human Resources on H.C.R. No. 39

The purpose of this concurrent resolution is to urge the Department of Human Services (DHS) to utilize people significant to the child to assist in the picking up of the child for custody, in order to minimize trauma to the child.

Your Committee received testimony in support of this concurrent resolution from the DHS.

Your Committee finds that this measure should commit the DHS to a determined effort to alleviate a child's mental and emotional trauma during removal from the child's home by utilizing an individual who is significant to the child.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 39 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Anderson).

SCRep. 2836 Government Operations and Housing on H.B. No. 3005

The purpose of this bill is to make housekeeping amendments to clarify the law establishing the Housing and Community Development Corporation.

The Governor's Special Assistant for Housing and the Board of Water Supply for the city and county of Honolulu submitted testimony in support of this bill.

Upon consideration of all the facts and pertinent testimony, your Committee finds that this bill makes the needed technical amendments to Act 350, Session Laws of Hawaii 1997, which created the Housing and Community Development Corporation of Hawaii by consolidating the Hawaii Housing Authority, the Housing Finance and Development Corporation, and the Rental Housing Trust Fund Commission. This bill also clarifies that Housing and Community Development Corporation projects are subject to the rates and fees of the various boards of water supply.

Your Committee has amended this bill to:

- (1) Exclude the provisions in the House version that permits the Housing Community Development Corporation to plan, develop, construct, and finance commercial and public facilities integral to related housing projects and requires cooperation with the department of land and natural resources; and
- (2) Add a provision to resolve the statutory conflicts created by the signing of Act 2, Session Laws of Hawaii 1998; and
- (3) Make technical changes to reflect the preferred drafting style.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3005, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3005, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2837 Government Operations and Housing on H.B. No. 3524

The purpose of this bill is to allow insurance companies to utilize the low-income housing tax credit provided for under section 235-110.8, Hawaii Revised Statutes, to offset insurance premium taxes.

The Housing Finance and Development Corporation, Department of Taxation, Department of Housing and Community Development of the City and County of Honolulu, Transamerica Realty Services, Affordable Housing and Homeless Alliance, Hawaii Affordable Properties, Inc., Mortenson, Day Real Estate Company, Coastal Rim Properties, Inc., and Hawaii Island Community Development Corporation submitted testimony in support of this bill. The Department of Commerce and Consumer Affairs testified expressing concerns with this bill. The Tax Foundation of Hawaii submitted comments on this bill.

Your Committee finds that, under current law, insurance companies are subject to a tax based upon the amount of gross premiums received. Insurance companies, however, cannot claim the benefit of the low-income housing tax credit. This bill will encourage the inflow of capital into Hawaii by giving insurance companies an incentive to invest in low-income housing projects by way of a low-income housing tax credit.

Upon consideration of all pertinent facts and testimony presented, your Committee finds that this bill will increase the amount of money available for the development of affordable housing and the number of available low-income rental units.

Your Committee has amended this bill by replacing its contents with the contents of the Senate's version of this bill, Senate Bill No. 3191, S.D. 2, which refers to the credit as a "premium" rather than "income" tax credit and makes technical, nonsubstantive changes for style.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3524, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3524, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2838 (Joint) Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs on H.B. No. 2787

The purpose of this bill is to redefine the boundaries of the Kalaeloa Community Development District.

Your Committees find that in establishing the boundaries of the Kalaeloa Community Development District, the property to be conveyed to the Department of Transportation for use as an airport and to the Department of Hawaiian Home Lands was not included in the district. It is important that these lands be included in the district to ensure their qualification for federal and state funding assistance and in the master planning and subsequent improvements to be made to the Kalaeloa Community Development District by the Barbers Point Naval Air Station Redevelopment Commission in accordance with Act 359, Session Laws of Hawaii 1997.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2787, H.D. 1, and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 6 (Baker, Chumbley, Fernandes Salling, Fukunaga, Ihara, Tanaka).

SCRep. 2839 Economic Development on H.B. No. 2533

The purpose of this bill is to increase the fine for the importation of prohibited or restricted plants, animals, or microorganisms.

Testimony was presented at the hearing by the Chairperson of the Department of Agriculture, which requested that the following amendments be made to the bill:

- (1) Include the release of prohibited organisms as a violation; and
- (2) Clarify the definition of "intent to propagate."

Your Committee finds that the importation of prohibited or restricted plants, animals, or microorganisms for propagation, sale, or release poses a serious threat to the State's environment and economy. A member of your Committee expressed reservations concerning the mandatory minimum fine of \$100,000, which seems excessive.

Your Committee has amended this bill in accordance with the Department of Agriculture's suggestions and by making technical, nonsubstantive changes for purposes of drafting style.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2533, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2533, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Matsunaga, McCartney, Tanaka).

SCRep. 2840 Economic Development on H.B. No. 2909

The purpose of this bill is to appropriate funds to be expended by the Department of Agriculture for the purpose of funding agricultural research and development by the Hawaii Agriculture Research Center.

Upon consideration of all pertinent issues, your Committee finds that the Hawaii Agriculture Research Center is a valuable resource to the State for strengthening and improving the agriculture industry, revitalizing the economy, and maintaining and creating employment opportunities for residents.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2909, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Chumbley, Matsunaga, McCartney, Tanaka).

SCRep. 2841 Economic Development on H.B. No. 2957

The purpose of this bill is to amend the amount charged by the Department of Land and Natural Resources (DLNR) to replace lost hunting licenses.

Specifically, the bill allows DLNR to change the rate charged to replace a lost hunting license from fifty cents to fifty percent of the current cost of a resident hunting license.

Your Committee believes that the bill would help DLNR's hunting licensure program be more fiscally self-sufficient.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2957, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Matsunaga, McCartney, Tanaka).

SCRep. 2842 Economic Development on H.B. No. 3443

The purpose of this bill is to allow the Department of Business, Economic Development, and Tourism (DBEDT) to contract with any financial institution for services including giving, approving, or administering state loans for business ventures.

Testimony in support of the bill was presented at the hearing by representatives of the DBEDT and the Hawaii Bankers Association.

Your Committee finds that allowing DBEDT to contract with financial institutions for the administration of loans will reduce the administrative burden on DBEDT. Your Committee concurs with the DBEDT testimony that the department should have the sole responsibility of giving loan approvals and disbursing of funds.

Your Committee has amended this bill by:

- (1) Removing references to "giving" and "disbursing" loans in the provisions authorizing DBEDT to enter into contracts;
- (2) Deleting the amendments to section 219-9, Hawaii Revised Statutes, relating to aquaculture loans; and
- (3) Correcting the effective date for the amendment to section 210-6, Hawaii Revised Statutes.

Your Committee has also amended this bill by adding Part I which is the contents of H.B. No. 3461, H. D. 2. This amendment authorizes the Department of Agriculture to make loans to farmers in economically depressed areas. As set forth in this bill the loans may be made to farmers from any economically depressed island with an unemployment rate in excess of seven per cent. The amendment also appropriates \$2 million from the agricultural loan revolving fund for this purpose.

Your Committee found this amendment necessary because the title of H.B. No. 3461 was problematic. Testimony at the hearing regarding H.B. No. 3461 was overwhelmingly in support of the measure.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3443, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3443, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Matsunaga, McCartney, Tanaka).

SCRep. 2843 (Joint) Human Resources and Commerce, Consumer Protection, and Information Technology on H.B. No. 2647

The purpose of this bill is to exclude the Hawaii Employers' Mutual Insurance Company (HEMIC) from assessments of the Hawaii Hurricane Relief Fund (HHRF) through December 31, 2007, and to require HEMIC to participate in the Hawaii Insurance Guarantee Association (HIGA).

Your Committees received testimony in support of this bill from the Insurance Commissioner. HHRF, HEMIC, Legislative Information Services of Hawaii, and State Farm Insurance provided comments.

HEMIC was created by the legislature in Act 261, Session Laws of Hawaii 1996, as codified in chapter 431:14A, Hawaii Revised Statutes, to avoid a crisis in the availability of workers' compensation insurance. A major concern was to avoid involving the State directly in the funding of HEMIC.

According to testimony of the Insurance Commissioner, if there was another workers' compensation market crisis an exemption for HEMIC from assessments to the HHRF may seriously threaten the viability of HHRF, thereby significantly impacting rates charged to homeowners by HHRF and precipitating a homeowners insurance crisis as well. This bill allows an exemption for HEMIC on the first \$25,000,000 in written premiums in a calendar year to address the concerns raised by the Insurance Commissioner.

Your Committees have amended this bill by changing the composition of the oversight council and by making a technical, nonsubstantive amendment.

As affirmed by the records of votes of the members of your Committees on Human Resources and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2647, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2647, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 6. Noes, none. Excused, 5 (Levin, Sakamoto, Solomon, Tanaka, Anderson).

SCRep. 2844 Health and Environment on H.B. No. 2854

The purpose of this bill is to make an appropriation for the Child and Adolescent Mental Health Division (Division).

Your Committee received testimony in support of this bill from Department of Health (DOH).

Your Committee finds that although funds were appropriated to the DOH for the Division for the fiscal period 1997 to 1998, a critical emergency now exists since the program will expend all appropriated funds before the end of the current fiscal year. Supplemental funding is necessary due to unanticipated increases in the number of children and adolescents who are severely emotionally disturbed, and to satisfy requirements of the consent decree of *Felix v. Waihee*.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2854, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 2845 Health and Environment on H.B. No. 2858

The purpose of this bill is to make an emergency appropriation of \$292,180 for Maui, Molokai, and Lanai emergency ambulance services.

Your Committee received testimony in support of the bill from the Director of Health and Office of Hawaiian Affairs.

Your Committee believes that in addition to the emergency funding for Maui, Molokai, and Lanai emergency ambulance services, similar funding is critically needed for the Waianae Coast Comprehensive Health Center and County of Hawaii Fire Department. The Waianae Coast Comprehensive Health Center is facing closure or a drastic reduction in services due to severe cuts in Medicaid and state supports during the last year. Your Committee finds that maintaining emergency and urgent care services at the Center for residents of the Waianae Coast is critical since those services are not otherwise readily available to those rural communities.

The County of Hawaii Fire Department has incurred a shortfall of \$566,760.87 which is placing considerable strain on its limited resources and is adversely affecting its ability to continue providing fire, safety, and emergency medical services to the residents of the County of Hawaii. Your Committee believes that ensuring the Fire Department's continued ability to serve and protect the residents of the county is a responsibility of the State which cannot be ignored.

Your Committee amended this bill by adding emergency appropriations of \$875,000 and \$566,760.87 for the Waianae Coast Comprehensive Health Center emergency and urgent care services, and Hawaii County Fire Department emergency medical services, respectively. Your Committee also made technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2858, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2858, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2846 Health and Environment on H.B. No. 2859

The purpose of this bill is to make an emergency appropriation of \$455,045 to develop and provide community-based services for discharged patients of the Hawaii state hospital in compliance with the Stipulation and Order in Civil No. 91-00137-DAE, in the United States Federal District Court.

Your Committee received testimony in support of the bill from the Director of Health and the Protection and Advocacy Agency of Hawaii.

Your Committee believes, based on the favorable testimony presented, that providing the additional funding is necessary for developing a clear remedial plan for the timely discharge of patients from the Hawaii state hospital and their successful transition into community-based settings or other institutions.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2859, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2847 Health and Environment on H.B. No. 3021

The purpose of this bill is to make an emergency appropriation of \$5,000,000 to the Hawaii Health Systems Corporations, provided that \$150,000 of the sum appropriated is targeted for the Hana Medical Center, and that the sum is matched equally by the Office of Hawaiian Affairs.

Your Committee received testimony in support of the bill from a member of the Maui County Council, Hawaii Health Systems Corporation, Healthcare Association of Hawaii, and ILWU, Local 142.

Your Committee believes that the emergency appropriation is needed to prevent the reduction or discontinuance of health care services provided by the community hospitals. Your Committee believes, however, that inclusion of the earmarking requirement for the Hana Medical Center and the matching requirement by the Office of Hawaiian Affairs is not warranted or desirable in this measure.

Your Committee amended the bill by deleting the requirement that \$150,000 of the appropriation be given to the Hana Medical Center and the requirement that the appropriation be matched by the Office of Hawaiian Affairs.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3021, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3021, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2848 Transportation and Intergovernmental Affairs on H.B. No. 3059

The purpose of this bill is to extend coverage of the law relating to the State policy concerning the utilization of volunteer services, to any agency within the executive and legislative branches of the counties.

Your Committee received testimony in support of this measure from the Conference of Personnel Directors and the Department of Civil Service of the County of Hawaii.

Your Committee finds that the recent Hawaii Supreme Court's decision in Konno v. County of Hawaii, that all services customarily and historically performed by civil servants must be performed by civil servants unless specifically exempted from civil service, has placed a cloud over services provided by county volunteers such as volunteer firefighters, reserve police officers, retired senior citizens, and friends of the park. There is no apparent reason for the different treatment of state volunteers and county volunteers, and your Committee believes that this measure will help to remove the "Konno cloud" over persons performing volunteer services for the counties.

Your Committee has amended this measure by making technical, nonsubstantive amendments throughout the measure for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3059, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3059, S.D. 1, and be referred to the Committee on Human Resources.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2849 Transportation and Intergovernmental Affairs on H.B. No. 3247

The purpose of this bill is to allow the counties to make short term investments in agencies of the federal government such as the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association, as well as in repurchase agreements such as AAA rated student loan securities that are either insured or over-collateralized by the U.S. Department of Education, provided that the investments are due to mature not more than five years from the date of investment.

Your Committee finds that this measure would give to the counties the same provisions governing short term investments currently allowed for state moneys. The provisions would give the counties the opportunity to earn larger returns than are available through current investments, while providing safety and security of county funds. Revenue enhancing measures such as this are vital to county financial interests, particularly during this time of a weak economy in Hawaii.

Your Committee held a hearing on companion bill S.B. No. 2657 on February 10, 1998.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3247, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3247, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2850 Transportation and Intergovernmental Affairs on H.B. No. 3248

The purpose of this bill is to require any warrants drawn from county moneys to be presented for payment before the close of the fiscal year after being issued.

The bill also requires that all warrants not presented within that time will be lapsed, with the moneys transferred to the lapsed warrants trust fund, unless the fund balance exceeds \$500,000, whereupon any excess will be transferred to the general fund. Within four years of the lapsed date, the payee or assignee of the warrant will be entitled to the amount of the warrant out of the trust fund upon filing with the Director of Finance of the county for recovery.

Your Committee finds that the current method of payments from the general fund is cumbersome and resources are limited to those funds that happen to be unencumbered at the time of the payment request. Your Committee believes that establishing a lapsed warrants trust fund will serve to facilitate the payment of those warrants.

Your Committee held a hearing on companion bill S.B. No. 2658, S.D. 1, on February 10, 1998.

Your Committee has amended this measure by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3248, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3248, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2851 Commerce, Consumer Protection, and Information Technology on H.B. No. 2486

The purpose of this bill is to regulate the profession of marriage and family therapists.

Your Committee received testimony in support of this measure from the Hawaii Nurses' Association. Testimony opposing this measure was received from the Board of Psychology.

Your Committee finds that the regulation of the profession of marriage and family therapists is necessary to protect the public from persons who profess to be marriage and family therapists but lack adequate skills and training.

Your Committee further finds that regulating the profession of marriage and family therapists will also make therapy insurance reimbursable enabling more persons needing therapy the opportunity to seek therapy.

Your Committee amended the bill by:

- (1) Deleting the the exception that initial members of the advisory committee of marriage and family therapists need not be licensed;
- (2) Changing the effective date of the Act to July 1, 1998; and
- (3) Making technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2486, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2486, H.D. 3, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2852 Commerce, Consumer Protection, and Information Technology on H.B. No. 2660

The purpose of this bill is to amend the definition of "gross income" to allow a pro rata assessment of taxes on gross income that is divided between motor carriers, and allow worthless accounts to be deducted from gross income in corresponding periods that these accounts are actually charged off.

The bill also amends the definitions of "motor carrier" to include the transportation of passengers, and "carrier" to exclude a tour packager.

Your Committee previously received testimony when it heard Senate Bill No. 2228, the companion bill.

Your Committee finds that this bill will eliminate the inequity caused by the taxation of a motor carrier who subcontracts part of a job to another motor carrier but who is taxed not only on the services it provides, but also on the services of the subcontracted motor carrier.

Your Committee amended the bill by reordering the paragraphs within the definition of "gross income", and making technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2660, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2660, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2853 Commerce, Consumer Protection, and Information Technology on H.B. No. 2671

The purpose of this bill is to authorize the issuance of special purpose revenue bonds in the amount of \$75,000,000 for Hawaiian Electric Company, Inc., and \$25,000,000 for Hawaii Electric Light Company, Inc.

Your Committee received testimony in support of this measure from Hawaiian Electric Company, Inc. and Hawaii Electric Light Company, Inc., and Na Leo Pohai.

Your Committee finds that the use of proceeds from the sale of tax-exempt special purpose revenue bonds significantly reduces the cost of financing electric utility plants.

Your Committee further finds that as required by the Public Utilities Commission, all of the savings from this less expensive form of financing will benefit the customers of the utilities through electric rates that are lower than they would otherwise be if taxable debt were used to finance electric utility plants.

Your Committee notes that the State's goal is to reduce its dependence on imported oil. However, since economically feasible alternate energy sources are not yet available in sufficient quantities to meet the public's electricity needs, fossil fuel generating units are necessary to provide reliable electric service.

Your Committee amended the bill by rewording several paragraphs for clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2671, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2671, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2854 Commerce, Consumer Protection, and Information Technology on H.B. No. 2762

The purpose of this bill is to allow insurers to offer pooled insurance for construction projects with multiple sites or ongoing construction in phases.

Your Committee received testimony in support of this measure from Marsh & McLennan.

Your Committee finds that under pooled insurance, public or private developers of large construction projects obtain workers' compensation and other liability insurance for all the contracting parties on the project.

Your Committee further finds that the potential cost savings provided by pooled insurance have a significant impact on the viability of large construction projects.

Your Committee notes that this measure clarifies the existing law to ensure that projects that are built in phases or have multiple construction sites may also benefit from the safety programs and cost savings associated with pooled insurance.

Your Committee amended the bill by adding "specific construction project" to the list of applicable projects to clarify that the definitions apply to private as well as public projects.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2762, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2762, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2855 Commerce, Consumer Protection, and Information Technology on H.B. No. 2774

The purpose of this bill is to require persons filing a civil action that is related to the Uniform Information Practices Act (Modified) to notify the Office of Information Practices (OIP) so that the OIP may intervene.

Your Committee received testimony in support of this measure from the OIP.

Your Committee finds that any person may file a lawsuit when an agency has denied that person access to a government record or when an agency has failed to comply with provisions dealing with disclosure of personal records.

Your Committee further finds that the OIP is the State agency responsible for administering the Uniform Information Practices Act (Modified) (UIPA), and may intervene in related lawsuits to protect the provisions of the UIPA.

Your Committee further finds that the OIP cannot respond in a timely manner, if at all, if it is not notified of the lawsuit.

Your Committee amended this bill by making technical, nonsubstantive changes for style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2774, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2774, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2856 Commerce, Consumer Protection, and Information Technology on H.B. No. 3613

The purpose of this bill is to establish a health insurance revolving fund from which the insurance commissioner may expend moneys for purposes related to health insurance regulation.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, AARP, and Hawaii Independent Insurance Agents Association. Testimony supporting the measure with amendments was received from HMSA. Testimony opposing the measure was received from the Department of Budget and Finance.

Your Committee finds that health insurance is a complex area of insurance, and three chapters of the Hawaii Revised Statutes are devoted to the various types of entities that currently offer health insurance.

Your Committee further finds that there are strong indications that health insurance is still evolving as new hybrid organizations are appearing and new plans are proposed in an attempt to offer health insurance at the lowest cost.

As such, your Committee believes that there is a need, within the Department of Commerce and Consumer Affairs, for additional personnel with health insurance expertise.

Your Committee amended the bill by:

- (1) Deleting public education from the purposes for which the commissioner may expend health insurance revolving fund moneys;
- (2) Using a per private, nongovernment membership base assessment instead of a pro rata base assessment for determining the contribution from each health insurance organization;
- (3) Requiring a one-time unspecified amount, instead of an aggregate of \$300,000 from each health insurance organization; and
- (4) Raising the revolving fund ceiling from \$300,000 to \$350,000.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3613, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3613, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2857 (Joint) Transportation and Intergovernmental Affairs and Economic Development on H.B. No. 3489

The purpose of this bill is to establish fees for cruise boats that have subleases at Kewalo Basin, to allow cruise boats to use Honolulu Harbor facilities when weather conditions do not permit the safe loading or unloading of passengers at Kewalo Basin.

The bill specifies that the fees be two times the appropriate mooring fee or dockage rate set forth in section 19-44-31 and 19-44-20, respectively, in Hawaii administrative rules, or 1.85 percent of the vessel's monthly gross receipts for each operation from Honolulu Harbor, whichever is greater. The owner or operator of these cruise boats are required to file a report describing the gross receipts, charges, the total number of passengers transported during the operation in Honolulu Harbor, and a remittance of net charges to the Department of Transportation within thirty days of each operation.

Your Committees received testimony in support of this measure from the Department of Transportation and Paradise Cruises, Ltd.

Your Committees find that specific provisions regarding the special fees, submission of a report, and submission of a remittance of net charges by cruise boats are already satisfactorily addressed in Section 19-44-36, Hawaii Administrative Rules. Therefore, these provisions have been deleted from the bill.

Your Committees are cognizant that there may be a need in the future to accommodate additional requests for use of facilities by private cruise boats and vessels. In that event, your Committees agree that the Department of Transportation should be allowed to consider other sites and facilities.

Your Committees have further amended this measure by allowing cruise boats holding a Kewalo Basin sublease approved by the State to use Honolulu Harbor facilities to load and unload passengers due to weather or other conditions on a space available basis.

Your Committees have also made technical, nonsubstantive amendments throughout the bill for the purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Economic Development that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3489, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3489, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 6 (Bunda, Fernandes Salling, Ihara, Matsunaga, McCartney, Tanaka).

SCRep. 2858 Commerce, Consumer Protection, and Information Technology on H.B. No. 3437

The purpose of this bill is to increase the Hawaii Hurricane Relief Fund's (HHRF) claims paying capacity by amending the calculation of the post-hurricane assessment on those insurers that acted as servicing facilities for the HHRF during the preceding year. Additionally, the bill clarifies the HHRF's ability to create loss mitigation incentives and enter into claims financing transactions, including catastrophe bonds.

Testimony in support of the measure was received from the HHRF and the Department of Commerce and Consumer Affairs. AIG Hawaii Insurance Company, Inc., State Farm Insurance Companies, The Hawaiian Insurance and Guaranty Company, Limited, and the Hawaii Insurers Council submitted testimony opposing the bill.

Testimony indicated that as the HHRF seeks to increase its claims paying capacity through increased reinsurance, credit facility capacity, and catastrophe bonds to achieve the minimum levels required by proposed national legislation, the HHRF believes an increase on the servicing carriers is a fair method of sharing this cost.

The main beneficiary of this bill is the homeowner who will receive a higher claims paying capacity. Additionally, should the national legislation pass, homeowners could see an even greater claims paying capacity with the assistance of the federal government.

The Insurance Commissioner stated in his testimony that reinsurance rates have never been "softer" and the Insurance Division strongly believes that with the HHRF improving its claims paying ability by purchasing more reinsurance and floating catastrophe bonds, so should the industry contribute to the HHRF's enhanced claims paying ability by increasing the Maximum Industry Loss Assessment (MILA). Although, the Insurance Division expects that the additional reinsurance premiums will be added on to homeowners' insurance rates by the industry, the Insurance Division believes that the MILA can be increased without seeing an increase in homeowners' insurance rates.

Following discussions with its servicing carriers, the HHRF suggested the following amendments to the bill:

- (1) Return the period of the assessment to its original twelve months before the month of the hurricane;
- (2) Return the allocation of the assessment to its original HHRF premium-based formula;
- (3) Change the percentage of coverage assessment formula to be calculated based on the month before the hurricane, rather than the year, to reduce ambiguities due to changes in coverage amounts over time; and
- (4) Include language that allows the HHRF board to impose the assessment without delay following a hurricane.

After considering the merits of the bill and the testimony received, your Committee has amended the measure by incorporating the suggestions of the HHRF. Additionally, your Committee inserted the following percentage rates for the MILA:

- (1) 0.75 percent for calendar year 1999;
- (2) 1.00 percent for calendar year 2000;
- (3) 1.25 percent for calendar year 2001; and
- (4) 1.50 percent for calendar year 2002.

Your Committee believes that this assessment calculation provides a more equitable way of sharing the risk between the HHRF and its servicing carriers.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3437, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3437, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2859 Education on H.B. No. 3142

The purpose of this bill is to appropriate funds to expand the teacher education program at the University of Hawaii at Hilo, and to establish a teacher education program at the University of Hawaii at West Oahu.

Your Committee received testimony in support of this measure from the University of Hawaii - West Oahu, the University of Hawaii at Hilo, the Department of Education, the Hawaii State Teachers Association, and three interested citizens.

Your Committee finds that there are teacher shortages in the subject areas of mathematics, science, special education, Hawaiian Immersion, and in schools in geographic rural areas.

Your Committee further finds that currently, the University of Hawaii at Hilo (UHH) produces 50 to 60 new teachers per year with basic certification.

Your Committee notes that although the State is facing severe budget shortages, this may be a good time to expand selective teacher education programs because of the expected increase in the number of school aged children, and the aging of the current teacher pool. Your Committee further notes that UHH may be the State's primary trainer of teachers for rural areas based on their teach training experience and geographical location. Accordingly, your Committee amended the bill by deleting the appropriation for the establishment of teacher education at the University of Hawaii at West Oahu.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3142, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3142, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2860 Education on H.B. No. 3302

The purpose of this bill is to prohibit unaccredited institutions from issuing degrees unless the unaccredited institutions comply with certain standards.

Your Committee received testimony in support of this measure from the University of Hawaii, the Department of Commerce and Consumer Affairs, the Chamber of Commerce of Hawaii, the University of Hawaii Professional Assembly, the Hawaii State Teachers Association, the University of Phoenix, Greenwich University, International University of Professional Studies, University of the Nations, and an interested citizen.

Your Committee finds that mail-drop unaccredited institutions degrade the reputation of Hawaii's legitimate colleges and universities.

Your Committee further finds that in recent years, Hawaii has become a mecca for these mail-drop unaccredited institutions since the only requirement for operation in Hawaii is registration with the Department of Commerce and Consumer Affairs.

Your Committee recognizes that this bill provides some measure of consumer protection. However, your Committee does not believe it goes far enough to discourage illegitimate unaccredited institutions from operating in Hawaii.

Therefore, your Committee amended the bill by replacing its contents with an amended version of Senate Bill No. 2034 which:

- (1) Establishes an advisory board;
- (2) Provides exceptions to chapter 446E, Hawaii Revised Statutes (HRS);
- (3) Delineates the powers and duties of the Director of Commerce and Consumer Affairs with respect to this chapter;
- (4) Requires an in-State authorized agent for service of process;
- (5) Amends the definitions of "degree", "degree granting institution", and "unaccredited institution";
- (6) Adds definitions for "accreditation", "director", "presence", and "student";
- (7) Amends the disclosure law of chapter 446E, HRS, by requiring certain disclosures and standards for disclosure of the institution's unaccredited status;
- (8) Amends the sanction law of chapter 446E, HRS, to broaden the scope of sanctionable violations;
- (9) Amends the registration law of chapter 446E, HRS, to enable the director to charge and collect a fee for any filing; and
- (10) Amends the prohibited practices law of chapter 446E, HRS, by adding further stipulations and prohibitions for operating in this State.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3302, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3302, H.D. 2, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Solomon).

SCRep. 2861 (Joint) Education and Health and Environment on H.B. No. 3367

The purpose of this bill is to promote Hawaii's health tourism potential.

Specifically, the bill helps promote the State's health industry by encouraging the development of health-related tourism in the Asia-Pacific region and around the world by:

- (1) Establishing a permanent international exchange program (Program) within the University of Hawaii John A. Burns School of Medicine and the University of Hawaii School of Nursing;
- (2) Establishing the International Exchange Health Care Tourism Revolving Fund (Revolving Fund) to promote the Program; and
- (3) Appropriating funds to be deposited into the Revolving Fund to be used for the Program.

Your Committees received testimony in support of the bill from the Department of Business, Economic Development, and Tourism, the University of Hawaii Schools of Medicine and Nursing, and the Hawaii Nurses' Association.

Your Committees find that it is desirable for the State to diversify the tourism base and develop its potential for special markets such as health tourism. Health-related tourism provides a means of promoting Hawaii's healthcare services, facilities, and education with tourism amenities to attract patients, especially those from the Asia-Pacific region.

Because Hawaii's healthcare providers already have contractual arrangements with a number of Asia-Pacific nations, this circumstance provides a pre-existing base for the further development of health tourism.

To further the goal of tourism diversification, an important part of this effort is the University of Hawaii John A. Burns School of Medicine and the University of Hawaii School of Nursing. Both of these school's foreign activities provide models for an expanded international student exchange and both would benefit from the establishment of a permanent exchange program between Hawaii and healthcare communities in Asia and around the world.

Your Committees believe that these activities would be an important factor in enhancing the reputation of the University of Hawaii's Schools of Medicine and Nursing and the success of the State's health tourism promotion efforts.

As affirmed by the records of votes of the members of your Committees on Education and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3367, H.D. 1, and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 4 (Fernandes Salling, Ige, D., Iwase, Metcalf).

SCRep. 2862 Commerce, Consumer Protection, and Information Technology on H.B. No. 3340

The purpose of this bill is to limit the special mortgage recording fee (SMRF) on refinanced mortgages to increases over the original mortgage amount.

Specifically, the bill changes the language relating to the amount of the SMRF that is deposited into the Hawaii Hurricane Relief Fund (HHRF) by deleting the word "of" and replacing therein the word "or" to read, "an amendment or refinancing of a mortgage."

Testimony in support of the bill was received from the Estate of James Campbell, the Mortgage Bankers Association (MBA) of Hawaii, and the Department of Housing and Community Development of the City and County of Honolulu. The HHRF requested that the measure be held.

According to the MBA of Hawaii, currently, when a mortgage is refinanced, the SMRF is charged on the entire loan amount. The MBA of Hawaii believes that the intent of the HHRF was to limit the SMRF to only the amount of the refinanced loan in excess of the existing first mortgage loan.

Additionally, the Estate of James Campbell stated that charging the SMRF when a person refinances a mortgage is inequitable. That person has already paid the SMRF and it is not fair to charge the fee on the whole amount again.

After considering the merits of the bill and the testimony received, your Committee has amended the bill by:

- (1) Allowing the HHRF to establish a lower special mortgage recording fee amount;
- (2) Specifying that with respect to open end revolving loans, the principal amount of the debt on which the SMRF is calculated is the maximum amount that may be outstanding under the loan at any one time;
- (3) Specifying that with respect to mortgages that secure nonmonetary or inchoate obligations, the principal amount of the debt on which the SMRF is calculated is the monetary amount that the mortgage attributes to the obligation;
- (4) Requiring that debts that are stated in foreign currency be converted to U.S. dollars using an exchange rate published in a newspaper of general circulation; and
- (5) Requiring that the SMRF be submitted at the time the mortgage or amendment of mortgage is recorded.

These amendments are consistent with language contained in H.B. No. 1868, S.D. 1, which was reported out of your Committee last year. Your Committee notes that H.B. No. 1868, S.D. 2, is currently in conference.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3340, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3340, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2863 (Joint) Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs on H.B. No. 2883

The purpose of this bill is to amend the boundaries of Kawainui Marsh for the fee simple transfer of the marsh from the City and County of Honolulu to the State. The area makai of the revised boundary is defined as five feet from the toe of the Coconut Grove side of the flood control levee, beginning at the Oneawa Canal and ending at the State-owned parcel identified by tax map key number 4-2-16:02, lot A.

Your Committees received testimony in support of this measure from the Department of Land and Natural Resources and the Department of Public Works of the City and County of Honolulu.

Your Committees understand that the revised boundaries were negotiated between the City and County of Honolulu and the Department of Land and Natural Resources, in exchange for the City retaining the Kaelepulu Drainage Channel, and the State accepting ownership of the Oneawa Canal along with the Kawainui Marsh. This measure would place the revised boundaries into law, with concurrence by your Committees.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2883, H.D. 2, and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 10. Noes, none. Excused, 5 (Fernandes Salling, Ige, D., Kanno, Anderson, Slom).

SCRep. 2864 Water, Land, and Hawaiian Affairs on H.B. No. 3020

The purpose of this bill is to clarify the investment guidelines of the Hawaiian Homes Commission's Native Hawaiian Rehabilitation Fund and make other clarifying amendments.

Specifically, the bill:

- (1) Authorizes the Hawaiian Homes Commission (Commission) to invest moneys in the Native Hawaiian Rehabilitation Fund in accordance with investment guidelines approved by the Commission; and
- (2) Reclassifies the Hawaiian Home Operating Fund, the Hawaiian Home Receipts Fund, the Hawaiian Home Trust Fund, and the Native Hawaiian Rehabilitation Fund from special funds to trust funds to more accurately reflect the character of these funds.

Your Committee believes that providing the Hawaiian Homes Commission with greater flexibility to invest the moneys contained in the Native Hawaiian Rehabilitation Fund would benefit both the Commission and the constituency it serves.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3020, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Ige, D., Taniguchi).

SCRep. 2865 (Joint) Economic Development and Health and Environment on H.B. No. 2788

The purpose of this bill is to authorize expenditure of \$200,000 from the Clean Hawaii fund.

Testimony in support of the bill was presented at the hearing by the Director of Business, Economic Development, and Tourism.

Your Committees find that authorization is required to increase the expenditure ceiling of the Clean Hawaii Center. This authorization would allow funding support to expand and develop recycling and remanufacturing businesses in Hawaii. Your Committees support these efforts that encourage economic development and protects the environment through recycling.

As affirmed by the records of votes of the members of your Committees on Economic Development and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2788, H.D. 1, and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 12. Noes, none. Excused, 2 (Matsunaga, Metcalf).

SCRep. 2866 Economic Development on H.B. No. 3457

The purpose of this bill is to establish a West Hawaii regional fishery management area for the effective management of fishery activities in this coastal area, to enhance nearshore resources, and to minimize conflicts of use.

Testimony in support of this bill was presented at the hearing by representatives of the Department of Land and Natural Resources, the Hawaii Tropical Fish Association of Kona, the Windward Dive Center, the Lost Fish Coalition, and three individuals. Written testimony in support of the bill was received from the Sierra Club, the Bishop Museum, five businesses, and 114 individuals.

Written testimony in opposition to the bill was received from Pacific Allied Products, Ltd.

Your Committee finds that there is overwhelming support for this bill from the groups affected by the establishment of the West Hawaii regional fishery management area.

After considering the pertinent issues and testimony, your Committee has amended the bill to remove the word "aquarium" from the references to fish replenishment areas.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3457, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3457, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Matsunaga, McCartney, Tanaka).

SCRep. 2867 Economic Development on H.B. No. 3625

The purpose of this bill is to reorganize the Department of Agriculture.

Testimony in support of this bill was presented at the hearing by the Chairperson of the Board of Agriculture, representatives of the Hawaii Farm Bureau, the Hawaii Aquaculture Association, the Hawaii Agriculture Research Center, four businesses, and three individuals. Written testimony in support of this bill was received from the County of Hawaii Department of Research and Development, the Maui County Farm Bureau, the National Marines Fisheries Service, the Marine Option Program, eight businesses, and four individuals.

Testimony in opposition to the bill was presented at the hearing by representatives of the Department of Land and Natural Resources and the Board of Directors of the Agribusiness Development Corporation.

Your Committee finds that reorganizing the Department of Agriculture is necessary in order that the Department can better facilitate the transition from plantation to diversified agriculture. Your Committee finds, however, that:

- (1) It is premature to transfer the disposition and management functions of agricultural leases on State-owned land from the Department of Land and Natural Resources to the Department of Agriculture; and
- (2) The Agribusiness Development Corporation should maintain a degree of autonomy from the Department of Agriculture.

After considering the pertinent issues and testimony, your Committee has amended this bill by:

- (1) Removing the section which transfers lands from the Department of Land and Natural Resources to the Department of Agriculture;
- (2) Removing the amendment that alters the make-up of the Board of Directors of the Agribusiness Development Corporation;
- (3) Repealing the Aquaculture Advisory Council under the Department of Land and Natural Resources and reenacting it under the Department of Agriculture;
- (4) Changing the effective date to July 1, 1998; and
- (5) Making technical amendments including the correct version of section 171-2, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3625, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3625, H.D. 3, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Matsunaga, McCartney, Tanaka).

SCRep. 2868 Judiciary on H.B. No. 2441

The purpose of this bill is to amend the State Elections Law by:

- (1) Clarifying that campaign contributions to a political party are limited to \$50,000 in a two-year election period instead of in any election year;
- (2) Providing that any expenditure made by a governor or lieutenant governor candidate, supporting a co-candidate in the general election shall not be considered a campaign contribution to the co-candidate;
- (3) Changing the due date for a candidate's first deficit report to the 30th instead of 31st day after the last day of the election year;
- (4) Not requiring return of residual private contributions by any elected official who does not seek reelection, yet files to become a candidate for election within four years after the end of the term from which they did not seek reelection;
- (5) Removing the requirement that to receive public funds, a state senator, state representative, county council member, or prosecuting attorney received at least ten percent of the votes cast in the respective election for the office that the candidate is seeking; and
- (6) Restricting to fifty percent of the maximum, the total amount of public funds available for primary, special primary, or general election.

Your Committee finds that the provisions of this bill will have no substantive effect on the intent and implementation of the campaign spending laws. Each recommended amendment will either correct an inconsistency, clarify an ambiguity, or replace provisions that have been inadvertently deleted.

Testimony in support of the bill was submitted by the Hawaii Campaign Spending Commission, Common Cause Hawaii, and Office of Hawaiian Affairs.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2441, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 2869 Judiciary on H.B. No. 2786

The purpose of this bill is to require that persons convicted of sexual or violent offenses, whether prior to or after the effective date of the law, provide blood samples for the purpose of DNA analysis. This bill also permits the court to assess a fee against the convicted defendant to defray the costs of obtaining, storing, and testing of the DNA sample, and creates a DNA registry special fund into which the fees will be deposited.

Your Committee finds that DNA information is an increasingly valuable tool for the investigation, prosecution, and defense of criminal cases. The development of a DNA registry is important to protect the public from further criminal acts committed by such offenders. Your Committee further finds that the cost of the DNA sampling process has been borne by the police department without state funding. Convicted defendants who are required to provide DNA samples should be assessed a fee to defray the costs of such testing.

Testimony in support of the bill was submitted by the Department of the Attorney General, the Department of the Prosecuting Attorney of the City and County of Honolulu, and the Honolulu Police Department. The Office of the Public Defender also commented on the bill.

Upon further consideration, your Committee has amended the bill by:

- (1) Adding that a person who negligently or recklessly fails to provide blood samples is guilty of a misdemeanor;
- (2) Adding that a person who intentionally or knowingly fails to provide blood samples is guilty of a class C felony; and
- (3) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2786, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2786, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 2870 Judiciary on H.B. No. 2992

The purpose of this bill is to increase notary commission fees and to establish a revolving fund for the notaries public program that will enable the program to become self-sufficient.

Your Committee finds that notary commission fees have not been raised since 1976 and that a modest increase in fees would allow for immediate improvements to the present antiquated, inefficient filing system. The Department of the Attorney General presently maintains its notaries public filing system for an estimated 7,000 notaries on index cards.

Testimony in support of this bill was submitted by the Department of the Attorney General. Testimony in opposition to the bill was submitted by a private citizen.

Upon further consideration, your Committee has amended the bill by:

- (1) Clarifying the provisions regarding timely renewal to require the Attorney General to make a finding that the failure to timely renew a commission was reckless or intentional before the commission is automatically forfeited;
- (2) Adding that the attorney general may prescribe through rules the qualifications of notaries public, renewal requirements, and disciplinary actions;
- (3) Providing that if the notaries public revolving fund is terminated, the fees shall be deposited with the director of finance to the credit of the state general fund; and
- (4) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2992, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2992, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, Sakamoto).

SCRep. 2871 Judiciary on H.B. No. 3031

The purpose of this bill is to fund the Campaign Spending Commission's operating expenses with the monies contained in the Hawaii Election Campaign Fund established within the state treasury.

Your Committee finds that the Campaign Spending Commission's operating expenses are currently appropriated from the state general fund. Your Committee further finds that based upon the expenditure history of the trust fund, sufficient revenues should be available to support the operating expenses of the Commission while also providing sufficient funding for eligible political candidates. Additionally, your Committee notes that providing funding for the Commission from the trust fund will allow the reallocation of the general funds presently appropriated to support the Commission.

Testimony in support of this bill was submitted by the State of Hawaii Campaign Spending Commission and Common Cause Hawaii.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3031 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, Sakamoto).

SCRep. 2872 Judiciary on H.B. No. 3192

The purpose of this bill, as received by your Committee, is to conform state statutes with the Federal Personal Responsibility and Work Opportunity Act of 1996 and the Welfare Reform Technical Corrections Act of 1997.

Your Committee finds that under present state law, the Director of Taxation lacks the explicit authority to collect spousal and medical support through the retention of state income tax refunds. Your Committee further finds that since the court may issue more than one order of support, broader language is needed to insure all necessary orders relative to child, spousal, or medical support are effected.

Testimony in Support of this bill was submitted by the Attorney General and the Office of the Corporation Counsel of the County of Hawaii.

Upon further consideration, your Committee has amended the bill by:

- (1) Incorporating the definition of child support from section 576D-1, Hawaii Revised Statutes (HRS) into sections 231-51, 231-52, and 383-163.5, HRS;
- (2) Including in the definition of "debt" that the amount of delinquent support be equal to or exceeding the sum of payments which would become due over a one-month period;
- (3) Changing the definition of "child support" in section 576D-1, HRS, to include spousal and medical support; and
- (4) Making technical changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3192, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3192, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 2873 Transportation and Intergovernmental Affairs on H.B. No. 2438

The purpose of this bill is to increase the penalties for a person who is convicted for a third offense of driving under the influence of intoxicating liquor within five years of two prior driving under the influence of intoxicating liquor convictions to a misdemeanor.

Your Committee received testimony in support of this measure from the Police Department of the City and County of Honolulu. The Department of Transportation, the Department of the Prosecuting Attorney of the City and County of Honolulu, and Mothers Against Drunk Driving submitted testimony in support of the intent of the bill, with the latter offering suggested amendments. The Repeat Offender Committee of the Impaired Driving Task Force of the Governor's Highway Safety Council submitted comments with proposed amendments.

Your Committee finds that Hawaii is experiencing an increase in driving under the influence of intoxicating liquor incidents. The Police Department of the City and County of Honolulu reports that in 1997, thirty-five percent of Hawaii's driving under the influence of intoxicating liquor cases involved repeat offenders, and motor vehicle collisions were involved in twenty-eight percent of those cases. Federal studies indicate that repeat offenders are more likely to be involved in motor vehicle collisions, causing an increased danger on our highways and roadways.

Your Committee has amended this measure by adding the recommended amendments offered by the Repeat Offender Committee of the Impaired Driving Task Force of the Governor's Highway Safety Council to include forfeiture of motor vehicles for habitual offenders under the forfeiture requirements of chapter 712A.

Your Committee also deleted the purpose section and made technical, nonsubstantive amendments for purposes of clarity.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2438, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2438, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2874 Health and Environment on H.B. No. 2422

The purpose of this bill is to appropriate \$1 to the Department of Health to qualify for a \$1 federal demonstration traumatic brain injury matching grant.

The Director of Health, Pacific Brain Injury Association, the Protection and Advocacy Agency of Hawaii, and four concerned citizens submitted written testimony supporting this bill.

After considering all pertinent issues and testimony presented, your Committee has amended the bill by deleting its contents and replacing it with the contents of S.B. No. 2422, S.D. 1, which:

- (1) Broadens types of grants being sought by including additional planning as an allowable purpose for the grants; and
- (2) Appropriates \$100,000 in order to qualify for a \$200,000 federal matching grant.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2422, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2422, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 2875 Health and Environment on H.B. No. 2598

The purpose of this bill is to provide immunity from liability to any person who uses an automatic external defibrillator (AED) in emergency care situations after having successfully completed an appropriate training program administered by a Hawaii-licensed physician, and for persons, including employers, who establish AED programs.

Your Committee received testimony in support of the bill from the Director of Health, Board of Medical Examiners, American Heart Association, Hawaii Nurses' Association, Consumer Lawyers of Hawaii, and a concerned emergency physician.

Your Committee believes, based on the overwhelming favorable testimony provided by the medical community, that allowing properly trained persons to use AEDs will enhance Hawaii's cardiac care system and increase patient survival rates. Your Committee concludes that this measure is needed because AED use could be considered the practice of medicine and its use may expose unlicensed AED users to liability for tort or the unauthorized practice of medicine.

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

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2598, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2598, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2876 Health and Environment on H.B. No. 2842

The purpose of this bill is to provide flexibility for the Director of Health in litter control matters by making the Director's duties in those matters discretionary.

Your Committee received testimony in support of the bill from the Director of Health. The Director requested the addition of language to repeal the Director's responsibility to convene a determination of death committee every odd-numbered year because it is inappropriate for the Department of Health to perform that function. This language was in the original bill but deleted by the House.

Your Committee agrees with the Director of Health and amended the bill by adding the language repealing the Director's responsibility to convene a determination of death committee every odd numbered year and by reducing the number of litter control matters that are discretionary.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2842, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2842, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2877 Health and Environment on H.B. No. 2843

The purpose of this bill is to extend the sunset date for the Drug Demand Reduction Assessments Special Fund from June 30, 1998 to June 30, 2001.

Your Committee received testimony in support of the bill from the Director of Health, Police Department of the City and County of Honolulu, and Hawaii Substance Abuse Coalition. The Director of Public Safety and Department of the Prosecuting Attorney of

the City and County of Honolulu submitted testimony supporting the bill and recommending amendments expanding the scope of the measure.

Your Committee believes, based on the favorable testimony provided by the agencies who will be most acutely affected by the measure, that extending the sunset date for the special fund will benefit the public by aiding law enforcement efforts against drug abuse.

After considering all pertinent issues and testimony presented, your Committee incorporated some of the recommendations of the Honolulu Prosecuting Attorney and amended the measure by including:

- (1) Driving under the influence of alcohol or drugs (DUI);
- (2) Consuming or possessing intoxicating liquor while operating a motor vehicle or moped or while a passenger;
- (3) Storing an open container of liquor or consuming liquor at a scenic lookout; and
- (4) Fraudulent obtaining of a controlled substance as,

offenses subject to the assessments, and adding an assessment of \$250 for the offenses set forth in paragraphs (1) to (4).

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2843, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2843, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 2878 Health and Environment on H.B. No. 2844

The purpose of this bill is to extend the mandatory insurance coverage for the treatment of mental illness, drug abuse, or alcohol dependence to July 1, 2002.

Your Committee received testimony in support of the bill from the Administrative Director of the Courts, Director of Health, Director of Public Safety, Insurance Commissioner, Director of Labor and Industrial Relations, Hawaii Psychiatric Medical Association, National Association of Social Workers, Kaiser Permanente, Hawaii Psychological Association, Legal Aid Society of Hawaii, Hawaii Substance Abuse Coalition, Hawaii Nurses' Association, Hawaii Government Employees Association, and ILWU Local 142. The Hawaii State Teachers Association submitted written testimony supporting the intent of the bill. The Hawaii Medical Service Association submitted testimony opposing the bill.

The Hawaii Psychological Association, Legal Aid Society of Hawaii, Hawaii Substance Abuse Coalition, Hawaii Nurses' Association, Hawaii Government Employees Association, ILWU Local 142, and Hawaii Medical Service Association recommended repealing the sunset provision and making permanent the mandatory coverage for the treatment of mental illness, drug abuse, or alcohol dependence. The Hawaii Substance Abuse Coalition also recommended deletion of the two lifetime episode treatment limit.

Your Committee believes, based on the favorable testimony provided by the agencies, providers, and insurers who are most acutely affected by the measure, that eliminating the sunset provision is warranted at this time. Alcohol and substance abuse continues to be a pervasive societal problem in Hawaii. This measure will ensure the availability of services to persons in need of assistance for treatment of those problems.

After considering all pertinent issues and testimony presented, your Committee amended the bill by repealing the sunset provision for the mandatory insurance coverage for the treatment of mental illness, drug abuse, and alcohol dependence, and by changing the effective date of the bill to July 1, 1998.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2844, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2844, H.D. 1, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 2879 Health and Environment on H.B. No. 2857

The purpose of this bill is to repeal the Chronic Renal Disease Assistance Program, which provides financial assistance for the care and treatment of persons with chronic renal disease.

Your Committee received testimony in support of the bill from the Director of Health stating that the program was unnecessary because the targeted costs are covered by Medicare and Medicaid.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2857, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2880 Education on H.B. No. 2560

The purpose of this bill is to provide increased flexibility to the University of Hawaii in its operations to enable it to more completely fulfill its multiple instructional, research, and community service mission in support of the well-being of our State.

Your Committee received testimony in support of this measure from the Department of the Attorney General, the Department of Budget and Finance, the University of Hawaii, the University of Hawaii Professional Assembly, the Chamber of Commerce of Hawaii, and the Hawaii Business Roundtable. The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO and one individual submitted comments.

Your Committee finds that this bill is an important step in the improving ability of the University to meet its multiple obligations in an increasingly competitive environment. Your Committee has amended this measure to:

- (1) Add a new section to chapter 304 entitled "Management of special and revolving funds of the University of Hawaii", and delete the management provisions from the three new special and revolving fund sections;
- (2) Add an amended section 26-52, Hawaii Revised Statutes (HRS), to delete the provisions regarding the salary of the university president;
- (3) Add an amended section 37-74(d), HRS, to reconcile the authority to transfer position counts authorized in section 304-4, HRS;
- (4) Add an amended section 304-11, HRS, to cover personnel, not just faculty;
- (5) Designate that funds for legal services should be appropriated to UOH900; and
- (6) Make technical amendments.

Your Committee understands, that with regards to contracts with the research corporation of the University of Hawaii, it is the University's intent to follow their Administration Procedure AP8.930.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2560, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2560, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2881 Education on H.B. No. 2563

The purpose of this bill is to provide additional guidelines to ensure implementation of school-based budgeting beginning with the fiscal biennium 1999-2001.

Your Committee received testimony in support of this measure from the Department of Budget and Finance, the Department of Education, the Hawaii State Teachers Association, and the Hawaii Congress of Parents, Teachers and Students.

Your Committee has amended this measure to:

- (1) Incorporate a provision from S.B. No. 2210, S.D.1, to define "program" in section 37-71(c), Hawaii Revised Statutes (HRS), for the display of financial requirements as including but not limited to the after school program, cafeteria management, computer education, counseling, custodial services, ESEA chapter I, project I, gifted and talented, Hawaiian studies, reimbursement for lost textbooks and equipment, school administration, and school libraries; and
- (2) Add an amended section 302A-1103, HRS, to require principals to establish budget priorities in partnerships with students, parents, teacher groups, and staff.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2563, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2563, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2882 (Majority) Education on H.B. No. 2564

The purpose of this bill is to require that, beginning with the 2000-2001 school year, all students completing the eighth grade shall be computer literate and that, beginning with the 2004-2005 school year, all students graduating from high school shall be competent in at least one language other than English.

Your Committee received testimony in support of the intent of this measure from the Department of Business, Economic Development and Tourism, the Department of Education, the Hawaii State Teachers Association, and the Hawaii Congress of Parents, Teachers and Students.

Your Committee has amended this measure by replacing its contents with language from S.B. No. 2107, S.D. 1, to appropriate funds for a historic Chinese center as a means of educating Hawaii residents and visitors about the role of the Chinese in Hawaii and the world.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2564, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2564, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Ige, M.). Excused, 3 (Fernandes Salling, Ige, D., Iwase).

SCRep. 2883 Education on H.B. No. 2837

The purpose of this bill is to provide more flexibility to Department of Education administrators at the school level in disciplining students in possession of dangerous weapons, switchblade knives, liquor, or drugs.

Your Committee received testimony in support of this measure from the Department of Education, the Hawaii State Teachers Association, and the Hawaii Congress of Parents, Teachers and Students.

Your Committee finds that this bill will allow schools to respond in a more timely manner to discipline problems and ensure the safety of all students. Your Committee has amended this bill to clarify that the department will follow Hawaii Administrative Rules, Title 8, Chapter 19, in exclusions from school for less than ten days, and made one technical amendment.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2837, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2837, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2884 (Joint) Education and Health and Environment on H.B. No. 3110

The purpose of this bill is to make an appropriation for the treatment of teenagers dependent on drugs.

Your Committees received testimony in support of this bill from the Department of Health (DOH), Office of Youth Services, Police Department of the City and County of Honolulu, Hawaii Congress of Parents, Teachers and Students, and several youths.

According to testimony of the DOH, there are approximately 8,400 students in need of substance abuse treatment. Your Committees find that substance abuse treatment for teenagers is extremely cost effective in reducing drug and alcohol abuse; decreasing truancy; improving academic performance; reducing school disciplinary problems; and reducing criminal behavior. Statistics provided by the DOH indicate significant positive outcomes for teenagers who underwent substance abuse treatment.

Your Committees have amended this bill by inserting \$453,750 as the appropriation amount.

As affirmed by the records of votes of the members of your Committees on Education and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3110, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3110, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 4 (Fernandes Salling, Ige, D., Iwase, Metcalf).

SCRep. 2885 Education on H.B. No. 3165

The purpose of this bill is to add a new section to chapter 304, Hawaii Revised Statutes (HRS), to create parent-teacher partnerships, and to require the teacher to initiate a process of addressing student expectations, setting goals, and establishing communications, with each student's parents or guardian.

Your Committee received testimony in support of the intent of this measure from the Department of Education (DOE) and the Hawaii Congress of Parents, Teachers and Students. The Hawaii State Teachers Association submitted testimony in opposition.

Your Committee has amended this bill by replacing its contents with S.B. No. 2754, S.D. 1, S.B. No. 2108, S.D. 1, S.B. No. 2953, S.D. 1, and S.B. No. 2446, S.D. 1, to:

- (1) Add a new section to chapter 302A, HRS, to reduce class size and to clarify that regardless of time spent in a regular classroom, a special education student shall be counted as one full-time student (S.B. No. 2754, S.D. 1);
- (2) Add a new section to chapter 302A, HRS, to reduce the student-to-counselor ratio (S.B. No. 2108, S.D. 1);
- (3) Establish a commission on central auditory processing deficits (CAPD) in the DOE, with a report to the 1999 Legislature (S.B. No. 2953, S.D. 1);
- (4) Require the DOE to develop a plan to train an interdisciplinary team in early interventions for special education children, with a report to the 1999 Legislature (S.B. No. 2446, S.D. 1); and
- (5) Appropriate funds to carry out the purposes of the Act.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3165, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3165, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 2886 Education on H.B. No. 3452

The purpose of this bill is to allow the Department of Education to set the price of school lunches up to one hundred percent of the nonfederal cost of preparing the school lunch.

Your Committee received testimony in support of this measure from the Hawaii Congress of Parents, Teachers and Students. The Department of Education and the Hawaii State Teachers Association submitted comments.

Your Committee has amended this measure by replacing its contents with S.B. No. 2277, S.D. 1, which establishes and appropriates funds for a University of Hawaii technology institute at Honolulu Community College, to:

- (1) Establish the team and office and classroom sites using Honolulu community college as a base;
- (2) Establish objectives for student and employment related activities;
- (3) Study innovative programs available elsewhere;
- (4) Establish a successful working model and develop procedures to establish the technology institute;
- (5) Develop and implement staff development workshops on applied technologies in the classroom for department of education and community college employment training center personnel; and
- (6) Conduct and evaluate pilot classes for secondary students enrolled in the technology institute, including counseling services and School-to-Work- Opportunities options.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3452, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3452, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 2887 Commerce, Consumer Protection, and Information Technology on H.B. No. 2423

The purpose of this bill is to give insurance agents tort immunity, for two years, for actions arising out of the agents' simple negligence in placing or renewing policyholder applications for motor vehicle insurance.

Your Committee received testimony in support of this measure from State Farm Insurance Company, Hawaii Independent Insurance Agents Association, Brainard & Black Insurance Agency, Ilima Insurance Agency, Inc., AON Risk Services, Pancho Alcon, Ltd. Insurance Agency, Noguchi, Nakayama & Singlehurst, Inc., and Mutual Underwriters. Testimony opposing the measure was received from the Consumer Lawyers of Hawaii. The Department of Commerce and Consumer Affairs took no position on the measure.

Your Committee finds that with the enactment in 1997 of Act 251, which reformed the State's motor vehicle insurance system, consumers are faced with pages and pages of forms and options.

Your Committee further finds that insurance agents and insurance brokers are faced with the responsibility of explaining the many options available to a consumer who often does not read or understand the multitude of forms and options available. Many consumers rely on the agent's recommendations in purchasing motor vehicle insurance coverage.

Your Committee notes that many agents represent various insurance carriers and currently there are no forms that are standard to all carriers.

Your Committee amended the bill by requiring that insurance companies indemnify the insurance agents and brokers for their simple negligence for two years or until standard forms are approved and adopted by the insurance commissioner.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2423, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2423, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2888 Commerce, Consumer Protection, and Information Technology on H.B. No. 3568

The purpose of this bill is to make the unlawful possession of a credit card issued in the names of two or more other persons, prima facie evidence of the intent to use, sell, or transfer the card. The bill also adds a definition for "information" concerning credit cards to the offenses against property rights chapter of the Hawaii Revised Statutes.

Your Committee received testimony in support of this measure from the Honolulu Police Department.

Your Committee finds that the amendments made to section 708-8102(1), Hawaii Revised Statutes, make it consistent with the existing language and intent of section 708-8102(6), Hawaii Revised Statutes.

Your Committee further finds that the new definition of "information" applies to a broader range of data bases which now include computer and magnetic media.

Your Committee amended the bill by making technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3568, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3568, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2889 (Majority) Government Operations and Housing on H.B. No. 2369

The purpose of this bill is to grant priority over mortgage liens to condominium association's lien for unpaid common expenses and expenses incurred in collecting unpaid common expenses, including foreclosure.

The Real Estate Commission, Hawaii Association of Realtors, Elisha Ekimoto & Harada, Attorneys at Law, Oishi's Property Management, Metropolitan Management, Community Associations Institute, Certified Management, Inc., Hawaii Council of Associations of Apartment Owners, Puu Alii Community Association - Phases I and II, Cliffside Villages at Waipio, East Oahu Realty, Wailea Community Association, Association of Beachhouse Owners of Kiahuna Plantation, Associations of Apartment Owners of the Village Maluhia Condominium, Makakilo Hale I, Ala Wai Plaza Skyrise, Monte Vista, Makaha Valley Plantation, Kaanapali Royal Resort Condominium, Maui Eldorado Resort Condominium, Colonnade on the Greens, Ridgecrest - Melemanu Woodlands, Kuola, Westloch Fairways, and Mauna Luan, and ninety individuals consisting of apartment owners submitted testimony in support of this bill.

The Hawaii Bankers Association, Mortgage Bankers Association, and Hawaii League of Savings Institutions submitted testimony opposing this bill.

Testimony in support of this bill indicated that unpaid condominium maintenance fees and the costs associated with collection efforts result in increases to condominium maintenance fees. An association may obtain a lien against the nonpaying apartment. However, upon foreclosure of that apartment, the association rarely recovers the unpaid fees because, under current law, the first mortgagee has priority with respect to any proceeds resulting from the foreclosure sale of the apartment. In most foreclosure situations, the association's lien is never satisfied because the foreclosure sale is unable to generate enough proceeds to cover all liens and mortgages on the apartment. Therefore, the remaining innocent apartment owners are burdened with the unpaid balance of the nonpaying apartment owner. This bill would give priority over all mortgages to condominium association liens for amounts of unpaid common expense assessments and related collection expenses that would have become due during the six months prior to the commencement of a legal proceeding for collection, including foreclosure.

Upon consideration of the pertinent issues and testimony presented, your Committee recognizes the hardships created by delinquent condominium apartment owners and finds that this bill will lessen the financial burden on non-delinquent owners and encourage prompt maintenance fee payments. Your Committee has amended this bill by limiting the amount of the superior condominium association lien that is attributed to costs and expenses to not more than \$1,000.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2369, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2369, H.D. 1, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Ige, M.). Excused, none.

SCRep. 2890 Government Operations and Housing on H.B. No. 2424

The purpose of this bill is to exempt from the conveyance tax real property transfers:

- (1) From an individual to a business entity wholly-owned by the individual and the individual's family;
- (2) From a parent corporation to a wholly-owned subsidiary or vice-versa; or
- (3) Resulting from the conversion of a general partnership or limited partnership to a limited liability company or vice-versa.

The Department of Taxation, Ning, Lilly, & Jones, Attorneys at Law, and the Hawaii Association of Realtors submitted testimony in support of this bill. The Tax Foundation of Hawaii submitted testimony commenting on this bill.

The Department of Taxation testified that this bill simply exempts from conveyance tax transfers of real property that merely change the form in which the property is held. Ning, Lilly, & Jones testified that transfers and sales between related or wholly-owned entities lack a real exchange of value or economic activity.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that this bill provides appropriate conveyance tax relief. Your Committee amended this bill by exempting from conveyance tax real property transfers from an individual to a corporation or limited liability company wholly-owned by the individual and the individual's children.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2424, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2424, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, none.

SCRep. 2891 (Majority) Government Operations and Housing on H.B. No. 3317

The purpose of this bill is to provide legislative approval for the public auction sale, in fee simple, of the Mabel Smythe Memorial Auditorium Building and property situated at Auwaiolimu and Puowaina, Honolulu, Oahu, Hawaii (Mabel Smythe Property).

The chairperson of the Board of Land and Natural Resources and the Queen Emma Foundation submitted testimony in support of this bill.

The chairperson of the Board of Land and Natural Resources testified that the Mabel Smythe Property is under-utilized and substantial costs would be incurred to complete interior work which is necessary to provide for any long-term use of the property. The Queen Emma Foundation expressed interest in purchasing the Mabel Smythe Property.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that the public auction sale, in fee simple, of the Mabel Smythe Property is appropriate.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3317, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Ige, M.). Excused, none.

SCRep. 2892 (Joint) Government Operations and Housing and Health and Environment on H.B. No. 3446

The purpose of this bill is to authorize the issuance of special purpose revenue bonds for the purpose of assisting Kupuna Park, Inc., a Hawaii nonprofit corporation, or another Hawaii nonprofit entity established under the auspices of Kupuna Park, Inc., in the planning, design, construction, and operation of a senior housing community.

A representative of Victor Young and the development team for the Kupuna Park Project submitted testimony in support of this bill with a suggested amendment. The Department of the Attorney General submitted testimony addressing the legal issues raised by this bill.

Your Committees received testimony indicating that the Kupuna Park project is the only assisted living project in progress on the Big Island. Furthermore, the Kupuna Park project will create 35-45 permanent full-time health care jobs in the Hilo community.

The Department of the Attorney General indicated that this bill lacked a provision that authorizes the refunding of the special purpose revenue bonds issued pursuant to this bill and that section 39A-52, Hawaii Revised Statutes, prohibits the issuance of new special purpose revenue bonds after June 30, 2000.

Upon consideration of all pertinent issues and testimony presented, your Committees find that the senior housing community project of Kupuna Park, Inc., will benefit the senior citizens of the island of Hawaii while creating construction and permanent health care jobs.

Your Committees have amended this bill by:

- (1) Permitting the special purpose revenue bond funds to be used for purchasing and leasing land;
- (2) Inserting a provision authorizing the refund of the special purpose revenue bonds; and
- (3) Setting the lapse date of the bonds on June 30, 2000, in compliance with section 39A-52, Hawaii Revised Statutes.

As affirmed by the records of votes of the members of your Committees on Government Operations and Housing and Health and Environment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3446, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3446, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 2 (Matsunaga, Metcalf).

SCRep. 2893 Health and Environment on H.B. No. 2498

The purpose of this bill is to require the sale and acquisition of nonprofit hospitals to be subject to review and approval by the State Health Planning and Development Agency and the Attorney General.

Your Committee received testimony in support of the bill from the Healthcare Association of Hawaii and Hawaii Government Employees Association. The State Health Planning and Development Agency submitted testimony supporting the intent of the bill and recommending several amendments. The Attorney General submitted testimony taking no position on the bill and suggesting several changes.

Your Committee finds that recent purchases of nonprofit hospitals across the nation by large hospital management corporations have resulted in short-term financial gains to the states, and an overall reduction in the health services available to rural and underserved communities. Your Committee believes this measure is needed to ensure that those kinds of adverse health care consequences to the rural communities are prevented or minimized from the sale of any nonprofit hospital in Hawaii.

Your Committee also agreed with the Attorney General that the section giving the Attorney General the authority to enforce commitments inuring to the public interest is too vague to implement.

Your Committee amended this bill by:

- (1) Amending the section giving the Attorney General the authority to enforce commitments which inure to the public interest by clarifying that the commitments are those "made pursuant to section 323D-G";
- (2) Adding a maintenance of services section to the new part, prohibiting the purchaser of a nonprofit hospital from reducing the level of health care services to the community below the levels available at the time of purchase, without prior notice to and approval from the legislature; and
- (3) Making technical, nonsubstantive changes for clarity, style, and grammar.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2498, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2498, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalfe).

SCRep. 2894 (Joint) Health and Environment and Commerce, Consumer Protection, and Information Technology on H.B. No. 2852

The purpose of this bill is to reduce the barriers to and expand the use of telehealth by removing the necessity of a face-to-face examination as a prerequisite for payments from health care plans.

Your Committees received testimony in support of this measure from the Hawaii Psychological Association, Hawaii Psychiatric Medical Association, and Hawaii Medical Association. Testimony opposing this measure was received from the Board of Medical Examiners. Testimony supporting the intent of the measure but preferring the Senate companion bill was received from the Department of Health, the State Health Planning and Development Agency, Hawaii Medical Service Association, Oceanic Communications, AT&T, Hawaii Nurses' Association, and an interested citizen. GTE Hawaiian Tel and the Healthcare Association of Hawaii offered testimony supporting the measure with amendments.

Your Committees find that telehealth has the potential to reduce costs, improve quality, and improve access to health care for our citizens in rural and other medically underserved areas.

Your Committees further find that everyone is a potential telehealth beneficiary for health care expertise available not only within the State, but nationally and worldwide.

However, your Committees find that certain sections of this bill are unnecessary or need revision. Therefore, your Committees amended the bill by deleting its contents and inserting the contents of Senate Bill No. 2855 which:

- (1) Incorporates the legislative intent into the various insurance sections of the Hawaii Revised Statutes;
- (2) Narrows the definition of "telehealth"; and
- (3) Specifies that face-to-face contact is not a prerequisite for payment for telehealth services provided in accordance with generally accepted medical practices and standards prevailing in the applicable professional community.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2852, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2852, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 3 (Kanno, Solomon, Tam).

SCRep. 2895 Health and Environment on H.B. No. 2855

The purpose of this bill is to repeal the provisions relating to nurse midwives. Nurse midwives will be required to be recognized as advanced practice registered nurses.

Testimony was presented by the Department of Health, the Department of Commerce and Consumer Affairs, and the Board of Nursing.

The Department of Commerce and Consumer Affairs suggested amendments to the bill to clarify the requirements for recognition of midwives as an advanced practice registered nurse by requiring them to have a current certification from a national body. Your Committee is in agreement with the suggested amendments and has amended the bill accordingly.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2855, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2855, H.D. 1, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2896 Health and Environment on H.B. No. 3453

The purpose of this bill is to authorize the issuance of special purpose revenue bonds for the Queen's Health Systems (Queens).

Your Committee received testimony in support of this measure from Queens.

Your Committee finds that issuing the special purpose revenue bonds to Queens for improving and expanding the Queens health care facilities and programs will benefit the people of Hawaii by:

- (1) Allowing Queens to spread the improvement and expansion costs over time and use the funds that would otherwise have been spent for those costs to assist in reducing the current cost of health care; and
- (2) Affording patients additional and improved facilities and programs for their health care needs.

Your Committee amended the bill by repealing the sunset date for the issuance of new special purpose revenue bonds after June 30, 2000, contained in section 39A-52, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3453, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3453, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2897 (Joint) Economic Development and Water, Land, and Hawaiian Affairs on H.B. No. 1332

The purpose of this bill is to include agricultural water needs within the provisions of the state water code.

Your Committees find the Senate position with regards to this measure is preferable because it allows for appropriate input on agricultural water use by the Department of Agriculture to the state water plan.

Your Committees have amended this bill to replace the contents of the bill with language similar to S.B. No. 2238, S.D. 1, which includes the following provisions:

- (1) A new section in chapter 174C, Hawaii Revised Statutes, requiring the Department of Agriculture to prepare a state agricultural water use and development plan;
- (2) New definitions for "agricultural use" and "existing agricultural use";
- (3) An amendment to section 174C-46, Hawaii Revised Statutes, requiring the Commission on Water Resource Management to render decisions in ninety days after the chairperson's recommendations; and
- (4) Deletion of references to the counties.

As affirmed by the records of votes of the members of your Committees on Economic Development and Water, Land, and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1332, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1332, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 10. Noes, none. Excused, 5 (Fukunaga, Kawamoto, Levin, Matsunaga, McCartney).

SCRep. 2898 (Joint/Majority) Economic Development and Water, Land, and Hawaiian Affairs on H.B. No. 2990

The purpose of this bill is to allow the State to acquire, improve, and operate the Waiahole water system.

Your Committees find that the Agribusiness Development Corporation is the appropriate entity to acquire, improve, and operate the Waiahole water system in order to ensure the continuation and expansion of diversified agriculture, boost the State's economy, assure adequate water to leeward Oahu's farmers, and protect the Pearl Harbor aquifer.

Your Committees also find that the amount needed for the acquisition of the Waiahole water system has been lowered from \$10,000,000 to \$9,700,000.

Your Committees have amended this bill by:

- (1) Shifting the authority to acquire, administer, operate, maintain, and improve the Waiahole water system from the Department of Agriculture to the Agribusiness Development Corporation;
- (2) Changing the designation of the acquisition from a stock purchase to an asset purchase;
- (3) Updating the figures in the declaration of findings with respect to the general obligation bonds; and
- (4) Changing the sum of reimbursable general obligation bonds authorized to \$9,700,000.

As affirmed by the records of votes of the members of your Committees on Economic Development and Water, Land, and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2990, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2990, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, 2 (Anderson, Slom). Excused, 5 (Fukunaga, Kawamoto, Levin, Matsunaga, McCartney).

SCRep. 2899 Economic Development on H.B. No. 3527

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist manufacturing, processing, and industrial enterprises on the island of Hawaii.

Specifically, this bill amends Acts 262 and 263, Session Laws of Hawaii 1993, by:

- (1) Extending the lapse date of the special purpose revenue bonds from June 30, 1998, to June 30, 2003; and
- (2) Increasing the amount of special purpose revenue bonds that may be issued for assisting the 'Enekinia Hawai'i.

Your Committee has amended this bill by replacing the contents of the bill with the contents of S.B. No. 3156, S.D. 2, which includes the following provisions:

- (1) Authorization for the issuance of \$5,000,000 in special purpose revenue bonds to be used as seed money for manufacturing and processing entrepreneurs
- (2) Authorization for the issuance of \$20,000,000 in special purpose revenue bonds to assist Hui 'Enekinia Hawai'i' in the establishment of cogeneration and water production facilities; and
- (3) Extension of the lapse dates of special purpose revenue bonds authorized in Acts 262 and 263, Session Laws of Hawaii 1993, from June 30, 1998, to June 30, 2003.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3527, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3527, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 4 (Bunda, Chumbley, Kawamoto, McCartney).

SCRep. 2900 Commerce, Consumer Protection, and Information Technology on H.B. No. 2537

The purpose of this bill is to preserve insurance coverage for individuals who have been, or are at risk of being abused in a domestic relationship.

Your Committee received testimony in support of this measure from Hawaii Nurses' Association and State Farm Insurance Companies. Testimony in support of this measure with amendments was received from the American Council of Life Insurance and Kaiser Permanente. The Department of Commerce and Consumer Affairs submitted testimony which supported the intent of the bill but expressed reservations and concerns about the enforcement of the bill.

Your Committee finds that domestic violence affects millions of people in this country every year, and the vast majority of victims are women and children.

Your Committee further finds that to date about twenty states have enacted domestic violence discrimination laws, and a similar bill is currently before Congress.

Your Committee amended the bill by deleting the contents of sections 3, 4, and 5 of the bill and inserting language similar to the language in section 2 of the bill to make the requirements for insurance contracts provided by fraternal benefit societies, mutual benefit societies, and health maintenance organizations consistent.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2537, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2537, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 2901 (Majority) Commerce, Consumer Protection, and Information Technology on H.B. No. 2702

The purpose of this bill is to specify that the universal service fund shall exist outside of the state treasury as a special fund to implement the policies and goals of universal service.

The bill also clarifies sources of contributions to the universal service fund, and appropriates an unspecified sum from the universal service fund to be expended by the Public Utilities Commission for purposes related to the universal services program.

Your Committee received testimony in support of part I of this measure relating to the universal service fund from the Public Utilities Commission, AT&T, GTE Hawaiian Tel, and Oceanic Communications.

Your Committee finds that in 1995, Act 225 established the universal service fund. The fund was created to keep telephone service affordable for all residents, specifically by:

- (1) Maintaining affordable rates for basic residential telecommunications service;
- (2) Assisting customers in high cost areas;
- (3) Assisting low income customers and customers with disabilities in obtaining and maintaining basic telecommunications service;
- (4) Ensuring that all consumers around the State have access to all telecommunications services, which are used by a majority of consumers, at comparable costs; and
- (5) Promoting affordable access to enhanced government information and services.

Your Committee further finds that the universal service fund will ensure that all telecommunication carriers or persons benefiting from the telecommunications infrastructure who compete with telecommunications services provided in the State, contribute their fair share of the universal service support.

Your Committee amended the bill by:

- (1) Dividing the bill into three parts with part I relating to the universal service fund, part II relating to net energy metering, and part III relating to general provisions.
- (2) Exempting the universal service fund from legislative and executive budgetary control;
- (3) Specifying that the universal service fund shall exist within the state treasury;
- (4) Specifying that the universal service fund be held apart from other funds;
- (5) Deleting the effective date proviso that the amendments made to sections 36-27 and 36-30, Hawaii Revised Statutes, by this Act not be repealed when those sections are reenacted on July 1, 2000, pursuant to section 13 of Act 216, Session Laws of Hawaii 1997;
- (6) Inserting a purpose section for the net energy metering amendments;
- (7) Inserting an amendment to section 269-16.21, Hawaii Revised Statutes, which repeals the existing law and replaces it with language that:
 - (A) Defines "eligible customer-generator" and "net energy metering";
 - (B) Requires that electric service providers develop and make available to eligible customer-generators, contracts or tariffs for net energy metering;
 - (C) Specifies requirements, with respect to rate structure, for all net energy metering contracts or tariffs;
 - (D) Sets the specifications for net energy metering implementation;
 - (E) Sets the specifications for net energy metering calculations; and
 - (F) Requires that solar-electric generating systems meet the national safety and performance standards;

and
- (8) Repeals the definition of "net energy metering" in section 269-1; Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2702, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2702, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Slom). Excused, 3 (Kanno, Levin, Solomon).

SCRep. 2902 Transportation and Intergovernmental Affairs on H.B. No. 2357

The purpose of this bill is to allow the State to indemnify, defend, and hold harmless a county agency, its officers, agents, and employees for joint state and county projects when all of the following conditions are satisfied:

- (1) The county requests the State to indemnify it, or when indemnity provisions require such;
- (2) The governor approves the State's proposed indemnification; and
- (3) The comptroller, has obtained an insurance policy or policies in an amount sufficient to cover the liability of the State, or has determined that it is not in the best interest of the State to obtain insurance.

Your Committee finds that it is in the public interest for the State and counties to cooperate in providing much needed services to the public through joint intergovernmental projects. These joint intergovernmental projects benefit the general public since they avoid unnecessary duplication of services and allow the services to be provided in a faster and more efficient method.

Further, your Committee finds that the counties are hesitant to enter into these joint projects since it would expose them to greater liability, especially in situations where their participation is limited. To address this concern, the counties have requested the sponsoring state department to indemnify and defend them in the event a lawsuit arises out of a state project. Your Committee believes that this measure will provide the counties the requested protection.

Your Committee held a hearing on a similar bill, S.B. No. 2394, on February 12, 1998. Your Committee has deleted the language in this bill and replaced it with S.B. No. 2394, S.D. 1, which:

- (1) Allows the head of each department or corporation, with the approval of the governor, to obtain the aid and cooperation of the counties in projects that have been authorized by the legislature, and enter into agreements and arrangements as it deems advisable to obtain the aid and cooperation; and
- (2) Allows department heads to procure insurance for, or indemnify and hold harmless, or both, any county to protect it from liability for its participation in any state project, program, or operation.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2357, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2357, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2903 (Majority) Transportation and Intergovernmental Affairs on H.B. No. 2361

The purpose of this bill is to increase towing fees and to add a \$26 fee for difficult hookups (an above or below ground hookup in a multilevel facility).

Your Committee received testimony in support of this measure from the Hawaii State Towing Association and the Hawaii Insurers Council. The Department of Commerce and Consumer Affairs submitted comments.

Your Committee finds that the revisions to the towing fees as amended in this measure would make Hawaii towing fees comparable to fees charged in other jurisdictions. The last time towing fees were revised in Hawaii was in 1991. Since that time, the towing industry has suffered as the cost of doing business continued to increase and current laws remain restrictive, while the allowable fees remained fixed.

Your Committee has amended this measure by:

- (1) Revising the towing fees to:
 - (A) \$60 instead of \$63 for a tow using a dolly;
 - (B) \$15 instead of \$13 per day or fraction thereof for storage for the first seven days and \$10 per day instead of \$6 thereafter;
 - (C) \$15 instead of \$13 for overtime charges between the hours of six o'clock p.m. and six o'clock a.m.; and
 - (D) \$25 instead of \$26 for difficult hookup towing surcharge;
- (2) Allowing the use of credit cards to pay for towing fees; and
- (3) Requiring the legal owner or lien holder to pay towing and storage charges for abandoned vehicles identified for removal by county ordinance including vehicles that obstruct or are a hazard to traffic; and
- (4) Establishing towing, storage, and settlement procedures required by towing companies.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2361, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2361, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Slom). Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2904 (Majority) Transportation and Intergovernmental Affairs on H.B. No. 2366

The purpose of this bill is to authorize the Department of Transportation to implement a water ferry system via a public-private partnership.

Your Committee received testimony in support of this measure from the Department of Transportation, the Department of Business, Economic Development, and Tourism, the Chamber of Commerce of Hawaii, Leeward Oahu Transportation Management Association, and the Estate of James Campbell. Testimony in support of this measure with reservations was received from the Board of Land and Natural Resources.

Your Committee finds that convenient and reliable alternatives to personal vehicle commuting must be available to residents and visitors to relieve the increasing congestion and demands on our highway system.

Your Committee amended the bill by:

- (1) Deleting references to intra-island and leeward Oahu to the central business district corridor service to broaden the scope of the water ferry system;
- (2) Establishing a Ferry Project special fund;
- (3) Replacing the reduced user fees and land lease consideration for operators of the water ferry system with concessions as determined jointly by the Department of Transportation and the Department of Land and Natural Resources;
- (4) Exempting the water ferry system demonstration project from the provisions of chapters 103D, 171, 190D, 200, 271G, and 343, Hawaii Revised Statutes; and
- (5) Making technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2366, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2366, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, 1 (Kanno). Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2905 (Joint) Transportation and Intergovernmental Affairs and Human Resources on H.B. No. 2478

The purpose of this bill is to exempt reserve police officers from the civil service and compensation laws. It also grandfathers existing reserve officers to this exemption from civil service and compensation requirements.

Your Committees received testimony in support of this measure from the Police Department of the City and County of Honolulu, the Department of Personnel of the City and County of Honolulu, and the Police Department of the County of Hawaii.

Your Committees find that reserve police officers are citizens who voluntarily and without compensation are a necessary component in helping to protect and serve our community. They serve as a vital link between the regular police force and the community. However, questions have arisen over the use of volunteers such as reserve police officers who work in a government agency, as a result of the Hawaii Supreme Court case of Konno v. County of Hawaii. In the Konno decision, the Supreme Court adopted the "nature of services" test, meaning that any services that have been customarily and historically provided by civil servants must be protected under Hawaii's civil service laws.

Your Committees believe that the intent of the bill has merit and that it should move on for further discussion so that an amicable and fair solution may be crafted through the deliberations of the legislative process. Your Committees hope that a comprehensive measure such as S. B. No. 2213, S.D. 2, can be modified to address the concerns raised in this measure, and other measures attempting to amend our civil service laws in a piecemeal manner.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2478, H.D. 1, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2478, H.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 3 (Fernandes Salling, Sakamoto, Anderson).

SCRep. 2906 Transportation and Intergovernmental Affairs on H.B. No. 2649

The purpose of this bill is to ensure that no person who is required to register with the Selective Service System shall be eligible for employment by any state or county agency unless the person provides written documentation from the Selective Service System that the person is registered with the Service, or is otherwise in compliance with the Military Selective Service Act. This requirement does not apply to those persons who have failed to comply with the Military Selective Service Act and have reached an age of at least twenty-five years.

Your Committee received testimony in support of this measure from the Office of Selective Service and the Selective Services System's Local Board No. 5.

Your Committee believes that since Hawaii has one of the lowest compliance rates in the country of men turning eighteen years old who register with the Selective Service System, this measure would increase employment and federal student financial aid and grant opportunities for males between the ages of eighteen and twenty-five years who are hesitant to register or are not aware of the registration pre-conditions when seeking state, county, or federal employment.

Your Committee has broadened the scope of this measure by making the following amendments:

- (1) Replacing "written documentation" with "verification" to be eligible for employment by any state or county agency;
- (2) Adding language from S.B. No. 2501, S.D. 2, which requires subcontractors on a contract obtained through statutes awarding preference to state businesses to meet the same requirements as the contractor. It also permits exceptions if contractors exhaust all eligible, qualified subcontractors, and raises the preference level for qualified contractors; and
- (3) Adding language from S.B. No. 2184, S.D. 1, which allows the Department of Transportation the option of exempting parking lot concessions at any state airport from public advertisement for sealed tender, by using the competitive sealed bidding method with the award to go to the highest responsible bid or, if a competitive sealed proposal, to the proposal most advantageous to the State.

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

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2649, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2649, H.D. 2, S.D. 1, and be referred to the Committee on Human Resources.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2907 Transportation and Intergovernmental Affairs on H.B. No. 2892

The purpose of this bill is to increase the limit on special facility revenue bonds for airport facilities from \$100,000,000 to \$200,000,000, provided that these funds shall not be expended for nonpublic air facilities. This bill allows for the issuance of refunding special facility revenue bonds to provide for the payment of outstanding special facility revenue bonds, provided that the bonds shall not reduce the principal amount of the bonds. It also sets out additional requirements for indemnification by lessees for special facility leases under the jurisdiction of the Department of Transportation.

Your Committee concurs with the merits of this bill and has made technical, nonsubstantive amendments throughout this measure for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2892, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2892, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2908 (Joint) Transportation and Intergovernmental Affairs and Water, Land, and Hawaiian Affairs and Economic Development on H.B. No. 2998

The purpose of this bill is to create a temporary Maritime Authority Commission which will propose the exact form and details of the establishment of the Hawaii Maritime Authority to the legislature for action in 1999.

Your Committees find that the Maritime Authority Commission will be composed of fifteen members from various state departments, including the Aloha Tower Development Corporation, the Hawaii Community Development Authority, and the Office of Hawaiian Affairs, as well as representatives from the private maritime industry, labor, and the general public. The Commission will be administratively attached to the Department of Transportation, will submit a final report to the legislature no later than December 20, 1998, and will be dissolved on the last day of the regular session of 1999.

Your Committees find that the full economic utilization of Hawaii's harbors is hampered by the fact that multiple agencies have authority and responsibilities for these resources. The multiple jurisdiction make both decision-making and implementation cumbersome and slow; make it difficult for the private sector to interact with government and obtain efficient and effective results; and result in inefficiencies and conflicts over maritime and nonmaritime uses that are difficult to resolve between agencies.

Therefore, your Committees concur that creating a temporary Hawaii Maritime Commission to evaluate and make detailed recommendations to successfully establish a Hawaii Maritime Authority would eventually enable the planning and development of maritime lands and waters to be carried out efficiently, improve services to users, facilitate timely decision-making, and assist in revitalizing Hawaii's economy.

Your Committees held a hearing on companion bill S.B. No. 3034, S.D. 1, on February 12, 1998.

Your Committees have amended this measure by making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Water, Land, and Hawaiian Affairs and Economic Development that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2998, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2998, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 13. Noes, none. Excused, 7 (Fernandes Salling, Kanno, Kawamoto, Levin, Matsunaga, McCartney, Anderson).

SCRep. 2909 Transportation and Intergovernmental Affairs on H.B. No. 3082

The purpose of this bill is to require that persons charged with a Class C felony for habitual driving under the influence be subjected to Administrative Driver's License Revocation procedures.

Testimony was received in support of the bill from the Department of Transportation, the City and County of Honolulu Police Department, the Repeat Offender Committee of the Impaired Driving Task Force, and Mothers Against Drunk Driving.

Your Committee finds that under current statutes habitual DUI offenders can continue to drive while awaiting prosecution.

After considering all pertinent issues and testimony, your Committee amended this bill to correct statutory language and by making technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3082, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3082, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2910 Transportation and Intergovernmental Affairs on H.B. No. 3138

The purpose of this bill is to permit counties to transfer development rights between two lots, parcels, or areas of land.

Your Committee received testimony in support of this measure from the Land Use Research Foundation of Hawaii, the Nature Conservancy of Hawai'i, and Maui Land Conservancy, Inc. Testimony opposing the measure was received from the Sierra Club, Hawaii Chapter. Hawaii's Thousand Friends offered comments.

Your Committee finds that a Transfer of Development Rights (TDR) program may ensure that both important natural habitat and the economic value of private lands are protected.

Your Committee further finds that TDRs may encourage creative land use planning for the future and foster constructive collaboration between landowners, communities, and government.

Your Committee amended the bill by deleting the findings and purposes section and the conditions for receiving and sending districts sections to allow each county to determine how it will implement TDRs.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3138, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3138, H.D. 1, S.D. 1, and be referred to the Committee on Water, Land, and Hawaiian Affairs.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2911 (Joint) Transportation and Intergovernmental Affairs and Human Resources on H.B. No. 3313

The purpose of this bill is to allow police officers, when they suspect they have contracted a life-threatening or debilitating disease while performing their duties as a police officer, to make a written request to test the potential carrier and the police officer to diagnose the disease. The county administration shall provide the test without cost to the police officer.

Your Committees received testimony in support of this measure from the Police Department of the City and County of Honolulu and the State of Hawaii Organization of Police Officers. Testimony in opposition to this measure was submitted from the Department of Health, the Governor's Committee on HIV/AIDS, and the American Civil Liberties Union of Hawaii Foundation.

Upon review of the testimonies submitted, your Committees have taken into consideration concerns expressed by those in opposition to this measure that the tests are not voluntary and would constitute an unwarranted violation of civil liberties and right of privacy, and that the involuntary disclosure of a person's disease status to another party would infringe on a person's right to maintain confidentiality of personal medical information. Members of your Committees have also expressed similar concerns of confidentiality and protection of rights, particularly as it relates to persons who test positive for HIV, AIDS, of AIDS related complex.

Therefore, upon the recommendation of the American Civil Liberties Union of Hawaii Foundation, your Committees have amended this measure by adding language requiring the county administration to notify the potential carrier in writing of the following:

- (1) That a police officer has made a written request to test the potential carrier to diagnose a disease;

- (2) The purpose of the test, including the type of disease sought to be diagnosed by the test;
- (3) That the testing of the potential carrier is voluntary on the part of the potential carrier, and that the person has a right to refuse to be tested;
- (4) That if a potential carrier voluntarily agrees to be tested, the person waives any patient-physician confidentiality or medical record confidentiality regarding the results of the test, and this waiver shall be in writing and signed by the potential carrier;
- (5) That the potential carrier's refusal to be tested shall not result in any punitive measure on the part of the county administration or law enforcement; and
- (6) To whom the results of the test will be provided and the circumstances under which the results of the test will be disclosed.

In addition, language has been added to require that the county administration shall perform the tests and notify subjects of their test results, and at no cost to the police officer or the potential carrier.

Further, your Committees have amended section 325-101, Hawaii Revised Statutes, to allow, under certain conditions, the release of records of persons who test positive for HIV, AIDS, or AIDS related complex for purposes related to testing at the request of a police officer.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3313, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3313, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 3 (Fernandes Salling, Sakamoto, Anderson).

SCRep. 2912 (Joint) Government Operations and Housing and Transportation and Intergovernmental Affairs on H.B. No. 2567

The purpose of this bill is to create a nine-member task force to identify, analyze, and draft proposed legislation that eliminates duplicative state and county government services.

The chairperson of the Board of Land and Natural Resources, American Society of Civil Engineers, United Public Workers, AFSCME, Local 646, AFL-CIO, and Consulting Engineers Council of Hawaii submitted testimony in support of this bill.

The Department of Transportation submitted testimony in support of this bill and deferred to the Department of Business, Economic Development, and Tourism (DBEDT). The DBEDT submitted testimony in support of the purpose and intent of this bill and expressed concerns and made suggestions.

Upon consideration of all pertinent issues and testimony presented, your Committees find that there is unnecessary duplication in state and county government which needs to be eliminated. Your Committees have amended this bill by replacing its contents with the contents of Senate Bill No. 3201, S.D. 1, because of its approach to eliminating unnecessary governmental duplication. Senate Bill No. 3201, S.D. 1, provides as follows:

- (1) Requires the governor and the mayors of the respective counties, not a task-force, to identify and submit a final plan and proposed legislation to eliminate governmental duplication; and
- (2) Focuses the efforts to eliminate governmental duplication on highway and road maintenance and parks services.

As affirmed by the records of votes of the members of your Committees on Government Operations and Housing and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2567, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2567, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 4 (Fernandes Salling, Kanno, Anderson, Slom).

SCRep. 2913 Government Operations and Housing on H.B. No. 2958

The purpose of this bill is to render a contractor ineligible to bid on public contracts for failure to pay a subcontractor promptly and to permit the ineligibility to be waived, provided that the contractor submit and comply with a subcontractor payment plan to be approved by the comptroller prior to the commencement of the work.

Your Committee received testimony in support of this measure from the Sheet Metal Contractors Association and the Plumbing and Mechanical Contractors Association of Hawaii.

The Department of Accounting and General Services and the Subcontractors Association of Hawaii submitted testimony in support of this bill and suggested amendments.

The Associated Builders and Contractors, Inc. submitted testimony in opposition indicating that subcontractors and general contractors have enough options to settle disputes over payments without the stiff penalty imposed by this bill and without involving the comptroller.

Testimony indicated that this bill strengthens the law requiring prompt payment by contractors to their subcontractors by providing a penalty for late payments. Furthermore, this bill eliminates the situation where contracting government agencies act as intermediaries between the contractor and the subcontractor because the law did not provide for any consequences for nonpayment.

Upon consideration of the pertinent facts and testimony presented, your Committee finds that the current prompt payment law, when violated, lacks adequate penalty provisions and that this bill provides an incentive for contractors to promptly pay subcontractors.

Your Committee has amended this bill by replacing its contents with the contents of the Senate's version of this bill, Senate Bill No. 3127, S.D. 1, which requires that the payment plans submitted by the contractors be approved by the comptroller prior to being eligible to submit a bid on a public contract.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2958, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2958, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2914 Education on H.B. No. 2680

The purpose of this bill is to improve the functioning of student-centered schools.

Your Committee received testimony in support of the intent of this measure from the Department of Education and the Hawaii State Teachers Association.

Your Committee finds the student-centered schools statute has been difficult to implement, causing frustrations for the existing student-centered schools and those that may be considering establishment. Your Committee finds this bill begins to address many of the issues involved and anticipates further discussion.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2680, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2915 (Joint) Education and Human Resources on H.B. No. 2685

The purpose of this bill is to establish a school-to-work opportunities trust fund.

Testimony in support of the bill was received from the Department of Education, the Department of Labor and Industrial Relations, the Hawaii State Teachers Association, Hawaiian Electric Company, Inc., and the Hawaii School-to-Work Executive Council.

Your Committees find that this bill provides the instrument necessary to allow the private sector to support the School-to-Work programs of the Department of Education.

As affirmed by the records of votes of the members of your Committees on Education and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2685, H.D. 2, and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 10. Noes, none. Excused, 4 (Fernandes Salling, Fukunaga, Solomon, Anderson).

SCRep. 2916 Education on H.B. No. 2736

The purpose of this bill is to require funding for salaries for coaches and athletic health care trainers, athletic equipment and supplies, and the transportation of athletic teams to be considered standard workload increase items when planning and budgeting for new public schools.

Your Committee received testimony in support of this measure from the Department of Education, the Hawaii State Teachers Association, the Athletic Directors and Coaches Association, and Waiakea High Athletics.

Your Committee has amended the measure to add provisions from various bills heard previously in this Committee to:

- (1) Convert bilingual assistants in thirteen programs from temporary to permanent positions (S.B. No. 2103, S.D.1);
- (2) Appropriate funds for clerical staffing (S.B. No. 2445, S.D.1);
- (3) Convert thirteen temporary half-time registrars to permanent full-time and authorize four new permanent full-time registrars (S.B. No. 2447, S.D.1);
- (4) Appropriate funds for one permanent business manager for each school district (S.B. No. 2182, S.D.1);

- (5) Convert six half-time temporary student activity coordinators to full-time and forty ten-month to eleven and twelve month positions (S.B. No. 2451);
- (6) Restore funds to athletic programs in existing high schools (S.B. No. 3182, S.D.1);
- (7) Appropriate funds for eight resource teachers for the kupuna program (S.B. No. 2448);
- (8) Appropriate funds for the Hawaiian immersion programs (S.B. No. 2752);
- (9) Appropriate funds for the Parent-Community Networking Centers (S.B. No. 2453); and
- (10) Appropriate \$50,000,000 for major school repairs (S.B. No. 2110, S.D. 1).

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2736, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2736, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, D., Ige, M.).

SCRep. 2917 (Joint) Education and Human Resources on H.B. No. 2835

The purpose of this bill is to permit the Department of Education to rehire retired teachers at up to seventy per cent of their salary immediately prior to retirement.

Your Committees received testimony in support of the intent of this measure from the Department of Education and the Hawaii State Teachers Association.

Your Committees understand that the lower pay makes it difficult to attract retired teachers back into service, and have amended this bill to delete the seventy per cent cap on salaries for rehires.

As affirmed by the records of votes of the members of your Committees on Education and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2835, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2835, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 10. Noes, none. Excused, 4 (Fernandes Salling, Fukunaga, Solomon, Anderson).

SCRep. 2918 (Joint) Education and Human Resources on H.B. No. 3207

The purpose of this bill is to convert to permanent status forty athletic health care trainer positions, and "grandfather" the incumbents who have performed satisfactorily in these positions for at least six months prior to the effective date of the Act.

Your Committees received testimony in support of this measure from the Department of Education, the Hawaii State Teachers Association, the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, and the Hawaii Medical Association. The Department of Budget and Finance testified in opposition.

Your Committees find that athletic health care trainers perform a valuable service by significantly decreasing the potential for serious injury to students participating in interscholastic athletic competitions.

As affirmed by the records of votes of the members of your Committees on Education and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3207, H.D. 1, and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 10. Noes, none. Excused, 4 (Fernandes Salling, Fukunaga, Solomon, Anderson).

SCRep. 2919 (Joint) Education and Human Resources on H.B. No. 3616

The purpose of this bill is to permit the Department of Education to employ in school security positions retired police officers; provided that the retired officers shall not earn any additional retirement benefits, and shall continue to receive their normal retirement benefits without penalty.

Your Committees received testimony in support of this measure from the Department of Education and one individual. The Department of Budget and Finance submitted testimony in opposition.

Your Committees find that retired police officers can provide security expertise that is particularly critical at the secondary school level. Your Committees have amended this bill by making technical amendments.

As affirmed by the records of votes of the members of your Committees on Education and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3616, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3616, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 10. Noes, none. Excused, 4 (Fernandes Salling, Fukunaga, Solomon, Anderson).

SCRep. 2920 Judiciary on H.B. No. 2535

The purpose of this bill, as received by your Committee, is to relieve severe overcrowding in the State's correctional facilities by allowing the Governor, with the assistance of the Director of Public Safety, to negotiate for the development of:

- (1) Private in-state correctional facilities;
- (2) Public in-state, turnkey correctional facilities;
- (3) Public out-of-state correctional facilities;
- (4) Private out-of-state correctional facilities.

Your Committee finds that prison overcrowding is the single largest problem in Hawaii's criminal justice system today. As a result of prison overcrowding, many criminal offenders are avoiding incarceration and prisoners are being released early. Unfortunately, this lack of prison space has jeopardized the safety and well-being of our citizens.

Your Committee notes that without prompt action, the need for additional prison beds will continue to become more and more acute as Hawaii's prison population is expected to increase. Currently, there are 4,200 inmates in our correctional system, yet our existing prison bed capacity is only 2,698. By the year 2000, the inmate population is expected to grow to more than 4,300.

Your Committee agrees that allowing the development and construction of a correctional facility by a private developer is a fiscally prudent alternative which may provide an overall cost-savings to the State. Additionally, using a private developer may allow for more expeditious financing and construction so that additional beds may be brought on-line more quickly.

Your Committee further finds that the establishment of a Kau prison planning commission, in the office of the governor, is necessary to provide a formal mechanism to allow community input regarding the possible location, construction, and operation of a state correctional facility within the district of Kau. Your Committee agrees that soliciting input from the residents will provide an opportunity for consensus building and collaboration that will ultimately result in a win-win situation with regards to the integration of a state correctional facility in the district of Kau.

Testimony in support of the bill was submitted by the Department of Public Safety, the Department of the Prosecuting Attorney of the City and County of Honolulu, and Government Efficiency Teams, Inc. Testimony submitted by the United Public Workers, AFSCME, Local 646, expressed concerns regarding private operation of a state correctional facility.

Upon further consideration, your Committee has amended the bill by:

- (1) Changing the capacity range of the correctional facility beds;
- (2) Creating a new section for the development by a private developer of in-state correctional facilities; and
- (3) Adding a Part to establish the Kau prison planning commission.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2535, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2535, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2921 Judiciary on H.B. No. 2776

The purpose of this bill is to allow victims of crime to enforce a criminal restitution order in the same manner as a civil judgment and to clarify the filing procedures necessary to have the criminal restitution order recognized in a civil court.

Your Committee finds that under current law, a criminal court judge may require a defendant to pay restitution for the losses suffered by the victim. However, collection of this restitution is often left to the Judiciary, the Department of Public Safety, or the Paroling Authority where only a small fraction of the amount owed is actually collected. Your Committee notes that although the Criminal Injuries Compensation Commission helps victims by providing some compensation, victims of property crimes and some violent crimes are not eligible for any compensation from the Commission.

Your Committee further finds that a victim may bring a separate civil action against the defendant, but this additional process is costly and time-consuming. Therefore, your Committee believes that victims should have the ability to be compensated for their losses by allowing them to enforce the criminal restitution order as a civil judgment and use all of the attendant civil collection remedies.

It is your Committee's intent that the victim, the Judiciary, and the Criminal Injuries Compensation Commission communicate and cooperate with each other to ensure that procedures are developed so that restitution is fully granted without overcompensating the victim.

Testimony in support of the bill was submitted by the Hawaii State Commission on the Status of Women, the Department of the Attorney General, the Criminal Injuries Compensation Commission, the Honolulu Police Department, the Hawaii County Police Department, and the Domestic Violence Clearinghouse and Legal Hotline. The Judiciary and the Office of the Public Defender also submitted comments on this bill.

Upon further consideration, your Committee has amended the bill by:

- (1) Including a findings and purpose section;
- (2) Including within the definition of "victim" a governmental entity which has reimbursed the victim for losses arising as a result of the crime;
- (3) Including a provision whereby the order for restitution may be enforced by the victim or the State, in the same manner as a civil judgment;
- (4) Including a provision that lists the required elements of the notice;
- (5) Including a provision whereby the victim or the victim's attorney may transmit the notice ordering restitution to the defendant through the State;
- (6) Including a savings provision; and
- (7) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2776, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2776, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, Sakamoto).

SCRep. 2922 Judiciary on H.B. No. 3033

The purpose of this bill, as received by your Committee, is to allow the Governor to enter into contracts for the construction of correctional facilities by private entities.

Your Committee finds that prison overcrowding is the single largest problem in Hawaii's criminal justice system today. As a result of prison overcrowding, many repeat criminal offenders are avoiding incarceration and, therefore, this lack of prison space has jeopardized the safety and well-being of our citizens.

Your Committee further finds that the present inmate population in Hawaii is almost 4,200, with an additional 600 inmates being incarcerated in out-of-state facilities. Without prompt action by the Governor to move forward with the construction of an additional prison, the lack of prison bed space will become more acute as Hawaii's prison population is expected to increase to more than 4,300 by the year 2000.

Your Committee agrees that allowing the development and construction of a correctional facility by a private developer is a fiscally prudent alternative which may provide an overall cost-savings to the State. Additionally, using a private developer may allow for more expeditious financing and construction so that additional beds may be brought on-line more quickly.

Testimony in support of this measure was submitted by the Department of Public Safety which also requested extending the director's authority for emergency release of pre-trial inmates to relieve overcrowding. Testimony submitted by the United Public Workers, AFSCME, Local 646, supported the intent of the measure. Testimony submitted by the Department of the Prosecuting Attorney of the City and County of Honolulu and the Government Efficiency Teams, Inc. supported the intent of the measure but opposed extending the director's authority for release of pre-trial inmates. Testimony submitted by the Honolulu Police Department opposed extending the director's authority for release of pre-trial inmates.

Upon further consideration, your Committee has amended this bill by:

- (1) Deleting the provision requiring the consideration of separate facilities for male and female inmates;
- (2) Extending to June 30, 1999 the authority of the director of public safety to release pre-trial inmates to relieve overcrowding until additional prison beds are available;
- (3) Adding additional provisions preventing the release of pre-trial inmates who are mentally defective or incapacitated, who have been convicted of three or more counts of contempt of court within a twelve month period or have been arrested three or more times within a twelve month period, or who have been charged with a class C felony or misdemeanor offense involving a risk to public safety as determined by the director or a designee of the director; and
- (4) Making technical, non-substantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3033, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3033, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (McCartney, Anderson).

SCRep. 2923 Human Resources on H.B. No. 1813

The purpose of this bill is to merge the minimum pension fund with the pension accumulation fund and to enact housekeeping measures for the pension fund.

Your Committee received testimony in support of this bill from the Employee's Retirement System (ERS).

Your Committee finds that the merger of the minimum pension fund with the pension accumulation fund will reduce paperwork and improve efficiency for the ERS, without diminishment of assets of the ERS. Disbursements from the minimum pension fund are currently less than \$25,000 per year and are diminishing as a result of retiree attrition. Your Committee further finds that the pension bonus fund was created to pay bonuses to retirees as required by law. Since the bonuses are currently paid from the pension accumulation fund as required by Act 276, Session Laws of Hawaii 1994, the pension bonus fund is no longer necessary.

Your Committee has amended this bill by deleting its contents and inserting provisions from companion measure S.B. No. 1480, S.D. 1, which is identical except for technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1813, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1813, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2924 Human Resources on H.B. No. 2614

The purpose of this bill is to exempt any county that does not have a constituency from the pension system for police officers, firefighters, and bandmen.

Your Committee received testimony in support of this bill from individual members of the Maui County Council.

According to testimony of Patrick S. Kawano, Chair of the Maui County Council, Maui no longer has a constituency for a special pension system for police officers, firefighters, and bandmen. However, current law requires each county to have a pension board for these personnel. Your Committee finds that this requirement creates unnecessary work for the county to maintain a board which serves no constituency.

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

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2614, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2614, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2925 Human Resources on H.B. No. 2657

The purpose of this bill is to effectuate cost savings for benefits offered to retirants by the Public Employees Health Fund (PEHF).

Specifically, the bill:

- (1) Requires eligible employee-beneficiaries of PEHF to enroll in the federal Medicare plan for voluntary medical insurance coverage; and
- (2) Provides that failure to enroll in the Medicare plan for voluntary medical insurance coverage will make the employee-beneficiary or dependent-beneficiary ineligible to participate in any benefit plan or receive any contribution offered by PEHF.

The Department of Budget and Finance and the Hawaii State Teachers Association testified in support of the intent of the measure. The Hawaii Public Employees Health Fund and the Hawaii Government Employees' Association commented on the measure.

Based on the testimony submitted by PEHF, your Committee has amended this bill by:

- (1) Clarifying that the intent of the bill is to affect employee-beneficiaries and their dependent-beneficiaries that retire after June 30, 1999, rather than join PEHF after that date;
- (2) Requiring spouses of employee-beneficiaries who retire after June 30, 1999, to enroll in the federal Medicare plan applicable to employee-beneficiaries who join the Fund after June 30, 1999; and
- (3) Making technical, nonsubstantive amendments for the purpose of style.

Your Committee believes that the bill, as amended, will provide some cost savings for PEHF, thereby allowing PEHF to more effectively utilize its funds.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2657, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2657, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Metcalf).

SCRep. 2926 Human Resources on H.B. No. 2761

The purpose of this bill is to allow the Comptroller to pay all new employees by electronic transfer and to pay new employees on an after-the-fact basis.

Your Committee received testimony in support of this bill from the Department of Accounting and General Services (DAGS), Hawaii State Teachers Association (HSTA), and Department of Public Safety.

Your Committee finds that the use of technologically efficient methods of paying employees is feasible and cost-effective. Your Committee further finds that paying new employees on an after-the-fact basis will, over time, cure the salary overpayment problem for employees with insufficient leave balances.

Your Committee has amended this bill with the concurrence of DAGS to exempt bargaining unit 5 (HSTA) and bargaining unit 7 (University of Hawaii Professional Assembly) from after-the-fact payroll for new employees. Your Committee believes that after-the-fact payroll for these two groups especially for hard to fill positions, geographic and subject specific, secondary and special education levels creates a chilling effect in the recruitment of employees.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2761, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2761, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2927 Human Resources on H.B. No. 2803

The purpose of this bill is to revise the annual salary increase assumption for actuarial valuations of the Employees Retirement System (ERS).

Your Committee received testimony in support of this bill from the ERS, Hawaii State Teachers Association, and Department of Budget and Finance.

This bill decreases the assumed salary increases from four to three per cent. According to the Department of Budget and Finance, salary increases will average less than four per cent based upon the State's current financial plan and, given the State's fiscal condition, even a three per cent salary increase is optimistic. However, the ERS recommended that rather than setting a set percentage the assumption rate should be based on the actual average salary increases over the latest 3-year period.

On recommendation of the ERS, your Committee has amended this bill by providing for:

- (1) A variable salary growth assumption rate;
- (2) A separate salary growth assumption for teachers; police officers, firefighters, and bandmen; and all other employees; and
- (3) Salary growth assumptions to be the arithmetic average of compensation increases for the year of calculation and the previous two years.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2803, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2803, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2928 Human Resources on H.B. No. 3003

The purpose of this bill is to simplify and facilitate the administration, calculation, and processing of pension payments within the Employees' Retirement System (ERS).

Your Committee received testimony in support of this measure from the ERS.

Your Committee has amended this measure to replace the contents with S.B. No. 3000, S.D. 2, heard previously in this Committee, which would:

- (1) Remove section 87-6, Hawaii Revised Statutes (HRS), from the bill;
- (2) Delete the word "occupational" from the section title in section 88-79, HRS;
- (3) Remove sections 88-82, 88-136, and 88-251, HRS, from the bill; and
- (5) Make technical, nonsubstantive amendments for style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3003, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3003, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2929 Human Resources on H.B. No. 3002

The purpose of this bill is to amend provisions specifying areas of authorized investment that may be made by the Employees' Retirement System.

Testimony was received from the Employees' Retirement System in support of the bill.

Your Committee finds that the Employees' Retirement System needs greater flexibility in the investments it makes.

Your Committee made technical, nonsubstantive changes to the bill for purposes of style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3002, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3002, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2930 Human Resources on H.B. No. 3225

The purpose of this bill is to clarify the procedures for an employer to refer an employee to vocational rehabilitation services under workers' compensation.

Your Committee received testimony in support of this bill from the Department of Labor and Industrial Relations (DLIR), Hawaii State Teachers Association, Rehabilitation Association of Hawaii, National Association of Rehabilitation Professionals in the Private Sector, Hawaii Rehabilitation Counseling Association, International Longshoremen's and Warehousemen's Union, Sestak Rehabilitation Services, and several vocational rehabilitation counselors.

Your Committee finds that vocational rehabilitation counseling is a necessary and integral part of workers' compensation benefits. Many injured workers may be injured to a degree to which they are no longer suitable for their old jobs. They must be restored to an earning capacity as nearly as possible to the level they were earning upon their injury and be returned to work to the active labor force as soon as possible.

The DLIR has informed your Committee that it has consulted with vocational rehabilitation counselors to develop an acceptable compromise in this bill. They do not disagree with the goals and purposes of this bill, but they were both concerned about the degree of discretion allowable to all parties concerned. Based upon their agreement, as submitted by the DLIR, your Committee has amended this bill by:

- (1) Deleting provisions concerning the one hundred twenty days notice and referral procedures and inserting a provision that the provider and the employee shall give proper notice of the employee's selection of a counselor to the employer;
- (2) Making discretionary rather than mandatory, the director's authority to refer an injured employee to vocational rehabilitation;
- (3) Deleting the provision requiring the director to make the determination if an employee and an employer fail to agree that vocational rehabilitation is feasible;
- (4) Making discretionary rather than mandatory, the director's authority to approve the vocational rehabilitation plan and to periodically review the progress in each case; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3225, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3225, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2931 (Joint) Human Resources and Transportation and Intergovernmental Affairs on H.B. No. 3257

The purpose of this bill is to allow the City and County of Honolulu (Honolulu) to conduct criminal history record checks.

This bill also specifies the Federal Bureau of Investigation as the national source for fingerprints.

Your Committees received testimony in support of this bill from the State Attorney General, Police Department of the City and County of Honolulu, Department of Parks and Recreation of the City and County of Honolulu (DPR), Hawaii State Commission on the Status of Women, Hawaii Civil Rights Commission, and a private citizen.

Your Committees believe that Honolulu should have the ability to investigate potential employees who work in close proximity to children. Honolulu conducts many after school and summer programs for children, usually hiring part-time and temporary staff to monitor the children.

Your Committees have amended this bill on recommendation of the DPR to delete the reference to Honolulu and include all counties, and to clarify that the criminal history checks for the counties apply to programs and services of the counties for recreation or child care, or both.

As affirmed by the records of votes of the members of your Committees on Human Resources and Transportation and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3257, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3257, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 4 (Fernandes Salling, Fukunaga, Ihara, Anderson).

SCRep. 2932 Human Resources on H.B. No. 3063

The purpose of this bill is to add certain employees to class A membership in the Employees' Retirement System (ERS).

Your Committee received testimony in support of this bill from the ERS, Conference of Personnel Directors, Judiciary, Department of Personnel of the City and County of Honolulu, Department of Civil Service of the County of Hawaii, Department of Personnel Services of the County of Kauai, and two members of the Hawaii County Council.

This bill confers upon certain judiciary employees, county department and agency heads, and county clerks the same status in the retirement system as their state counterparts. Your Committee believes that this is an equitable treatment of all government employees belonging to the ERS.

Your Committee has amended this bill by deleting its contents and inserting provisions from companion measure S.B. No. 2698, S.D. 2, which amends this bill by:

- (1) Adding a provision to allow any new county employee or administrative or deputy administrative director of the courts who is affected by this bill to convert any class C service credit to class A service credit upon certain conditions; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3063, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3063, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 2933 (Majority) Economic Development on H.B. No. 2554

The purpose of this bill is to:

- (1) Establish a Hawaii Tourism Board to develop and implement a state tourism marketing plan; and
- (2) Increase the Transient Accommodations Tax to 11.5% to help fund tourism marketing, the convention center debt, and revenues to the counties;

Testimony was presented at the hearing in support of this bill by the Directors of Business, Economic Development, and Tourism, and Taxation, representatives of the Maui Hotel Association, the Visitor Industry Coalition, the Hawaii Hotel Association, the Convention Center Authority, the Oahu Visitors Bureau, and two businesses. Written testimony in support of the bill was received from the University of Hawaii School of Travel Industry Management, the Economic Revitalization Task Force, the ILWU Local 142 the Hawaii Restaurant Association, two businesses, and two concerned individuals.

Testimony in opposition to the bill was presented at the hearing by the Director of Finance, the Mayor of Maui County, the Hawaii County Council, the Department of Budget, City and County of Honolulu, the Sierra Club, the Hawaii Audobon Society. The Tax Foundation of Hawaii provided comments regarding the bill.

Your Committee has amended this bill by deleting its contents and replacing it with language similar to that of S.B. No. 2201, S.D. 2. This amendment will substitute a tourism authority for the tourism board in Part I and add a new Part II which will tax resort time share activity under the transient accommodations tax. Transient accommodations are exempted from the general excise tax in Part III of the bill. The following amendments made to the Senate bill allow for a smooth transition of marketing functions until the Hawaii Tourism Authority is operational:

- (1) Extending the contracting authority of the Department of Business, Economic Development, and Tourism with the Hawaii Visitors and Convention Bureau to June 30, 1999.
- (2) Transferring the Hawaii Tourism Office to the Hawaii Tourism Authority on July 1, 1999;
- (3) Allowing the Governor to select an interim Executive Director of the Hawaii Tourism Authority for one year, after which the authority will select the Executive Director; and
- (4) Requiring the Governor to appoint members to the board of directors of the authority by September 1, 1998.

Your Committee has also amended the Senate version by:

- (1) Setting the maximum percentage allowed to be spent on administrative costs by the authority at five per cent;
- (2) Blanking percentage points relating to the distribution of the transient accommodations tax to the convention center debt service, the tourism special fund, and the counties;
- (3) Making technical changes to conform the effective dates of the various sections.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2554, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2554, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, 1 (Slom). Excused, 3 (Kawamoto, Matsunaga, McCartney).

SCRep. 2934 (Joint) Economic Development and Human Resources on H.B. No. 2985

The purpose of this bill is to authorize the Board of Agriculture to contract with any qualified person for the operation and maintenance of project facilities and to expend moneys from the Irrigation System Account to contract for the operation and maintenance of project facilities.

Testimony in support of this bill was presented at the hearing by the Department of Agriculture and the Hawaii Agriculture Research Center.

Your Committees have reservations regarding the vagueness of the language of Section 1 which allows the Department of Agriculture to contract with any qualified person for operation or maintenance of project facilities.

After considering the pertinent issues and testimony, your Committees have amended this bill by deleting Section 1.

As affirmed by the records of votes of the members of your Committees on Economic Development and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2985, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2985, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, none. Excused, 5 (Chumbley, Levin, McCartney, Anderson, Slom).

SCRep. 2935 (Joint) Economic Development and Commerce, Consumer Protection, and Information Technology on H.B. No. 3037

The purpose of this bill is to prohibit the organization of new business development corporations and establish a schedule for allowable tax exemptions or credits for business development corporations until January 1, 2005. At that time, allowable tax exemptions and credits will be repealed.

Your Committees have amended this bill by deleting its contents and replacing it with the contents of S.B. 3007, S.D. 1. This bill, as amended, allows businesses that, prior to January 1, 1998, are incorporated under chapter 420, Hawaii Revised Statutes, and have a net worth of more than \$10,000 to continue to operate as a business development corporation.

As affirmed by the records of votes of the members of your Committees on Economic Development and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3037, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3037, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 7 (Bunda, Chun Oakland, Kanno, Kawamoto, Matsunaga, McCartney, Solomon).

SCRep. 2936 Economic Development on H.B. No. 3289

The purpose of this bill is to limit hotelkeepers liability from tort actions arising from injury, death, or property damage occurring from specified recreational equipment.

Testimony in support of the bill was presented at the hearing by representatives of the Maui Hotel Association, the Hawaii Hotel Association, and Outrigger Enterprises, Inc. A representative of the Consumer Lawyers of Hawaii testified at the hearing in support of the intent of the bill with suggested amendments.

Your Committee finds that there is a need to clarify the distinctions between activities usually requiring safety instructions and recreational equipment lacking these characteristics such as a mask and swim fins.

Your Committee has amended the bill to provide that a hotelkeeper is not required to provide instruction or training in the use of recreational equipment provided by the hotelkeeper where the equipment is used without supervision and is not part of a guided or managed activity and deleted subsection (b) of the new section added to the Hawaii Revised Statutes by the bill which would have barred liability for injuries or death resulting from recreational activity or the use of recreational equipment.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3289, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3289, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Bunda, Kawamoto, Matsunaga, McCartney).

SCRep. 2937 (Joint) Government Operations and Housing and Commerce, Consumer Protection, and Information Technology on H.B. No. 2426

The purpose of this bill is to correct discrepancies in individual housing account (IHA) law by:

- (1) Permitting individuals who opened an IHA prior to January 1, 1990, and who had not purchased a residence with the IHA funds, to elect to be subject to the gross income deferral and tax liability provisions effective prior to January 1, 1990; and
- (2) Establishing that under section 235-5.5(f)(1), Hawaii Revised Statutes, upon the sale or conveyance of a residential property purchased with an IHA distribution, an additional ten per cent of the distribution shall be included in the gross income, not the tax liability, of the individual.

The Department of Taxation and one individual submitted testimony in support of this bill.

The Department of Taxation testified that this bill addresses the concern that individuals who established an IHA prior to January 1, 1990, under the original income reporting requirements, but had not purchased a first residence prior to January 1, 1990, would be unfairly restricted to reporting the distribution from the IHA as gross income over a ten-year period, and denied the benefit of deferring their tax liability indefinitely if they do not sell the residence purchased with the IHA distribution.

Upon consideration of all pertinent issues and testimony presented, your Committees find that this bill rectifies the inadvertent discrepancy in the IHA laws. Your Committees have amended this bill by making this bill applicable to taxable years beginning after December 31, 1996.

As affirmed by the records of votes of the members of your Committees on Government Operations and Housing and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2426, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2426, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 4 (Kanno, Levin, Solomon, Anderson).

SCRep. 2938 Government Operations and Housing on H.B. No. 3429

The purpose of this bill is to find more efficient and cost-effective methods to process the State's payroll by making an appropriation out of the general fund to initiate a state payroll pilot project that privatizes or outsources the payroll process of the State in a specified department for four pay periods.

Testimony in support of this measure was submitted by Ceridian Employer Services. The Representative from the Twenty-Second District presented supportive oral testimony.

The Department of Accounting and General Services and the Hawaii Government Employees Association (HGEA), AFSCME Local 152, AFL-CIO testified in opposition to this measure by stating that the State has looked into the cost of outsourcing payroll and has determined that comparable payroll services performed by the State is significantly less expensive. In addition, HGEA/AFSCME indicated that privatizing the State's payroll system would be in direct conflict with the Hawaii Supreme Court's decision in Konno v. County of Hawaii where the court held that all services customarily and historically performed by civil servants must be performed by civil servants unless a specific statutory exemption applies.

Your Committee finds that private sector companies, both locally and across the country, are outsourcing payroll in order to be more competitive, to increase profits and to take advantage of the new technology that payroll processing companies can provide.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that a state payroll pilot project merits implementation and has amended this bill by replacing its contents with the contents of the Senate's version of this bill, Senate Bill No. 3192, S.D. 1, which does not allocate any additional general funds for the project. Moreover, the state payroll pilot project is to run for two pay periods only.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3429, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3429, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 2939 (Joint) Government Operations and Housing and Human Resources on H.B. No. 2758

The purpose of this bill is to clarify Hawaii public procurement laws, consolidate procurement provisions of chapter 103, Hawaii Revised Statutes (HRS), into chapter 103D, HRS, permit the county water supply authorities to designate their chief procurement officers, and make other housekeeping amendments.

The Ka Lima O Maui, the Arc in Hawaii, and the Arc of Maui submitted testimony in support of this bill with suggested amendments.

The State Procurement Office submitted testimony in support of the intent of this bill but recommended the Senate version of this bill, Senate Bill No. 2774, S.D. 3, with amendments.

The Department of Housing and Community Development for the City and County of Honolulu, and the Housing Agency for the County of Kauai submitted testimony specifically objecting to the definition of "public works" in this bill.

The Housing Finance and Development Corporation submitted testimony expressing concern with the definition of "public works" in this bill but deferred to the State Procurement Office's suggested amendments.

Upon consideration of all pertinent issues and testimony presented, your Committees find that clarification of the public procurement laws is appropriate. Your Committees further find that this bill consolidates various existing sections of chapter 103, Hawaii Revised Statutes (HRS), into chapter 103D, HRS.

Your Committees have amended this bill by replacing its contents with the contents of the Senate's version, Senate Bill No. 2774, S.D. 3, which provide that:

- (1) The application of preferences for qualified community rehabilitation programs is limited to service contracts; and
- (2) Technical amendments be made to statutes that reference provisions in chapter 103, HRS, which are not in the House version.

Your Committees have amended the inserted Senate language in accordance with the suggestions of the State Procurement Office by:

- (1) Clarifying that housing projects developed pursuant to section 46-15, HRS, and chapter 201G, HRS, are not included in the definition of "public works" and are exempt from the procurement code; and
- (2) Correcting the amendments relating to the references to sections 103-53 and 103-55, HRS.

As affirmed by the records of votes of the members of your Committees on Government Operations and Housing and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2758, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2758, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 6. Noes, none. Excused, 3 (Fukunaga, Matsunaga, Metcalf).

SCRep. 2940 Health and Environment on H.B. No. 2754

The purpose of this bill is to authorize issuance of hospital revenue bonds for \$29,000,000 for the Hawaii Health Systems Corporation (HHSC) for the planning, designing, and construction of a medical facility at the Maui Memorial Hospital and for improvements and renovations to the hospital.

Your Committee received testimony in support of the bill from the HHSC, Council Chair of the Maui County Council, and a concern resident of Maui County.

Your Committee believes, based on the favorable testimony provided, that the construction of new facilities and the renovation and improvement of existing facilities at the Maui Memorial Hospital is long overdue and will assist the HHSC in fulfilling its mission of eventually becoming fiscally self-sufficient. Your Committee further believes that using general obligation bonds rather than hospital revenue bonds as a financing vehicle for this project is preferable.

Your Committee amended this bill by:

- (1) Making the appropriation by using general obligation bonds instead of hospital revenue bonds;
- (2) Providing that the appropriation will not lapse at the end of the present fiscal biennium, provided unencumbered appropriations as of June 30, 2001, shall lapse; and
- (3) Making technical, nonsubstantive changes for consistency, grammar, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2754, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2754, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2941 Health and Environment on H.B. No. 2847

The purpose of this bill is to increase penalties for persons who operate illegal dumps or who dump solid waste without proper authorization.

Your Committee received testimony in support of the bill from the Director of Health, Contractors License Board, and Department of Public Works of the City and County of Honolulu. The Director of Health and Contractors License Board also recommended amendments to the bill.

Your Committee believes that increased penalties for illegal dumping and the operation of illegal dumps are needed to curb those activities and facilitate enforcement actions against persons committing those acts.

Your Committee amended this bill by:

- (1) Allowing for the imposition of more than one penalty;
- (2) Allowing for the revocation or suspension of any contractor's license by court order; and
- (3) Deleting the amendment to section 444-17, Hawaii Revised Statutes, making violations of section 342H-30, grounds for revocation, suspension, or refusal to renew contractor's license.

Technical, nonsubstantive changes also were made for accuracy and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2847, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2847, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2942 (Joint) Health and Environment and Commerce, Consumer Protection, and Information Technology on H.B. No. 2856

The purpose of this bill is to:

- (1) Provide the Hawaii Health Systems Corporation (HHSC) with flexibility in establishing and managing positions;
- (2) Authorize negotiations with collective bargaining units through memorandum of agreement; and
- (3) Establish a working group to identify liabilities assumed by the HHSC as of the transfer date.

Your Committees received testimony in support of this measure from the Hawaii Health Systems Corporation.

Your Committees find that provisions of this bill will benefit the HHSC in its continuing growth toward responsible autonomy with relatively minor impact on other agencies. Your Committees have amended the bill to delete section 1, which would exempt the HHSC from chapter 92 in peer review and credentialing matters, and to clarify that the HHSC may establish new positions.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2856, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2856, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 3 (Kanno, Solomon, Tam).

SCRep. 2943 Health and Environment on H.B. No. 2865

The purpose of this bill is to increase certain fees charged by the Department of Health to more accurately reflect the cost of providing these vital services to the public.

The bill accomplishes this by:

- (1) Increasing fees for certified copies of vital records from \$10 to \$11;
- (2) Adding certified copies of divorce certificates to the documents for which the \$11 fee is charged;
- (3) Increasing the marriage license fee from \$25 to \$40; and
- (4) Making permanent certain fee increases from 1997 by repealing the sunset date of June 30, 2000.

The bill also waives these fees for persons statutorily required to demonstrate proof of ancestry when making claims or applying for entitlements.

The Department of Health and the Hawaii State Commission on the Status of Women supported this bill. The Office of Hawaiian Affairs and an individual testified in qualified support of the measure.

Your Committee has amended the bill by:

- (1) Deleting the proposed \$1 increase;
- (2) Deleting the proposed increase of the marriage license fee from \$25 to \$40 by deleting the amendment of section 572-5, Hawaii Revised Statutes; and
- (3) Deleting the amendment that would make permanent certain fee increases from 1997 by repealing the sunset date of June 30, 2000.

Your Committee has retained the provisions that add copies of divorce certificates to the list of those certificates that have a \$10 per copy fee.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2865, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2865, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Tam).

SCRep. 2944 Health and Environment on H.B. No. 2862

The purpose of this bill is to extend to June 30, 1999, the deadline for the State to establish necessary community-based programs for the proper transition of former residents of Waimano Training School and Hospital into the community, and to require control by the developmentally disabled individuals in designing their individual service plans.

Your Committee received testimony in support of the bill from the State Planning Council on Developmental Disabilities, Commission on Persons with Disabilities, and a concerned physician. The Director of Health and Hawaii Government Employees Association, Local 152 AFL-CIO submitted testimony supporting the intent of the bill with recommendations for amendments. The Protection and Advocacy Agency of Hawaii, ARC of Maui, Opportunities for the Retarded, Inc., and United Public Workers, AFSCME Local 646 AFL-CIO submitted testimony opposing the bill.

Your Committee believes, due to limited resources, that the Department of Health needs additional time to provide the services and programs necessary for the proper transition of former Waimano residents into the community. Providing the additional year for that transition will benefit all parties interested in this matter by ensuring that inappropriate and inadequate supports for the former Waimano residents will not be hastily established as a compromise for meeting the existing deadline.

Your Committee amended this bill by:

- (1) Reinserting the phrase "the written plan required by section 333F-6" in the meaning of "individualized service plan" to minimize any ambiguity in the definition;
- (2) Making the Department of Health's provision of essential services for the proper transition of former residents of Waimano training school and hospital into the community mandatory rather than discretionary; and
- (3) Adding adult day treatment and respite programs to the list of programs that the Department of Health may operate to fulfill its obligations to the former Waimano residents.

Your Committee also made technical, nonsubstantive changes for grammar, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2862, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2862, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2945 (Joint) Health and Environment and Education on H.B. No. 3164

The purpose of this bill is to transfer the Peer Education Program from the Department of Health to the Department of Education, and to appropriate funds for the program.

Your Committees have received testimony in support of this measure from the Department of Education, the Department of Health, the Hawaii State Teachers Association, the Hawaii State Bar Association, the Hawaii Congress of Parents, Teachers and Students, the American Lung Association, and seventy-one concerned citizens of Hawaii. The Department of Health submitted comments and stated that due to budgetary constraints, funding for the Peer Education Program has been cut from the Department of Health's budget.

Your Committees have taken into consideration the numerous testimonies submitted in support for the continuation of the Peer Education Program from students, parents, and persons in the education field. As a result, your Committees concur that the program is worthwhile and has successfully assisted many of Hawaii's youth by having their peers educate them on the effects of drugs, alcohol, teen pregnancy, and gang involvement, and teaching the values of service, decision making, and other life skills to help them become productive citizens in our community. Additionally, your Committees note that the oral testimony presented by the Department of Health strongly supporting this measure, further convinced your Committees to pass the measure to ensure its further consideration.

Therefore, your Committees have amended this measure by appropriating \$556,000 out of the general revenues for fiscal year 1998-1999 for the Peer Education Program within the Department of Education.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3164, H.D. 3, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3164, H.D. 3, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 3 (Ige, D., Iwase, Metcalf).

SCRep. 2946 (Joint) Health and Environment and Human Resources on H.B. No. 3363

The purpose of this bill is to restore funds for coordinated education and prenatal support services for high-risk pregnant women and their babies.

Your Committees received testimony in support of this measure from the Department of Health, many health care providers of prenatal support services, and dozens of individual health professionals and clients.

Your Committees find that, as evidenced by the overwhelming testimony in support of the bill, coordinated prenatal support services for high-risk women are vitally important throughout Hawaii's urban and rural communities. Your Committees are in agreement with the obvious need for such services, as well as cognizant of the cost effectiveness of these proactive services. Accordingly, your Committees have amended this bill to appropriate \$1,900,000 for coordinated services for high-risk women and their babies.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3363, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3363, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 3 (Fukunaga, Tam, Anderson).

SCRep. 2947 Human Resources on H.B. No. 2552

The purpose of this bill is to prohibit the refilling of state government positions that become vacant unless absolutely necessary.

Your Committee received testimony in opposition to this bill from the Department of Budget and Finance, Judiciary, Hawaii Health Systems Corporation, and University of Hawaii Professional Assembly.

Because of the lack of any testimony in support of this bill, your Committee has deleted its contents and inserted provisions that:

- (1) Create a civil rights commission special fund; and
- (2) Provide powers to the civil rights commission to collect certain costs to be deposited into the special fund.

Your Committee believes that the civil rights commission should be allowed to collect its costs from the offending party and to apply those costs to defray its expenses. Current law does not provide for any payments to be made to the civil rights commission.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2552, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2552, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Metcalf).

SCRep. 2948 (Joint) Human Resources and Commerce, Consumer Protection, and Information Technology on H.B. No. 2646

The purpose of this bill is to allow the creation of coordinated care organizations to provide workers' compensation medical and rehabilitative benefits to injured workers.

Your Committees received testimony in support of this bill from the Department of Labor and Industrial Relations (DLIR), Insurance Commissioner, Hawaii Medical Association, Hawaii Medical Services Association, Kaiser Foundation Health Plan, Inc., Hawaii State Teachers Association, National Federation of Independent Business, Healthcare Association of Hawaii, the Haku Alliance, Sestak Rehabilitation Services, Building Industry Association of Hawaii, Hawaii Nurses' Association, Big Island Farm Bureau, United Public Workers, American Physical Therapy Association, and Hawaii Restaurant Association. Testimony in partial opposition to this bill was received from the Hawaii State Chiropractic Association.

This bill introduces managed care into the workers' compensation system by providing the required medical and rehabilitation services. Managed care is a term that describes health care systems that integrate the financing and delivery of appropriate health care services to covered individuals by arrangements with selected providers to furnish health care services. However, your Committees have deliberately refrained from characterizing this bill as managed care, preferring to allow a coordinated care organization the latitude to determine its own method for delivery of services.

The intent of your Committees is to reduce the costs of delivering health care services to injured workers, lower workers' compensation premiums, ensure high quality care for injured workers, and to assure adequate protection to injured worker's rights within a coordinated care system.

This bill is a pilot project, with a repeal date of 2001. This bill creates a task force to evaluate the functioning of coordinated care organizations and to report to the legislature before the Regular Session of 2001 with recommendations.

Your Committees wish to clarify certain questions which have arisen in the interpretation of this bill, as follows:

- (1) A coordinated care organization must be a distinct entity from the group forming it, although the bill refrains from specifying the exact type of legal organization;

- (2) A coordinated care organization must operate through a workers' compensation insurer, in order to ensure solvency and to avoid splitting the workers' compensation policy which is prohibited by law;
- (3) The amount paid by an employer to a coordinated care organization is subject to negotiation, which could be a fixed sum to cover all care for the term of the coverage, or it could be a flexible arrangement whereby the employer pays on an injury incurred basis, for example;
- (4) Regardless of item (3), the amount paid by a coordinated care organization to medical providers shall be in accordance with the workers' compensation fee schedules as provided under section 386-21(c); and
- (5) An employer association is not required to form a subgroup or a separate entity to contract with a coordinated care organization and is not required to represent all of its members who are free to contract on their own.

Your Committees are concerned that because a coordinated care organization must operate through a workers' compensation insurer, any savings realized by the workers' compensation insurer is passed on to the employer in terms of a reduction in premium. This bill is intended in part to lower workers' compensation premiums by lowering medical costs through utilization of coordinated care organizations. Your Committees envision that cost savings will also be realized through appropriate and timely return to work, required workplace safety programs, and minimizing the adversarial nature of the workers' compensation system.

The priority of your Committees is that coordinated care organizations attain and maintain a quality level of care for the injured worker. Without the proper medical treatment, this bill is meaningless regardless of any cost savings.

Your Committees have deleted the contents of this bill and inserted provisions of companion measure Senate Bill No. 2836, Senate Draft 2, with the addition of the following amendments:

- (1) Clarifying that the administrative and appeals process under chapter 386, Hawaii Revised Statutes, shall be available to the injured employee at all times;
- (2) Clarifying that an employer whose employees are not subject to or covered by a collective bargaining agreement or obligation may through an employer association contract with a coordinated care organization with the approval of the workers' compensation insurer because the coordinated care organization is required to operate through a workers' compensation insurer. Employers who are subject to collective bargaining are governed by section 386-3.5 and shall bargain in good faith with exclusive bargaining representatives for coordinated care coverage and benefits for bargaining unit employees;
- (3) Allowing an employer association, captive insurer, and self-insured to contract with a coordinated care organization;
- (4) Deleting self-insureds and captive insurers from organizations authorized to form coordinated care organizations;
- (5) Adding solvency requirements for coordinated care organizations that negotiate a fixed amount for coverage;
- (6) Requiring that the employer rather than the coordinated care organization have a workplace health and safety plan;
- (7) Adding a provision for a closed claims study by the Insurance Commissioner with a report to the legislature for the 2001 session, including an evaluation of the effectiveness of treatment and quality of care provided by coordinated care organizations and a comparison with the traditional system of providing medical and rehabilitative benefits; and
- (8) Adding a severability clause.

As affirmed by the records of votes of the members of your Committees on Human Resources and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2646, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2646, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 6. Noes, none. Excused, 5 (Fukunaga, Levin, Solomon, Tanaka, Anderson).

SCRep. 2949 Human Resources on H.B. No. 3000

The purpose of this bill is to offer medical benefits to part-time, temporary, and seasonal or casual (PTS) employees at no cost to the employer.

The Department of Budget and Finance, the Hawaii Public Employees Health Fund, the Hawaii State Commission on the Status of Women, the Hawaii State Teachers Association, the Hawaii Restaurant Association, and the Hawaii Medical Association testified in support of the measure.

Your Committee finds that health insurance is a necessity for everyone, whatever their employment status with the state or county governments. According to the testimony of the Department of Budget and Finance, there are an estimated 14,000 PTS employees of the State, of which approximately fifty per cent may have health insurance through their spouses. The bill provides the uninsured with an opportunity to obtain coverage.

Your Committee has amended the bill to make the determination of eligibility by the board of trustees a mandatory rather than discretionary responsibility, and to make a technical amendment.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3000, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3000, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Metcalf).

SCRep. 2950 Human Resources on H.B. No. 1966

The purpose of this bill is to provide choice for the elderly and disabled as to the type of care they wish to receive in either nursing homes or adult residential care homes (ARCH).

Your Committee received testimony in support of this bill from former State Representative Virginia Isbell, Department of Human Services, Hawaii Long Term Care Association, Big Island Adult Residential Care Home Association, United Home Care Givers of Hawaii, and many individuals. Testimony in opposition to this bill was received from the Department of Health (DOH), Hawaii Nurses' Association, and American Association of Retired Persons. Informational testimony was provided by the Healthcare Association and Hawaii Association for Home Care.

Your Committee finds that ARCH operators can offer an alternative care setting to patients normally in nursing homes, i.e. intermediate care facilities and skilled nursing facilities. However, current law (section 321-15.6, Hawaii Revised Statutes) does not authorize ARCH to take in nursing home level patients. Your Committee further finds that ARCH generally costs less than nursing homes. With proper knowledge, training, licensure, and regulation, ARCH operators can care appropriately for nursing home level patients.

Upon further discussion with proponents and opponents of this bill, your Committee has amended this bill and inserted provisions to:

- (1) Create an extended care adult residential care home which can take in nursing home level patients;
- (2) Provide for regulation under the DOH; and
- (3) Clarify the liability for delegation of nursing tasks by registered nurses to non-licensed persons.

Some nursing tasks in an ARCH are often done by unlicensed persons who are usually under the supervision of registered nurses. Your Committee feels that this arrangement should be allowed to continue with the addition of nursing home level patients to an ARCH. As a safeguard, your Committee has required the Board of Nursing to adopt rules to specify the permissible scope of delegation.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1966, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1966, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Metcalf).

SCRep. 2951 Human Resources on H.B. No. 3028

The purpose of this bill is to establish Medicaid home and community-based waiver programs in place of the community long-term care/nursing home without walls program.

Your Committee received testimony in support of this bill from the Department of Human Services (DHS).

This bill is a companion to S.B. No. 2879, and is a housekeeping measure of the administration to keep Hawaii law current with federal law. According to the DHS testimony on S.B. No. 2879, institutional care for the long-term care population is not affected. Your Committee notes in particular that developmentally disabled and mentally retarded individuals are included as eligible to receive long-term care under chapter 346D, Hawaii Revised Statutes (HRS).

Your Committee has amended this bill on recommendation of the DHS to clarify the language relating to contracts with individual providers under section 346D-4(b)(3), HRS, by reverting that language back to the original bill so as to avoid possible misinterpretation. Your Committee has also added a new section to provide for Medicaid reimbursement equity, to be consistent with new federal Medicare requirements that reimbursement is to be based upon the level of care rather than the place of care. Your Committee has also made technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee requests the DHS to consider proposing to the legislature a statutory amendment to exempt qualified rural facilities from Medicaid reimbursement equity provision. Your Committee intends that the Medicaid reimbursement equity provision be implemented gradually over a four-year period.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3028, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3028, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Metcalf).

SCRep. 2952 (Joint) Human Resources and Judiciary on H.B. No. 3361

The purpose of this bill is to reform the child protective services system.

Your Committees received testimony in support of this bill from the Department of Human Services (DHS), Child Welfare Services, Kapiolani Child Protective Services, Hawaii Medical Association, a physician with Kapiolani Medical Center, and several private citizens. Informational testimony was provided by the Judiciary and one private citizen.

Your Committees remain acutely aware of the seriousness and prevalence of child abuse in Hawaii. Your Committees are committed to doing what needs to be done to improve child protective services, while realizing that child abuse will never be extinguished with laws or money alone. A total community effort on all fronts is necessary, including public awareness, public reporting, police response, medical intake, and social services and court procedures. Everyone in the process must become vigilant in identifying child abuse or potential abuse, and aggressive in prevention.

Your Committees have amended this bill by deleting its contents and inserting provisions of companion measure Senate Bill No. 2987, S.D. 2, with the following amendments:

- (1) Changing the new statutory section numbers to chapter 587, Hawaii Revised Statutes (HRS), as the appropriate chapter;
- (2) Adding a definition in chapter 587, HRS, for "aggravated circumstances";
- (3) Changing from two to three working days the time in which the DHS has to relinquish or continue temporary foster custody after initially assuming custody;
- (4) Changing from two to three working days the time in which the court has to set a temporary foster custody hearing after the filing of a petition under chapter 587, HRS;
- (5) Providing that the court, in its discretion, may not order a service plan and may instead proceed as a review hearing if it finds that aggravated circumstances are present;
- (6) Providing that the court, in its discretion, may not order any visitation if it finds that aggravated circumstances are present;
- (7) Adding to the review hearing procedures under chapter 587, HRS, that the court determine whether aggravated circumstances are present and to set a show cause hearing accordingly;
- (8) Clarifying that a written report to the court shall include a report from a medical or mental health team, if such a consultation was made;
- (9) Clarifying that persons may submit written information to the court about a child known to child welfare services and to the family court; and
- (10) Modifying the review hearing procedures to shorten the time period in which a court may order a show cause hearing from eighteen to twelve months.

As affirmed by the records of votes of the members of your Committees on Human Resources and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3361, H.D. 3, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3361, H.D. 3, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 6. Noes, none. Excused, 5 (Bunda, Fukunaga, Ihara, McCartney, Metcalf).

SCRep. 2953 Human Resources on H.B. No. 2648

The purpose of this bill is to disallow compensation for work-related mental or physical impairments that are the result of lawful personnel management actions.

The measure is designed to address concerns raised in the aftermath of Mitchell v. State Department of Education, 85 Haw. 250, 942 P.2d 514 (1997).

The Department of Human Resources Development, the Department of the Attorney General, the Mayor of the County of Kauai, the City and County of Honolulu Department of Personnel, the County of Kauai Office of the County Attorney, The Chamber of Commerce of Hawaii, Kauai Chamber of Commerce, the National Federation of Independent Business, the Hawaii Hotel Association, the Haku Alliance, Liberty House, the Hawaiian Electric Company, Inc., the Hawaii Island Contractors' Association, the Hawaii Restaurant Association, the Healthcare Association of Hawaii, MK Engineers, Ltd., the Building Industry Association of Hawaii, the Big Island Farm Bureau, the American Society of Civil Engineers, the Hawaii Macadamia Nut Association, Del Monte Fresh Produce, the Associated Builders and Contractors, Hawaii Chapter, Inc., and three personnel services companies testified in support of this measure. The Economic Revitalization Task Force, the United Public Workers, AFSCME, Local 646, AFL-CIO, Hawaii State AFL-CIO, the Hawaii Bankers' Association, and the Hawaii State Teachers Association testified in support of the intent of this measure, provided that amendments were made.

Testimony in opposition to the bill as written was provided by the Hawaii Nurses' Association. The ILWU, Local 142, opposed the bill on the basis that they supported the provisions of S.B. No. 2934, which relate to the same subject.

Your Committee finds that in Mitchell, the Hawaii Supreme Court (Court) held that a stress related injury caused by disciplinary action for misconduct within "the course of employment" is compensable. The Court has made a distinction between cases in which "misconduct involves a prohibited overstepping of the boundaries defining the ultimate work" and cases in which misconduct is

related to the "method of accomplishing that ultimate work." 85 Haw. at 255. In the former category of cases, claims are disallowed, while in the latter category, claims are allowed.

The Mitchell decision was highly publicized and your Committee is concerned that the decision may result in an increase in claims for stress. Your Committee believes that the situation should be monitored. Furthermore, your Committee reiterates its commitment to continue to provide workers' compensation benefits to those with legitimate work injuries. Royal State Nat'l Ins. Co. v. Labor & Indus. Relations Appeals Bd., 53 Haw. 32, 487 P.2d 278 (1971) (section 386-3, HRS, reflects the policy of the workers' compensation law that an employee should be indemnified for all infirmities resulting from employment).

Your Committee also finds that those who sustain stress related injuries by reason of disciplinary actions should be entitled to compensation under Chapter 386, HRS, if the disciplinary action was not for "just cause." The term "just cause" has a well recognized and established meaning within the employment relations field. Roberts' Dictionary of Industrial Relations (1971, Ed.) p. 241. The standard takes into account all relevant factors to determine whether the disciplinary measure was for proper or sufficient reason and basis. See also, Grief Bros. Cooperate Corp., 42 LA 555; Enterprise Wire Co., 46 LA 359; Moore Seafood Products, 50 LA 83.

Your Committee has made certain amendments to the bill to clarify its intent to exclude only mental stress related claims relating solely to disciplinary actions which are for "just cause."

In recommending the bill for passage, your Committee is committed to addressing the concerns that have been raised by the community regarding this issue during this session.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2648, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2648, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Anderson).

SCRep. 2954 Human Resources on H.B. No. 2760

The purpose of this bill is to clarify the payment process for after-the-fact payroll for employees having a salary overpayment balance.

Your Committee received testimony in support of this bill from the Department of Accounting and General Services (DAGS), Department of Human Services, Department of Transportation, and Department of Public Safety. Testimony in opposition to this bill was received from the Hawaii State Teachers Association, United Public Workers, and Hawaii Government Employees Association.

According to testimony of DAGS, this bill will significantly reduce the occurrence of salary overpayments. The State pays its salaried employees on a predicted basis which assumes that these employees have sufficient vacation and sick leave hours to offset any leave taken in a pay period. The predicted basis and the early cut-off dates required to process the payroll have resulted in overpayments to salaried employees who do not maintain sufficient vacation and sick leave balances. Salary overpayments in the executive branch exceeds two and a half million dollars. The intent of this bill is to facilitate the collection of funds already disbursed by requiring that certain salaried employees with salary overpayment be placed on after-the-fact pay which is how non-salaried employees are paid.

Your Committee has amended this bill by deleting its contents and inserting provisions of companion measure S.B. No. 2776, S.D. 1, which:

- (1) Triggers the after-the-fact salary payment of employees who have no accumulated leave or who have had two salary overpayment incidents within the past six months; and
- (2) Allows for salary payment on the same basis as salaried employees if there are no subsequent incidents of overpayment within a four-month rather than six-month period.

Your Committee is concerned about the negative impact on employees who are shifted from the salaried pay schedule to the after-the-fact pay schedule. If this measure were to be implemented without a gradual shift, the employee would lose one entire paycheck. At the hearing, DAGS reassured the Committee that a gradual shift would be utilized so that the impact on an affected employee would be minimized. The intent of the Committee is to address the salary overpayment problem the administration is experiencing; however, the Committee is equally concerned about eliminating paychecks of affected employees.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2760, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2760, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 2955 Human Resources on H.B. No. 2870

The purpose of this bill is to clearly define the obligations of the employer and the special compensation fund in cases of concurrent employment. The bill limits the employer's obligations without reducing the overall payment of benefits to part-time employees.

Your Committee received testimony in support of this bill from the Department of Labor and Industrial Relations (DLIR), Hawaii Island Contractors' Association, Hawaii Restaurant Association, Department of Personnel of the City and County of Honolulu, Hawaii Hotel Association, Building Industry Association of Hawaii, The Haku Alliance, and Legislative Information Services. Informational

testimony was provided by the International Longshoremen's and Warehousemen's Union. Testimony in opposition to this bill was received from the Hawaii State AFL-CIO.

According to testimony of the DLIR, this bill changes the method of calculating an employer's liability to pay wage benefits to an injured worker who is simultaneously employed by another employer, which is a common occurrence in the restaurant industry, for example. This bill bases the calculation on actual earnings rather than full-time wages.

Your Committee is concerned that this bill may result in part-time employees actually receiving less compensation than required by present law. Therefore, your Committee has amended this bill on recommendation of the Hawaii AFL-CIO to add that in no event shall an employee's weekly wages be computed to be less than the employee's hourly rate of pay multiplied by thirty-five. This amendment is consistent with current workers' compensation law relating to computation of average weekly wages (section 386-51, Hawaii Revised Statutes).

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2870, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2870, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Anderson).

SCRep. 2956 (Majority) Health and Environment on H.B. No. 3065

The purpose of this bill is to create a statutory scheme for collecting the cigarette tax through the use of stamps and meter imprints, to require that every package of cigarettes commercially sold within the State be identified with a tax stamp or meter impression, and to defer the cigarette tax increase scheduled for this year to 1999.

Your Committee received testimony in support of the bill from the Hawaii Food Industry Association. The Tax Foundation of Hawaii submitted testimony commenting on the effects of the bill. The Director of Health, Hawaii Medical Association, Hawaii Nurses' Association, American Lung Association, American Cancer Association, Coalition for a Tobacco Free Hawaii, Campaign for Tobacco Free Kids, and ENACT submitted testimony opposing the bill.

Your Committee finds that most of the testimony opposing the bill objected to the postponement of the cigarette tax increase and believes that a delay of that increase is not warranted at this time. Your Committee believes that requiring the affixation of stamps or meter imprints to assess the cigarette tax and control the spread of "bootleg" cigarette sales in the State is desirable and necessary.

Your Committee amended this bill by:

- (1) Requiring the wholesaler, not the Department of Taxation, to bear the costs of providing the stamps and metering machines as prescribed and approved by the department;
- (2) Deleting all proposed new sections to Chapter 245, Hawaii Revised Statutes, pertaining to the purchase of stamps and meter register settings from the Department of Taxation;
- (3) Adding a new section giving the Department of Health and the county police departments authority to confiscate unstamped cigarettes that are possessed, kept, stored, or retained for the purpose of sale, or sold or offered for sale in violation of chapter 245, Hawaii Revised Statutes;
- (4) Creating the Hawaii early education and care special fund;
- (5) Reinstating the increase in the cigarette tax scheduled for 1998;
- (6) Increasing the 1998 scheduled increase in the cigarette tax from 5.00 to 5.05 cents per cigarette and earmarking the additional .05 cents increase for the Hawaii early education and care special fund; and
- (7) Amending the statute requiring all tax revenues to be deposited into the state treasury to allow an exception for the taxes earmarked for the Hawaii early education and care special fund.

Your Committee also made technical, nonsubstantive changes for grammar, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3065, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3065, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Slom). Excused, 1 (Tam).

SCRep. 2957 (Joint) Health and Environment and Human Resources on H.B. No. 3163

The purpose of this bill is to create a new chapter entitled the "Hawaii Patient Protection Act" that establishes certain rights and protections for patients of managed care systems.

Your Committees received testimony in support of the bill from the Insurance Commissioner, Hawaii Medical Association, Hawaii Coalition for Health, Legal Aid Society of Hawaii, American Association of Retired Persons, and Hawaii Federation of Physicians and Dentists. The Hawaii Medical Service Association and Kaiser Permanente submitted testimony supporting the intent of the bill. The Insurance Commissioner, Hawaii Coalition for Health, Legal Aid Society of Hawaii, American Association of Retired Persons, Kaiser Permanente, and Hawaii Medical Service Association included several recommendations for amendments to the bill.

Your Committees believe, based on the favorable testimony provided, that while Hawaii has been fortunate not to experience the questionable practices of certain entities engaging in managed care, legitimate concerns continue to exist which provide sufficient reason to enact proactive legislation which will protect the citizens of this State.

Your Committees incorporated some of the recommendations from the testifiers and amended the bill by:

- (1) Clarifying that "managed care plans" include mutual benefit societies;
- (2) Adding an affirmative duty to report wrongdoing and fraud to the section on employee participation in treatment decisions;
- (3) Making the insurance commissioner's rulemaking authority mandatory instead of discretionary;
- (4) Changing the time in which grievances must be resolved from ninety to thirty days or as determined by rules;
- (5) Requiring that grievance decisions are made by individuals who are of the same medical specialty as the subject matter of the act or decision giving rise to the grievance;
- (6) Adding a new section which makes information about diagnosis, treatment, or health of an enrollee confidential;
- (7) Clarifying that immunity from liability is limited to acts performed during utilization reviews which are reasonably related to the purpose of the review;
- (8) Deleting the sections on NCQA accreditation and consumer principles; and
- (9) Establishing a task force to review the implementation of the Act and report back to the 1999 legislature.

Your Committees also made technical, nonsubstantive changes for grammar, style, and clarity.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3163, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3163, H.D. 1, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Information Technology.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 2 (Fukunaga, Tam).

SCRep. 2958 Health and Environment on H.B. No. 3468

The purpose of this bill is to establish the executive public health facility management advisory committee (executive MAC), and change the composition of the Hawaii Health Systems Corporation (HHSC) board by decreasing the number of at-large members to four and adding the chair and vice chair of the executive MAC as ex-officio voting members.

Your Committee received testimony in support of the bill from two concerned individuals. The HHSC submitted testimony supporting the intent of the bill and recommended several amendments.

Your Committee believes that greater involvement by regional members from management advisory committees will promote openness in the operation of the HHSC corporate board and is in the best interest of the people served by the State's community hospitals.

Your Committee believes that continued financial and other support for the HHSC and the community hospitals is warranted at this time and that the State must carry out its obligation to ensure the availability of appropriate health care services to its rural and underserved communities through the continued viability of the community hospitals system.

Your Committee amended this bill by:

- (1) Keeping the number of at-large members on the HHSC Corporate board at six members;
- (2) Replacing the chair and vice chair of the executive MAC with two ex officio nonvoting members appointed by the executive MAC from among its members or from the regional advisory committees to serve on the HHSC corporate board;
- (3) Extending the date on which the State would cease providing support services to the HHSC at no charge from two to three years from the effective date of Act 262, Session Laws of Hawaii 1996; and
- (4) Making a \$16,600,000 appropriation to the HHSC for fiscal year 1998-1999.

Your Committee also made technical, nonsubstantive changes for accuracy, clarity, and drafting style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3468, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3468, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 2959 Human Resources on H.B. No. 3528

The purpose of this bill is to allow employers to consider a criminal conviction records of current or prospective employees without violation of the employment practices law.

Your Committee received testimony in support of this bill from Cades, Shuttle, Fleming and Wright, National Federation of Independent Businesses, Retail Merchants of Hawaii, Hilton Resorts Hawaii, Hawaiian Electric Company and its group of companies, Hawaii Restaurant Association, Chamber of Commerce of Hawaii, Department of Education, Department of Civil Service of the County of Hawaii, Hawaii Hotel Association, Legislative Information Services, Wahiawa Community and Business Association, and Staffing Strategies. Testimony in opposition to this bill was received from National Employment Lawyers Association, American Civil Liberties Union of Hawaii, Hawaii Civil Rights Commission, Hawaii Paroling Authority, and a private attorney.

Your Committee is concerned that this measure will diminish the employment opportunities for individuals who have a conviction record. Your Committee believes that it is in our State's best interest to see to it that these individuals not be discriminated against in their search for employment. Should these individuals be unable to secure employment and turn to public assistance or return to a life of crime, the costs will be borne by the public.

Your Committee has amended this bill by:

- (1) Deleting the purpose section as being no longer relevant to the amended bill;
- (2) Inserting a provision to allow employers to inquire about conviction records, provided that it is done so only after the employer makes a conditional offer of employment and that the conviction record bears a substantial relationship to the employment duties of the position that has been offered;
- (3) Inserting a provision that limits the inquiry to the past five years;
- (4) Inserting a requirement that the employer shall make an individualized assessment of the circumstances associated with the record of conviction and any evidence of rehabilitation to determine if the person is suitable for employment; and
- (5) Requiring the Hawaii Civil Rights Commission to report to the legislature prior to the Regular Session of 2000 on the effect of this Act.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3528, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3528, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Anderson).

SCRep. 2960 Human Resources on H.B. No. 3200

The purpose of this bill is to modify the composition of the Board of Trustees of the Public Employees Health Fund (PEHF) and to replace the existing two-tier system with a three tier plan so that health fund contributions will be made on the basis of the following categories:

- (1) Employee-beneficiary;
- (2) Employee-beneficiary with a single dependent-beneficiary; and
- (3) Employee-beneficiary with dependent-beneficiaries.

Your Committee received testimony in support of this bill from the Department of Budget and Finance, Department of Human Resources Development, and Public Employees Management Association of Hawaii. Testimony in opposition to this bill was received from the Hawaii State Teachers Association. Informational testimony was provided by PEHF.

Your Committee finds that the present composition of the Board of Trustees of PEHF does not include a retired member of the Employees' Retirement System (ERS). A retired member should be included because retirees form a significant proportion of all beneficiaries of PEHF.

Your Committee believes that it is time to implement changes to the PEHF to deal with rising costs. Your Committee has amended this bill by:

- (1) Deleting section 1, relating to replacing the existing two-tier plan with a three-tier plan;
- (2) Deleting representation on the PEHF board for employees excluded from collective bargaining and inserting a retired member of the ERS;
- (3) Inserting authority for the PEHF to offer different benefit plans for active and retired employees;
- (4) Inserting authority for the PEHF to contract with different plans on a county-by-county basis as opposed to a statewide basis;
- (5) Providing authority for the PEHF to offer different options including a prepaid option, preferred provider option, point-of-service option, or such other managed care product or combination thereof, as may be appropriate;
- (6) Providing authority for the PEHF to make refunds to current or former employees;

- (7) Transferring moneys from the PEHF to the State general fund which represents insurance carrier refunds, rate credits and interest; and
- (8) Requiring the PEHF to report to the legislature prior to the Regular Session of 1999 on the estimated cost impact to active employees and the employers by replacing the existing two-tier system to a three-tier system.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3200, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3200, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Metcalf).

SCRep. 2961 Education on H.B. No. 2693

The purpose of this bill is to designate the state student council as the entity to determine the format of the annual conference of secondary students and to delete the district-centered conference format.

Your Committee received testimony in support of the intent of this measure from the Hawaii State Teachers Association. The Department of Education submitted testimony in opposition.

Your Committee finds that the department is in the process of restructuring the state student council and the measure would be premature at this time. Your Committee has amended the bill to replace its contents with S.B. No. 2580, S.D. 1, which would add a new section to chapter 317, Hawaii Revised Statutes, to establish the state student council, with one elected representative from each public high school, and direct the council to select the high school student who will serve as the nonvoting member of the Board of Education.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2693, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2693, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Ige, D.).

SCRep. 2962 Transportation and Intergovernmental Affairs on H.B. No. 2596

The purpose of this bill is to change the name of Barbers Point Harbor to Kalaeloa Harbor.

Your Committee previously heard testimony on the companion bill, S.B. No. 2256.

Your Committee finds that combining the traditional name of Kalaeloa with Barbers Point Harbor best complements the renaming of surplus Navy lands at Barbers Point Naval Air Station to "Kalaeloa Community Development District."

Your Committee has amended this measure by changing the name of "Kalaeloa Harbor" to "Kalaeloa Barbers Point Harbor" to be effective on January 1, 1999.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2596, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2596, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2963 Transportation and Intergovernmental Affairs on H.B. No. 2734

The purpose of this bill is to establish a penalty of \$500 for overtaking and passing a school bus that is stopped on a highway with its visual signals actuated.

Your Committee conducted a hearing on the companion bill, Senate Bill No. 2396, on February 3, 1998, and passed it out as Senate Bill No. 2396, S.D. 1. Upon consideration of all pertinent issues, your Committee has amended this bill by replacing its contents with the contents of Senate Bill No. 2396, S.D. 2, for purposes of drafting style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2734, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2734, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2964 Transportation and Intergovernmental Affairs on H.B. No. 2872

The purpose of this bill is to allow county fire chiefs to inspect all buildings, premises, and public thoroughfares, except the interiors of private dwellings at least every two years, or as often as deemed necessary.

Your Committee received testimony previously when it held a hearing on the companion measure Senate Bill No. 2890.

Your Committee finds that annual fire inspections are important for maintaining safe public schools and state airport facilities.

However, your Committee is aware of the difficulty county fire departments are experiencing in attempting to conduct annual fire inspections at all county, state, and private facilities with their limited resources.

Your Committee discovered during its discussions with the Department of Transportation and the Fire Department of the City and County of Honolulu, that the State has personnel who are qualified to conduct fire inspections at airport facilities.

Your Committee therefore replaced the contents of this bill with the contents of Senate Bill No. 2890, S.D. 1, which requires the county fire chief to conduct an annual fire inspection at all public schools, and requires the State to conduct annual fire and safety inspections at all airport facilities.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2872, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2872, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2965 (Joint) Human Resources and Commerce, Consumer Protection, and Information Technology on S.C.R. No. 19

The purpose of this concurrent resolution is to request the Auditor to assess the social and financial effects of requiring health insurers to offer coverage for medical foods for the treatment of inherited metabolic diseases.

Your Committees received testimony in support of this Concurrent Resolution from the Department of Health (DOH), Hawaii Medical Service Association, and several individuals.

According to the testimony of the DOH, a medical food is defined as a food which is formulated to be consumed or administered enterally under the supervision of a physician and which is intended for the specific dietary management of a disease or condition for which distinctive nutritional requirements, based on recognized scientific principles, are established by medical evaluation.

Your Committees have amended this concurrent resolution by:

- (1) Listing the inherited metabolic diseases;
- (2) Inserting S.B. No. 2408 as the reference to the 1998 Senate bill requiring issuance coverage for medical foods to for the treatment of inherited metabolic diseases; and
- (3) Clarifying that coverage is for medical foods that are medically necessary for the treatment of inherited metabolic diseases.

As affirmed by the records of votes of the members of your Committees on Human Resources and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.C.R. No. 19, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 19, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 6. Noes, none. Excused, 5 (Levin, Sakamoto, Solomon, Tanaka, Anderson).

SCRep. 2966 (Majority) Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 143

Recommending that the Senate advise and consent to the nomination of the following:

RAE M. LOUI, gubernatorial nominee as Public Utilities Commissioner, for a term to expire June 30, 2002.

Upon review of the resume and other background information submitted by the nominee, your Committee finds that Rae M. Loui holds a Bachelor's and Master's of Science Degrees in Civil Engineering from Stanford University and a Master's Degree in Business Administration from the University of California, Berkeley, and is a registered Civil Engineer in both Hawaii and California. Ms. Loui also has extensive administrative experience, serving most recently as the Deputy to the Chairperson of the State Commission on Water Resource Management in charge of administering and implementing the State Water Code. Ms. Loui has also served as the Director of the Maui Board of Water Supply, the Director of Hawaiian Electric Company's Capital Budgets Department, and the Director of Hawaiian Electric Industries Strategic Planning Department.

Your Committee received testimony in support of the nomination from the Chairperson, a Commissioner, and individual staff members of the Commission on Water Resource Management, the Department of Health, the City and County of Honolulu Board of Water Supply, the District Chief of the United States Department of the Interior, the County of Hawaii Department of Public Works, the Keahole Defense Coalition, the Vice President of Regulatory Affairs of Oceanic Communications, the President of Kamehameha Schools, a partner in the law firm of Watanabe, Ing, and Kawashima, and sixteen other individuals. The International Brotherhood of Electrical Workers testified in opposition to the nomination, stating that in their surmise, the nominee lacked the necessary expertise in telecommunications.

Testimony in support of the nominee submitted to your Committee indicates that Ms. Loui is known as an individual with a strong sense of self-discipline and commitment to excellence in fulfilling her responsibilities, and has demonstrated her ability to be an

effective administrator. Your Committee further finds that testimony also indicated that Ms. Loui has performed in her positions with integrity, superior judgment, and with an understanding of people and their needs, desires, and concerns.

Your Committee diligently questioned Ms. Loui on the experiences garnered in her former administrative capacities, her visions, and her priorities as a Public Utilities Commissioner. Based on this discussion, your Committee believes that the nominee adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, 1 (Kanno). Excused, 2 (Levin, Solomon).

SCRep. 2967 Judiciary on H.B. No. 2520

The purpose of this bill is to amend section 97-6, Hawaii Revised Statutes, by requiring the Hawaii State Ethics Commission to make a formal determination as to whether or not a lobbying charge is frivolous only upon the request of the person charged.

Your Committee finds that the law currently mandates that the Commission make a finding as to whether or not a charge is frivolous in every case where the Commission decides not to issue a formal determination of a complaint in response to a charge. The purpose of requiring the Commission to make such a finding is to enable a person wrongfully charged to pursue his or her civil remedies. However, in some cases, a respondent may not be interested in pursuing the matter by filing a civil lawsuit. Your Committee further finds that requiring the Commission to make such a formal determination in every case is an unnecessary burden.

Testimony in support of the bill was submitted by the Hawaii State Ethics Commission and Common Cause Hawaii.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2520, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 2968 Judiciary on H.B. No. 2523

The purpose of this bill is to make housekeeping amendments to sections 11-14 and 11-15, Hawaii Revised Statutes, by deleting all references to section 11-14.6 which no longer exists.

Your Committee finds that in December 1996, the United States District Court for the District of Hawaii declared that section 11-14.6 was unconstitutional. Therefore, the legislature repealed section 11-14.6 in Act 157 (1997 Regular Session). Your Committee further finds that in order to provide uniformity within the statutes, all references to this section must be deleted.

Testimony in support of this bill was submitted by the Office of Elections.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2523 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 2969 Judiciary on H.B. No. 2531

The purpose of this bill is to specify that a county election requiring a runoff, held during the primary election, is subject to a six-day rather than twenty-day challenge period. The bill further provides a definition for "runoff election" and includes "runoff election" in the language relating to the challenge period after the general election.

Your Committee finds that the contest period for county non-partisan pre-runoff and runoff elections should conform to the contest periods applicable to the corresponding primary and general elections. This measure satisfies this purpose by including the "county elections contest requiring a runoff" and "runoff" elections in the appropriate sections identifying the six-day contest period for primary and special primary elections, and the twenty-day contest period for the general and special general elections, respectively.

Testimony in support of this bill was submitted by the Office of Elections.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2531, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 2970 Judiciary on H.B. No. 3010

The purpose of this bill is to cede concurrent jurisdiction over land acquired by the United States for the construction of a federal detention center in Hawaii.

Your Committee finds that concurrent jurisdiction will allow the federal government to enforce federal criminal and civil laws on property owned in Hawaii by the federal government and occupied by the federal detention center. Furthermore, your Committee finds concurrent jurisdiction will allow the federal government to enforce federal law at the detention center and will relieve the State of the burden of investigating and prosecuting criminal offenses that occur at the federal detention center.

Testimony in support of the bill was submitted by the Attorney General.

Your Committee has amended the bill by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3010, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3010, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 2971 Ways and Means on H.B. No. 2802

The purpose of this bill is to make an emergency appropriation of \$1,000,000 to be used to pay judgments and claims under the unclaimed property program by the Department of Budget and Finance.

Section 129 of Act 328, Session Laws of Hawaii 1997, appropriated \$1,759,751 for the fiscal year 1997-1998, to be expended by the Department of Budget and Finance and used to meet the requirements of the unclaimed property program pursuant to chapter 523A, Hawaii Revised Statutes. As of December 1997, the program had expended over \$1,200,000 and has over \$380,000 in pending claims. It is estimated that an additional \$1,000,000 will be needed to pay the remainder of claims for fiscal year 1997-1998.

Your Committee agrees that this emergency appropriation is essential for the State to meet its obligations under the law. Section 523A-24, Hawaii Revised Statutes, requires the State to settle claims within one hundred twenty days after filing. Additionally, over the life of the unclaimed property program, \$57,600,000 in unclaimed property has been deposited into the general fund and only \$8,300,000 in claims have been paid out.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2802 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, Levin, McCartney).

SCRep. 2972 Ways and Means on H.B. No. 2788

The purpose of this bill is to make an emergency appropriation for fiscal year 1997-1998 in the sum of \$200,000 for the expansion and development of recycling and remanufacturing businesses in the State.

Specifically, this bill appropriates the funds from the Clean Hawaii Fund to the Clean Hawaii Center of the Department of Business, Economic Development, and Tourism.

Your Committee finds that the funding is needed immediately for the first quarter of 1998 in order to support Hawaii small businesses that use recycled materials in their manufacturing process. These recyclable materials include paper, glass, plastics, greenwaste, and construction demolition materials that would otherwise go to waste in a landfill. Your Committee believes that recycling is both economically and environmentally sound, and should be encouraged.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2788, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, Levin, McCartney).

SCRep. 2973 Ways and Means on H.B. No. 2854

The purpose of this bill is to make an emergency appropriation for child and adolescent mental health services.

Your Committee finds that funding appropriated during the last session for the biennium will not cover all necessary services for this fiscal year. The program will expend all its funds before the end of the fiscal year, and the State will be unable to meet its obligations to provide services to certain emotionally disturbed children and adolescents. The increases in case referrals and court-directed placements have been the primary contributing factor leading to this financial situation.

Your Committee is also concerned that despite the depletion of appropriated funds, the State will nonetheless be mandated to meet the increased demand for services. Your Committee notes that under the *Felix v. Cayetano* consent decree, the State is mandated to fully implement a new system of care for these children and adolescents by June 30, 2000, pursuant to their entitlements under the Individual Disabilities Education Act and section 504 of the Vocational Rehabilitation Act. Failure to fully implement the new system of care will result in penalties of up to \$25,000 per day per violation assessed against the State. Your Committee is therefore mindful of the need to improve substantially the coordination and delivery of services between Departments of Education, Health, and the Attorney General.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2854, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, Levin, McCartney).

SCRep. 2974 Ways and Means on H.B. No. 2859

The purpose of this bill is to make an emergency appropriation of \$455,045 to the Department of Health Adult Mental Health Division for community-based services to adults with serious mental illnesses.

Specifically, this bill raises the authorized expenditure limit for the mental health and substance abuse special fund for fiscal year 1997-1998 above the previously established limit of \$864,146.

Your Committee finds that supplemental emergency funding is necessary to implement the November 1997 findings of a federal report regarding the development of an expanded outpatient community mental health infrastructure. The expanded infrastructure is required under a 1996 federal court stipulation and order.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2859, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, Levin, McCartney).

SCRep. 2975 Ways and Means on H.B. No. 2901

The purpose of this bill is to provide emergency funding to the University of Hawaii workers' compensation revolving fund and the University of Hawaii workers' compensation special fund.

Your Committee finds that the immediate passage of this bill will ensure that the University of Hawaii can meet its responsibilities for funding the workers' compensation costs of its employees which are non-general fund fiscal obligations. The period covered is from July 1, 1997 to June 30, 1998.

Your Committee further finds that these moneys are needed systemwide for the University of Hawaii and are necessary for the health and welfare of the University of Hawaii employees who are employed under these fund sources. When employees suffer work-related injuries, the university, as employer, is responsible for medical costs and disability payments. Unless these depleted funds are restored, the payments cannot be made to return the employee as quickly as possible to health and to work. It is in the long-term interest of the university to have a healthy, fully employed workforce.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2901, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, Levin, McCartney).

SCRep. 2976 Ways and Means on H.B. No. 2997

The purpose of this bill is appropriate \$3,300,000 for fiscal year 1997-1998 to host the 1998 Miss Universe Pageant in Hawaii.

This bill is recommended by the Governor for immediate passage. The money will be expended by the Hawaii Visitors and Convention Bureau through the Department of Business, Economic Development, and Tourism. This bill requires the Hawaii Visitors and Convention Bureau to make three reports to the Legislature. The first report, due thirty days after the funds are released, shall inform the Legislature of the tourism marketing plans for the Miss Universe Pageant. The second, due sixty days after the Pageant has taken place, shall contain the preliminary results of the appropriation. Finally, a third and final report is due twenty days before the convening of the 1999 Regular Session.

Your Committee notes that the live two-hour prime time Miss Universe Pageant special on the CBS Television Network will bring Hawai'i into the homes of millions of American viewers and hundreds of millions of people in more than seventy-five countries. The pageant will create positive impressions and add luster and depth to our appeal as a world-class destination for leisure and business travelers.

Your Committee believes that in these times of fiscal uncertainty, hosting the Miss Universe pageant is an economically feasible way to promote Hawaii's number one industry. The funds appropriated in this bill will contribute to maximizing the industry's financial impact on the State's economy by providing both immediate and longer-term benefits far in excess of this investment.

The immediate economic benefits include:

- (1) Pageant attendees (approximately 2,000 visitors) will be generating \$9,000,000 in local expenditures;
- (2) Extra activity during the April-May time period that is a slow season for visitor arrivals;
- (3) Paying \$3,300,000 for hosting the pageant, of which \$1,900,000 will be fed back into the local economy;
- (4) Receiving additional advertising time in key Asian markets, specifically:

- (A) Two extra minutes in Japan; and
- (B) One extra minute in South Korea, Hong Kong, Taiwan, China, and the Philippines;
- (5) Sponsorship of a show on CBS, that would otherwise cost at least \$5,000,000 without commercials and would only reach the United States. Add the other seventy-five countries where the program is aired and the cost would be enormous;
 - (6) Nine to ten minutes of general air time including three minutes of documentary time, to showcase our exotic destination filled with natural wonders, aloha spirit, rich culture and history, diversity of experiences and our new world-class Hawaii Convention Center;
 - (7) Weeks of on air promotional advertisements by CBS, in the United States and in each country, by the station carrying the program mentioning "The 1998 Miss Universe Competition From Hawai'i";
 - (8) Press exposure before, during, and after the program around the world;
 - (9) A "Welcome Home Brook Lee Parade", a "Welcome Delegate Dinner," and twelve other events, which the delegates (contestants) will attend each night, will be covered by KGMB-TV in a countdown to the competition and featured each night on the local news. This same footage will be sent to every CBS affiliate in the United States and all participating countries, giving Hawaii coverage worldwide for seventeen days leading up to the event. The Advertiser, Star-Bulletin, and radio station KQM-FM 100 will also feature the countdown;
 - (10) A high level of interest locally, as exemplified by businesses contributing \$2,000,000 in-kind donations, many individuals, led by Al and April Masini, volunteering their time, expertise and energy, and interest in purchasing tickets to the pageant both here in Hawai'i and abroad; and
 - (11) The opportunity to generate great local pride and morale, with Brook Lee as the focal point, through the Miss Universe program, with local newspaper and radio contests, attention-getting events and worldwide publicity.

Some of the longer-term benefits include:

- (1) Millions of dollars more in visitor spending and resulting tax revenues collected by new visitors coming to the islands, during the next two years, as a result of positive impressions from all of the above exposure;
- (2) The introduction of a new theme for Hawaii and music, "Have you seen these islands?" In fact, this theme and music will also be made into a series of one-minute commercials for future use. Considering commercials normally can cost \$500,000 to \$1,000,000 each, this will be a valuable by-product of the program;
- (3) The right to produce a behind the scenes program, "The Making of Miss Universe"; a Hawaii-themed Miss Universe calendar and playing cards for distribution worldwide;
- (4) The production, produced as a by-product, of a definitive promotional hour program on Hawaii, which will be a glamorous celebrity driven show, with endorsements from the stars, "I Love Hawaii Because..." or "I Live in Hawaii Because...". It will be constructed so each island will have its own segment. This footage can be used in whole or in part by the Hawaii Visitors Convention Bureau and its island chapters for a variety of marketing purposes; and
- (5) An option of hosting the Miss Universe Pageant in 2001 or 2004, or both.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2997, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, Levin, McCartney).

SCRep. 2977 Ways and Means on H.B. No. 3021

The purpose of this bill is to make an emergency appropriation to the Hawaii Health Systems Corporation.

Your Committee finds that the services provided by the Hawaii Health Services Corporation benefit the public by providing community hospital services. Your Committee also finds that a critical funding emergency exists as the corporation will expend all special funds appropriated to it for this fiscal year before the end of the year, which will result in the reduction or discontinuance of vitally needed services.

Your Committee further finds that many of the hospitals that are managed by the Hawaii Health Systems Corporation are in the rural areas, have patients who are generally medically underserved and economically depressed. Access to medical care should be equally available to any citizen in Hawaii--rich or poor, whether a city dweller or rural resident. When the Legislature created the Hawaii Health Systems Corporation, it was hoped that this equality would be the result. However, the transition has not been an easy one and the Hawaii Health Systems Corporation now needs financial support to make payments through the end of this fiscal year. The instant appropriation is designed to continue medical services in the rural communities and to prevent the shutdown of community hospitals.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3021, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, Levin, McCartney).

SCRep. 2978 (Majority) Ways and Means on H.B. No. 3032

The purpose of this bill is to make an emergency appropriation of \$2,151,800 to enable the Department of Public Safety to pay the cost of transferring three hundred inmates out-of-state for the remainder of the 1997-1998 fiscal year.

Your Committee finds that due to the overcrowding in our prisons, the Department of Public Safety needs to transfer three hundred additional inmates currently incarcerated in Hawaii to out-of-state facilities. Your Committee further finds that the problem of overcrowding is a serious threat to public safety because criminal offenders are either avoiding incarceration altogether or prisoners are being released prior to the expiration of their sentences. Furthermore, your Committee has been informed that Hawaii's prison population is continuing to increase and, therefore, providing this additional funding to transfer inmates is essential.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3032, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, 1 (Anderson). Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, Levin, McCartney).

SCRep. 2979 Ways and Means on H.B. No. 2858

The purpose of this bill is to make emergency appropriations for emergency ambulance services in Maui county, to the Waianae Coast Comprehensive Health Center, and the Hawaii county Fire Department.

Your Committee finds that a shortfall of \$292,180 is anticipated for emergency ambulance services in Maui, Moloka'i, and Lana'i. The competitive bid procurement of Maui county emergency ambulance services beginning January 1, 1998 will need additional funding to maintain the current level of services to include seven ambulance units on the island of Maui, one on Molokai, and one on Lana'i. An emergency appropriation is vital to assure that essential medical services can continue to be provided to the residents of Maui county.

Your Committee has amended the bill by removing sections 4, 5, 6, and 7 of the bill with respect to emergency medical services funding for the Waianae coast and the Hawaii fire department since they were not part of the original Governor's Message, and to address these concerns through the budget.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2858, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2858, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, Levin, McCartney).

SCRep. 2980 Judiciary on H.B. No. 611

The purpose of this bill is to designate the first Wednesday of June as Ocean Day and clarify that Ocean Day shall not be considered a state holiday.

Your Committee has been informed that since 1995, the Governor has designated one day each year as Ocean Day. In light of Hawaii's unique situation as an island state, and in recognition of the importance of the ocean to the recreation, culture, and economy of the people of Hawaii, your Committee believes that it would be appropriate to provide for the yearly observance of Ocean Day on a more permanent basis.

Testimony in support of this bill was submitted by: the Department of Business, Economic Development, and Tourism; the Pacific Congress on Marine Science and Technology; the Department of Land and Natural Resources; and three private citizens.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 611, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 2981 Judiciary on H.B. No. 2851

The purpose of this bill is to allow a grandparent of a minor child to file a petition for an order of reasonable visitation rights even in situations where the parents are still residing together.

Your Committee finds that according to Hawaiian tradition, it was the grandparents who imparted the family history and genealogies, and identified special talent and skills in their grandchildren. The grandparent generation cared for, raised, and nurtured the welfare and well-being of the child in the parents' absence.

Your Committee further notes that this bill allows the court a broader basis upon which to decide what is in the best interest of the child. Furthermore, your Committee acknowledges that the fundamental thrust of this measure is to provide additional support for children, and not place the rights of the grandparents before those of the children.

Testimony in support of the bill was submitted by the Office of Hawaiian Affairs and the Executive Office on Aging.

SENATE JOURNAL - STANDING COMMITTEE REPORTS

1216

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2851 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 2982 Economic Development on H.B. No. 2768

The purpose of this bill is to repeal the "sunset clause" of Act 118, Session Laws of Hawaii 1997, which implemented a new procedure to determine minimum milk prices to be paid to producers of milk.

Testimony in support of this bill was presented at the hearing by a representative of the Department of Agriculture. Written testimony was received from the Hawaii Fresh Milk Industry.

Your Committee finds that the new procedure for determining milk prices is workable and acceptable to the milk industry.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2768 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Levin, Matsunaga, McCartney).

SCRep. 2983 (Joint) Economic Development and Education on S.C.R. No. 89

The purpose of this concurrent resolution is to urge the University of Hawaii-West Oahu in cooperation with the Department of Business, Economic Development and Tourism (DBEDT) to explore the feasibility of initiating a golf professional management program within the university educational system.

Testimony in support of this concurrent resolution was presented by a representative of DBEDT, and the Aloha Section of the Professional Golfers' Association of America.

The Interim Chancellor of the University of Hawaii-West Oahu presented testimony in support of the intent of the concurrent resolution. In her testimony, the Interim Chancellor also requested that the section urging the University of Hawaii-West Oahu to create an advisory committee be deleted from the concurrent resolution because it is inappropriate at this time for the University of Hawaii-West Oahu to advise the legislature.

Your Committees have amended this bill by deleting the section urging the University of Hawaii-West Oahu to create an advisory committee.

As affirmed by the records of votes of the members of your Committees on Economic Development and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.C.R. No. 89, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 89, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, none. Excused, 6 (Baker, Fernandes Salling, Levin, Matsunaga, McCartney, Solomon).

SCRep. 2984 (Joint) Economic Development and Education on S.R. No. 41

The purpose of this resolution is to urge the University of Hawaii-West Oahu in cooperation with the Department of Business, Economic Development and Tourism (DBEDT) to explore the feasibility of initiating a golf professional management program within the university educational system.

Testimony in support of this resolution was presented by a representative of DBEDT, and the Aloha Section of the Professional Golfers' Association of America.

The Interim Chancellor of the University of Hawaii-West Oahu presented testimony in support of the intent of the resolution. In her testimony, the Interim Chancellor also requested that the section urging the University of Hawaii-West Oahu to create an advisory committee be deleted from the resolution because it is inappropriate at this time for the University of Hawaii-West Oahu to advise the legislature.

Your Committees have amended this bill by deleting the section urging the University of Hawaii-West Oahu to create an advisory committee.

As affirmed by the records of votes of the members of your Committees on Economic Development and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.R. No. 41, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 41, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, none. Excused, 6 (Baker, Fernandes Salling, Levin, Matsunaga, McCartney, Solomon).

SCRep. 2985 Education on S.C.R. No. 215

The purpose of this concurrent resolution is to request the University of Hawaii to change the name of the Hawaii Youth Sport and Fitness Program to the Hawaii Youth Sports and Fitness Institute.

Your Committee received testimony in support of this measure from the University of Hawaii.

Your Committee finds that the change in title would give the program more credibility, recognition, and a position of leadership in providing youth sports services in Hawaii.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 215 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Solomon).

SCRep. 2986 Economic Development on S.C.R. No. 54

The purpose of this concurrent resolution is to request that the Department of Agriculture (DOA) and the Department of Business, Economic Development, and Tourism (DBEDT) develop an action plan to sell Hawaii agricultural products to Japan through a central distributor based in Hawaii.

Testimony in support of this concurrent resolution was presented at the hearing by representatives of DOA, and the Hawaii Farm Bureau. Written testimony in support of the concurrent resolution was received from the Hawaii Food Industry Association.

Testimony in opposition to the concurrent resolution was presented at the hearing by a representative of DBEDT who questioned whether distribution of agricultural products is a government function.

Your Committee finds that there is a need for a centralized referral system in Hawaii to coordinate the sale of Hawaii agricultural products in Japan.

Your Committee has amended this concurrent resolution by:

- (1) Designating the DOA, as lead agency, to work with DBEDT to create an action plan to develop a central referral system in Hawaii to coordinate the sale of Hawaii agricultural products in Japan;
- (2) Changing the reference to "...the most important issue regarding Hawaii's ability to successfully supply Japan with agricultural products..." to "...an important issue..."; and
- (3) Changing the title.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 54, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 54, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Levin, Matsunaga, McCartney).

SCRep. 2987 Economic Development on S.R. No. 20

The purpose of this resolution is to request that the Department of Agriculture (DOA) and the Department of Business, Economic Development, and Tourism (DBEDT) develop an action plan to sell Hawaii agricultural products to Japan through a central distributor based in Hawaii.

Testimony in support of this resolution was presented at the hearing by representatives of DOA, and the Hawaii Farm Bureau. Written testimony in support of the resolution was received from the Hawaii Food Industry Association.

Testimony in opposition to the resolution was presented at the hearing by a representative of DBEDT who questioned whether distribution of agricultural products is a government function.

Your Committee finds that there is a need for a centralized referral system in Hawaii to coordinate the sale of Hawaii agricultural products in Japan.

Your Committee has amended this resolution by:

- (1) Designating the DOA, as lead agency, to work with DBEDT to create an action plan to develop a central referral system in Hawaii to coordinate the sale of Hawaii agricultural products in Japan;
- (2) Changing the reference to "...the most important issue regarding Hawaii's ability to successfully supply Japan with agricultural products..." to "...an important issue..."; and
- (3) Changing the title.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 20, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 20, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Levin, Matsunaga, McCartney).

SCRep. 2988 (Joint) Economic Development and Education on S.C.R. No. 105

The purpose of this concurrent resolution is to urge the Department of Business, Economic Development, and Tourism (DBEDT) to work with various research units of the University of Hawaii, the Department of Agriculture, and appropriate private sector firms to develop a biotechnology industry in Hawaii.

Testimony in support of this concurrent resolution was presented at the hearing by representatives of DBEDT, the Department of Agriculture, the University of Hawaii, the Hawaii Farm Bureau, the High Technology Development Corporation, the Hawaii Agriculture Research Center, and an individual.

Your Committees find that a biotechnology industry in Hawaii can contribute to diversifying Hawaii's economy with high paying jobs and high value exports.

As affirmed by the records of votes of the members of your Committees on Economic Development and Education that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 105 and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 11. Noes, none. Excused, 6 (Baker, Fernandes Salling, Levin, Matsunaga, McCartney, Solomon).

SCRep. 2989 Commerce, Consumer Protection, and Information Technology on H.B. No. 2670

The purpose of this bill is to clarify that certain licensed professionals other than psychologists may practice psychotherapy.

Your Committee received testimony in support of this measure from the Board of Psychology, Hawaii Nurses' Association, and the National Association of Social Workers. Testimony opposing the measure was received from the Hawaii Psychological Association.

Your Committee finds that the Regulated Industries and Complaints Office of the Department of Commerce and Consumer Affairs has interpreted section 465-3, Hawaii Revised Statutes, to allow psychotherapy treatments and advertisement only by psychologists.

Your Committee further finds that the clarification to section 465-3, Hawaii Revised Statutes, is necessary to allow other qualified licensed mental health practitioners to continue to provide psychotherapy as part of their treatment.

Your Committee amended the bill by deleting the specific reference to mental health qualifications for other licensed professionals, and making the Act effective upon approval without any repeal provision.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2670, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2670, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Tanaka).

SCRep. 2990 Transportation and Intergovernmental Affairs on H.B. No. 2895

The purpose of this bill is to allow the operation of bicycles on the shoulder of roadways.

Your Committee heard the companion bill to this measure, Senate Bill No. 2911.

Your Committee finds that bicycle safety is enhanced by allowing bicycles to operate on the shoulder of roadways.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2895 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2991 Transportation and Intergovernmental Affairs on S.C.R. No. 161

The purpose of this concurrent resolution is to request congressional action on federal highway legislation and funding.

Your Committee received testimony in support of this measure from the State Department of Transportation, Hawaii Transportation Association, and Hawaii Operating Engineers Industry Stabilization Fund.

Your Committee finds that Hawaii has critical highway investment needs that cannot be addressed with current financial resources. The Federal Highway Administration rates 313 miles of Hawaii's most important roads as being in poor or mediocre condition and judges 51% of our bridges to be deficient. Your Committee further finds that the 1998 federal highways budget would constrain federal moneys for highway construction projects, with the result that Hawaii and other states would be prohibited from using federal highway funds after April 30, 1998, unless Congress enacts a law to appropriate highway funds and the President signs it.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 161 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 2992 Water, Land, and Hawaiian Affairs on S.C.R. No. 123

The purpose of this concurrent resolution is to transfer lands from the City and County of Honolulu Board of Water Supply to the Department of Hawaiian Home Lands to promote housing construction in the area of Kalawahine, Oahu.

Specifically, the measure authorizes the withdrawal of 4.5 acres from Governor's Executive Order No. 1529 and the subsequent transfer of the land to the Department of Hawaiian Home Lands so that the department may construct additional housing units for Native Hawaiians.

Your Committee finds that Governor's Executive Order No. 1529, dated October 1, 1952, set aside certain lands at Kalawahine, Honolulu, Oahu, for a water supply pumping station site. Subsequent to this Executive Order, Governor's Executive Order No. 3281, dated March 2, 1985, reclaimed the majority of lands from Governor's Executive Order No. 1529 for the State, leaving 6.0 acres of land at Kalawahine, Oahu, to be under the control and management of the City and County of Honolulu Board of Water Supply. Since then, the Board of Water Supply has determined that 4.5 acres of the 6.0 acre site is not needed for the pumping station.

Your Committee also finds that the Department of Hawaiian Home Lands has requested that the Board of Land and Natural Resources approve and recommend to the Governor the withdrawal of this land from the City and County of Honolulu so that the Department of Hawaiian Home Lands may incorporate the withdrawn land into its planned Kalawahine homestead development.

Your Committee has amended the measure by correctly stating the total original acreage of land set aside by Governor's Executive Order No. 1529 as 31.6 acres, not 25.6 acres.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 123, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 123, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Ige, D., Taniguchi).

SCRep. 2993 (Majority) Ways and Means on H.B. No. 2957

The purpose of this bill is to allow the Department of Land and Natural Resources to replace lost hunting licenses at fifty per cent of the current cost of a resident license.

Your Committee finds that hunting licenses, that are required to hunt game birds or mammals, expire regularly "...on June 30 next following the date of issuance." At most, if issued on the first of January, a hunting license would be valid about eighteen months. While the replacement of lost licenses now costs only fifty cents, this hardly covers the administrative expense of reviewing the application for a duplicate license, preparing the license, and maintaining a file of licenses issued. By specifying a fifty per cent cost instead of a specific dollar amount, replacement fee costs would change as the resident fee changes, without requiring any statutory amendment for the cost of replacing a lost hunting license. This would be a more efficient method of determining the cost of replacing a lost hunting license.

Your Committee has amended this bill by adding the phrase, "as provided in section 183D-22(b)(1)", to make clear which Hawaii residents' cost will serve as the basis upon which to calculate the fifty per cent replacement fee cost, because other parts of the law provide for free hunting licenses to Hawaii residents who are sixty-five years of age or older and persons with Hansen's disease who are residents of Kalaupapa, Molokai. Your Committee finds that a resident's fee for a hunting license currently is \$10, and therefore \$5 is not an unreasonable fee for a replacement license.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2957, H.D. 2, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2957, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, 1 (Fernandes Salling). Excused, 2 (McCartney, Tam).

SCRep. 2994 Ways and Means on H.B. No. 2230

The purpose of this bill is to rename the tropical agriculture program, at the University of Hawaii-Hilo, as the agriculture, forestry, and natural resource management program.

Your Committee finds that the name change will more accurately reflect the program's expanded course offerings in forestry and potential, future course offerings in natural resources management.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2230, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 5 (Ihara, Levin, McCartney, Tam, Anderson).

SCRep. 2995 Ways and Means on H.B. No. 3004

The purpose of this bill is to modify reporting and budgeting requirements for the University of Hawaii and the Department of Education and make housekeeping amendments with respect to the management of financing agreements.

Specifically, this bill:

- (1) Requires the University of Hawaii and the Department of Education to specify certain details and amounts required for existing financing agreements;
- (2) Clarifies that the Department may not retain five per cent of appropriations made for financing agreements;
- (3) Specifies that the authority of the University to transfer funds does not extend to appropriations made to fund financing agreements; and
- (4) Clarifies that all state agency interests created as a result of financing agreements are exempt from taxation and fees and charges of every kind.

Your Committee finds that this measure will promote the improved management of financing agreements.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3004, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 9. Noes, none. Excused, 4 (Ihara, McCartney, Tam, Anderson).

SCRep. 2996 Ways and Means on H.B. No. 2793

The purpose of this bill is to temporarily suspend the ten-year owner-occupant requirement for purchasers of real property pursuant to chapter 201G, Hawaii Revised Statutes, by allowing purchasers to sell the real property after three years from the date of purchase.

Your Committee finds that the amendment in this bill would permit unconditional sales of affordable units with buy-back provisions after three years of ownership, and that this change in the law would be repealed on December 31, 2000, and the ten-year requirement will be reinstated. Your Committee notes that as there is less than three years between the effective date of this Act and December 31, 2000, that this will not lead to an increase in purchase of these units for the purpose of speculation and quick sale, but will only apply to units already purchased.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2793, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 11. Noes, none. Excused, 2 (McCartney, Tam).

SCRep. 2997 (Majority) Ways and Means on H.B. No. 3317

The purpose of this bill is to give legislative approval to a public auction sale of Mabel Smyth Memorial Auditorium.

The auditorium is a public building located on the corner of South Beretania and Punchbowl Streets, adjacent to The Queen's Medical Center. Your Committee finds that The Queen Emma Foundation has requested a sale of the auditorium to The Queen's Medical Center for business use. The auditorium, with its adjacent classroom and office space, would be a solution to space shortage currently experienced by the medical center.

Your Committee finds that the Board of Land and Natural Resources has reviewed state space requirements and has approved a public auction sale of the auditorium, with an upset price of \$5,000,000. Your Committee further finds that advance approval of the sale of the auditorium is appropriate and in the public interest.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3317 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, 1 (Ige, M.). Excused, 2 (McCartney, Tam).

SCRep. 2998 Ways and Means on H.B. No. 3453

The purpose of this bill is to authorize the issuance of special purpose revenue bonds in the amount of \$150,000,000, in one or more series, to assist The Queen's Health Systems and its subsidiaries to improve and expand its facilities and programs for the public.

This bill also:

- (1) Authorizes the issuance of these bonds until June 30, 2003; and
- (2) Repeals the statutory sunset date of June 30, 2000, in part II, chapter 39A, Hawaii Revised Statutes, thereby making permanent the authority to issue special purpose revenue bonds assisting not-for-profit corporations that provide health care facilities to the general public.

Your Committee finds that these bonds are being properly issued under part II, chapter 39A, Hawaii Revised Statutes, relating to assistance for not-for-profit corporations that provide health care facilities to the general public. The bonds will enable The Queen's Health Systems to distribute cost savings owing to the bond funds to the benefit of health care recipients.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3453, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Tam).

SCRep. 2999 Ways and Means on H.B. No. 3468

The purpose of this bill is to lengthen by one year the transitional period during which the Hawaii Health Systems Corporation must enter into property agreements with the State and can continue to receive without charge the services that were formerly provided to the Division of Community Hospitals.

Furthermore, this bill appropriates \$16,600,000 in general funds for fiscal year 1998-1999 to the Hawaii Health Systems Corporation for community hospital operating expenses.

In addition, this bill:

- (1) Creates the executive public health facility management advisory committee within the Hawaii Health Systems Corporation, composed of the chairpersons of each of the five regional public health facility management advisory committees;
- (2) Authorizes the five-person advisory committee to appoint and remove two ex officio nonvoting members of the board of directors of the corporation from among the members of the advisory committee or the regional advisory committees; and
- (3) Authorizes the regional advisory committees to adopt rules governing the terms of office and removal of regional chairpersons from the executive management advisory committee.

Your Committee finds that these measures are necessary to enable the infant corporation to achieve eventual but certain self-sufficiency in its providing of needed health care services to rural and underserved communities, and to ensure public openness in the decision making of the corporate board.

Your Committee has amended this measure by deleting the general fund appropriation to the corporation for fiscal year 1998-1999. Your Committee has determined that funding for the corporation can be more appropriately addressed in the supplemental executive budget act for fiscal year 1998-1999.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3468, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3468, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Tam).

SCRep. 3000 Ways and Means on H.B. No. 2496

The purpose of this bill is to enhance indigent legal services by improving the administration of the indigent legal assistance fund.

In particular, this bill amends Act 305, Session Laws of Hawaii 1996, which created a court filing fee surcharge on civil cases for indigent legal services, by:

- (1) Requiring that all funds, except for administrative fees, collected for the indigent legal assistance fund be obligated or expended during the fiscal year immediately following the fiscal year in which the funds are collected;
- (2) Changing the administration of the fund from the Office of Community Services to the Administrative Director of the Courts;
- (3) Requiring the Commission on Access to Justice to annually review the filing fee surcharge program and report to the legislature each year; and
- (4) Making Act 305, Session Laws of Hawaii 1996, permanent by removing its repeal date of June 30, 1999.

Your Committee finds that legal services for the indigent must be maintained and preserved in order to guarantee equal access to justice without regard to an individual's financial or social status. While state and federal funding for civil legal services have decreased in recent years, your Committee finds that this bill will enhance the administration of the indigent legal assistance fund and provide indigent legal services in a more efficient and effective manner.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2496, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Ihara, McCartney, Tam, Anderson).

SCRep. 3001 Ways and Means on H.B. No. 2614

The purpose of this bill is to exempt any county that does not have a constituency from the pension system for police officers, firefighters, and bandsmen from maintaining a pension board for these personnel.

Your Committee notes that in its committee report, the Committee on Human Resources indicated that a county like Maui, for example, must maintain a pension board even though it does not have these personnel in its pension constituency. Your Committee finds that in these times of necessary government streamlining and downsizing, every effort should be made to bring the law into line with reality. Requiring a county to maintain a board it does not need makes no sense. This bill will correct the oversight.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2614, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Ihara, McCartney, Tam, Anderson).

SCRep. 3002 Ways and Means on H.B. No. 2760

The purpose of this bill is to eliminate salary overpayments to salaried state employees who abuse their vacation or sick leave privileges.

Your Committee finds that salaried state employees earn one and three-quarters days of vacation and sick leave per month. A paid leave is not allowed unless an employee has previously earned the number of hours taken on leave. Some employees have not complied with this policy and have benefited from salary overpayments. Your Committee finds that overpayments in the executive branch exceed \$2,500,000.

This bill would prevent salary overpayments by providing salary payment procedures for state employees having salary overpayment problems. The bill would require such employees to be paid on the payment schedule used for non-salaried employees. This schedule provides sufficient lag time between the end of a pay period and the payment of such period to allow for an accurate accounting of any vacation or sick leaves taken by employees. After a specified period of time, the employees would then return to the schedule used for salaried employees.

Your Committee has amended the bill by changing the effective date to June 29, 1998, to coincide with the proposed amendments to section 78-13, Hawaii Revised Statutes (under Act 355, Session Laws of Hawaii 1997), which takes effect on June 29, 1998.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2760, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2760, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Ihara, McCartney, Tam, Anderson).

SCRep. 3003 Ways and Means on H.B. No. 2761

The purpose of this bill is to authorize the State to pay all new employees by electronic funds transfer and on an after-the-fact basis.

The bill allows the Comptroller to exempt the electronic funds transfer method upon request by an employing department. The bill also requires all new employees, except those in bargaining units 5 and 7, to be paid on an after-the-fact basis.

Your Committee finds that electronic funds transfer payroll payments is cost effective and in accordance with efforts by state government to do more with less. Your Committee also finds that after-the-fact payroll payments are not only consistent with the State's new after-the-fact payroll program scheduled to begin on June 30, 1998, but would also eventually cure the salary overpayment problem of employees who have insufficient leave balances.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2761, S.D. 1 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Ihara, McCartney, Tam, Anderson).

SCRep. 3004 (Majority) Ways and Means on H.B. No. 3022

The purpose of this bill is to exempt, for one more year, the renovation of existing correctional facilities and the construction of new youth correctional facilities at the site of the former Women's Community Correctional Center from state and county planning, land use, and construction requirements.

In addition, this bill:

- (1) Specifically exempts the renovation of Maluhia Cottage and Hookipa Cottage and infrastructure at the former Women's Community Correctional Center from state and county planning, land use, and construction requirements until July 1, 1999;
- (2) Requires the new maintenance facility and vocational training center at the new Hawaii Youth Correctional Facility to be located near the central storage building, to have a nonreflective roof and appropriate landscaping, and to be a single story structure;
- (3) Allows the piggery/barn area at the new Hawaii Youth Correctional Facility to be renovated for existing purposes but not for other purposes; and

- (4) Requires a water tank that is constructed at the base of Mount Olomana to obtain the necessary state and county approvals, permits, and licenses, including an environmental impact statement, and to be located within the boundaries of the new Hawaii Youth Correctional Facility.

Your Committee finds that the Hawaii Youth Correctional Facility was required to relocate from the makai side of Kalanianaʻole Highway in Kailua as part of Act 151, Session Laws of Hawaii 1991. Act 151 was enacted to satisfy a consent decree between the State and the American Civil Liberties Union to improve living conditions at the Oahu Community Correctional Center and the Women's Community Correctional Center. The relocation of the Hawaii Youth Correctional Facility was necessary in order to rebuild the Women's Community Correctional Center. Essentially, the plan called for the Women's Community Correctional Center and the Hawaii Youth Correctional Facility to switch places.

Because the Office of Youth Services only recently obtained funding to complete the renovation of existing correctional facilities and the construction of new youth correctional facilities at the site of the former Women's Community Correctional Center, it is necessary to extend the exemption from state and county planning, land use, and construction requirements for one more year or until July 1, 1999.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3022, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, 1 (Ige, M.). Excused, 4 (Ihara, McCartney, Tam, Anderson).

SCRep. 3005 Ways and Means on H.B. No. 3027

The purpose of this bill is to allow the Department of Human Services to recover overpayments made to Medicaid providers in the fee-for-service Medicaid program for aged, blind, and disabled recipients.

Specifically, this bill allows recovery through recoupment, tax offset of state income tax refunds through the tax intercept program, and circuit court judgment.

Your Committee finds that this bill enhances the State's ability to recover moneys erroneously paid to medical providers under the Medicaid program for the aged, blind, and disabled. Your Committee wishes to make clear that the aged, blind, and disabled are not affected by this bill, which only affects medical providers.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3027, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Ihara, McCartney, Tam, Anderson).

SCRep. 3006 Ways and Means on H.B. No. 2711

The purpose of this bill is to authorize the Judiciary to enter into financing agreements to finance the improvement, use, or acquisition of real or personal property owned by the Judiciary, and to refinance previously executed financing agreements.

Furthermore, this bill requires the Judiciary to include in its fiscal period budget requests to the Legislature the amounts sufficient to permit the payment of all amounts that will be due on unpaid financing agreements during that period.

Your Committee finds that this bill extends to the Judiciary the same powers and duties exercised by the executive branch agencies with regard to the management of financing agreements. Under this measure the Judiciary will be able to expedite construction projects without jeopardizing the ratings on state bonds.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2711, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 5 (Fernandes Salling, Levin, McCartney, Tam, Anderson).

SCRep. 3007 Ways and Means on H.B. No. 2714

The purpose of this bill is to allow the Judiciary to write off delinquent fines that are determined uncollectible.

This bill requires that the Judiciary wait at least two years before any fine or restitution may be written off as uncollectible. Additionally, any fine or restitution that was previously removed from the records as uncollectible can be reinstated if it is determined at a later time that the funds have or will become collectible. This bill specifically protects victims' rights by clarifying that establishing a fine or restitution as uncollectible by the Judiciary does not preclude a person from pursuing collection of the debt.

Your Committee finds that authorizing the Judiciary to write off old delinquent fines as uncollectible will allow them to focus on current outstanding fines and restitution that are more likely to be paid.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2714, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Levin, McCartney, Tam, Anderson).

SCRep. 3008 Ways and Means on H.B. No. 2776

The purpose of this bill is to allow victims of crime to enforce a criminal restitution order in the same manner as a civil judgment.

In addition, this bill allows the court to order restitution to be paid to the Criminal Injuries Compensation Commission if the victim has been given an award for compensation by that Commission, includes within the definition of "victim" a governmental entity which has reimbursed the victim for losses arising as a result of the crime, allows the order for restitution to be enforced by the victim or the State in the same manner as a civil judgment, and clarifies the filing procedures necessary to have the criminal restitution order recognized in a civil court.

Your Committee agrees with the intent of this bill, and finds that while a criminal court judge may currently require a defendant to pay restitution for the losses suffered by the victim, the collection of this restitution is often left to the Judiciary, the Department of Public Safety, or the Paroling Authority, where only a fraction of the amount owed is actually collected. Your Committee further finds that although a crime victim may bring a separate civil action against the defendant, this additional process is often costly and time-consuming. Moreover, while the Criminal Injuries Compensation Commission helps victims by providing some compensation, victims of property crimes and some violent crimes are not eligible for any compensation from the Commission. Your Committee finds that this bill gives greater flexibility to victims in obtaining compensation for their losses by allowing them to enforce the criminal restitution order as a civil judgment and use all of the attendant civil collection remedies.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the word "fully" on page 2, line 21, to clarify the legitimate types of damages when compensating a victim. Reimbursing the victim "fully" for losses may be interpreted as having an unlimited practical application, and allows for many legitimate types of damages that may require a more extensive civil proceeding and may prove too encompassing for a criminal proceeding;
- (2) Deleting the sentence "Promptly upon the filing of the order and the affidavit, the clerk shall make note of the filing in the docket." on page 4, lines 3 to 5, and inserting the phrase "Promptly upon the filing of the order and the affidavit," before the words "the State," on line 6 of that page, and immediately following the paragraph (3) designation. The reason for this change is to eliminate redundancy of effort and ensure direction for the filing party to send the notice to the defendant. Your Committee finds that this amendment highlights the responsibility for the party in the best position to assert their interest and rights in this matter;
- (3) Amending section 3 of the bill, on page 5, line 12, by deleting the words "its final adjudication in the trial court" and adding in their place the words "the court's jurisdiction in the criminal action is terminated." The purpose of this amendment is to toll the statute of limitations for commencement of a civil enforcement action during the time in which the defendant is under the criminal jurisdiction of the court, so that the statute of limitations would not be running during the period of incarceration, probation, or parole. Without this amendment, your Committee finds that a defendant who has been ordered to pay restitution and who obtains money or other assets during this time cannot escape the obligation to repay the victim simply because the statute of limitations has run; and
- (4) Making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2776, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2776, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (McCartney, Tam, Anderson).

SCRep. 3009 Ways and Means on H.B. No. 2786

The purpose of this bill is to require that persons convicted of sexual or violent offenses provide blood samples for the purpose of DNA analysis.

In addition, this bill permits the court to assess a fee against the convicted defendant to defray the costs of obtaining, storing, and testing of the DNA sample, and creates a DNA registry special fund to be administered by the Attorney General, into which the fees are to be deposited. This bill also provides that a person who negligently or recklessly fails to provide blood samples is guilty of a misdemeanor, and a person who intentionally or knowingly fails to provide blood samples is guilty of a class C felony.

Your Committee supports the intent of this bill and recognizes that DNA information is an increasingly valuable tool for the investigation, prosecution, and defense of criminal cases. Your Committee finds that the development of a DNA registry is important to protect the public from further criminal acts committed by these offenders, but that the cost of the DNA sampling process has been borne by police departments without state funding. Your Committee agrees that convicted defendants who are required to provide DNA samples should be assessed a fee to defray the costs of testing.

Upon further consideration, your Committee has amended this bill by:

- (1) Amending the definition of "licensed psychologist" on page 1 of the bill to clarify that the term "means all psychologists licensed under chapter 465 but also includes psychologists exempt from licensure under section 465-3(a)(3)";
- (2) Adding the phrase "to provide blood samples under this section" in place of the word "comply" on line 14 of page 6 to clearly state the offense; and
- (3) Making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2786, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2786, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Tam).

SCRep. 3010 Ways and Means on H.B. No. 2846

The purpose of this bill is to increase the fines for selling tobacco to minors or failing to post a sign on any vending machine stating that the sale of tobacco products to persons under eighteen is prohibited.

This bill increases the fines from \$100 to \$500 for the first offense. The range of fines for subsequent offenses is increased from not less than \$100 nor more than \$1,000, to not less than \$500 nor more than \$2,000.

Your Committee finds that this new fine schedule imposes a more serious penalty that will help reduce the illegal sales of tobacco to minors. The imposition of these increased fines should motivate tobacco retailers to scrutinize the ages of their customers with greater care.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2846, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Tam).

SCRep. 3011 Ways and Means on H.B. No. 3020

The purpose of this bill is to reclassify four of the five special funds in the Hawaiian Homes Commission Act of 1920, as amended, as trust funds, and to establish guidelines for the treatment of funds in the native Hawaiian rehabilitation fund.

Your Committee finds that the nature of the four funds being reclassified--the Hawaiian home operating fund, the Hawaiian home receipt fund, the Hawaiian home trust fund, and the native Hawaiian rehabilitation fund--is more in consonance with trust funds than with special funds, and that this change more accurately denotes their function.

The changes to the native Hawaiian rehabilitation fund include requiring the Hawaiian Homes Commission to develop investment guidelines and allowing the Commission to invest and reinvest in investments authorized in chapter 88, the employees retirement system law, and to pay a reasonable sum to persons supplying the Commission with investment advisory or consultative services. Your Committee finds that these changes will assist the Commission in increasing the amount in the fund and to carry out its duties more effectively, and thus to fulfill its fiduciary obligations under the Hawaiian Homes Commission Act.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3020, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Tam).

SCRep. 3012 (Majority) Transportation and Intergovernmental Affairs on S.C.R. No. 179

The purpose of this concurrent resolution is to request the Department of Transportation to work with appropriate officials of the City and County of Honolulu and private industry to develop and implement an alternative or rapid transit system between Waikiki and other areas of Honolulu, including but not limited to the Hawaii Convention Center, Ala Moana Shopping Center, Ward Centre, Ward Warehouse, and Aloha Tower Marketplace. The Department of Transportation is also requested to explore ways to integrate the City and County of Honolulu's bus system and other resources with the alternative or rapid transit system.

Further, the Department of Transportation is requested to make provisions for public comment on the route or range of routes to be followed, and on the minimum requirements for the system prior to issuing the request for proposals. Also, the Department is requested to determine the existence of private industry support for the alternative or rapid transit system and the availability of funding at the federal, state, and county levels by identifying potential specific funding sources.

Your Committee received testimony in support of this concurrent resolution from the Convention Center Authority. Testimony in support of the intent of this concurrent resolution was submitted by the Department of Transportation and the Department of Business, Economic Development, and Tourism. Testimony in opposition was submitted by E Noa Corporation and the Waikiki Neighborhood Board #9. The Leeward Oahu Transportation Management Association and the Oahu Metropolitan Planning Organization submitted comments.

Your Committee finds that the Oahu Metropolitan Planning Organization is presently revising the Oahu Regional Transportation Plan, and the City and County of Honolulu recently received \$3 million in federal funds to do a similar study.

Upon further discussion, your Committee agrees that beneficial solutions can result when state, county, and private agencies work together to relieve traffic congestion, and to improve the transportation infrastructure in the areas including Waikiki, Ala Moana, and downtown Honolulu, to stimulate and enhance tourism activity.

Your Committee has amended this concurrent resolution by:

- (1) Adding language to clarify that it is not the intent of this concurrent resolution to duplicate existing or planned studies on rapid transit systems since it is anticipated that the Oahu Metropolitan Planning Organization will be updating the Oahu

Regional Transportation Plan, and that the City and County of Honolulu may have plans to develop and evaluate mobility alternatives for the primary urban corridor from Ewa to East Honolulu; and

- (2) Adding "Oahu Metropolitan Planning Organization" as an additional agency that the Department of Transportation is requested to work with to develop an alternative or rapid transit system in Honolulu.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 179, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 179, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, 1 (Slom). Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 3013 (Majority) Transportation and Intergovernmental Affairs on S.R. No. 85

The purpose of this resolution is to request the Department of Transportation to work with appropriate officials of the City and County of Honolulu and private industry to develop and implement an alternative or rapid transit system between Waikiki and other areas of Honolulu, including but not limited to the Hawaii Convention Center, Ala Moana Shopping Center, Ward Centre, Ward Warehouse, and Aloha Tower Marketplace. The Department of Transportation is also requested to explore ways to integrate the City and County of Honolulu's bus system and other resources with the alternative or rapid transit system.

Further, the Department of Transportation is requested to make provisions for public comment on the route or range of routes to be followed, and on the minimum requirements for the system prior to issuing the request for proposals. Also, the Department is requested to determine the existence of private industry support for the alternative or rapid transit system and the availability of funding at the federal, state, and county levels by identifying potential specific funding sources.

Your Committee received testimony in support of this resolution from the Convention Center Authority. Testimony in support of the intent of this resolution was submitted by the Department of Transportation and the Department of Business, Economic Development, and Tourism. Testimony in opposition was submitted by E Noa Corporation and the Waikiki Neighborhood Board #9. The Leeward Oahu Transportation Management Association and the Oahu Metropolitan Planning Organization submitted comments.

Your Committee finds that the Oahu Metropolitan Planning Organization is presently revising the Oahu Regional Transportation Plan, and the City and County of Honolulu recently received \$3 million in federal funds to do a similar study.

Upon further discussion, your Committee agrees that beneficial solutions can result when state, county, and private agencies work together to relieve traffic congestion, and to improve the transportation infrastructure in the areas including Waikiki, Ala Moana, and downtown Honolulu, to stimulate and enhance tourism activity.

Your Committee has amended this resolution by:

- (1) Adding language to clarify that it is not the intent of this resolution to duplicate existing or planned studies on rapid transit systems since it is anticipated that the Oahu Metropolitan Planning Organization will be updating the Oahu Regional Transportation Plan, and that the City and County of Honolulu may have plans to develop and evaluate mobility alternatives for the primary urban corridor from Ewa to East Honolulu; and
- (2) Adding "Oahu Metropolitan Planning Organization" as an additional agency that the Department of Transportation is requested to work with to develop an alternative or rapid transit system in Honolulu.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 85, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 85, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, 1 (Slom). Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 3014 Economic Development on S.C.R. No. 91

The purpose of this concurrent resolution is to request that the Community-based Management Evaluation Task Force (Task Force) convened by the Department of Land and Natural Resources (DLNR) continue to operate and study the feasibility and make recommendations about establishing a community-based management pilot program for one or more state small boat harbors.

Testimony supporting this concurrent resolution was presented at the hearing by representatives of the Marine Commercial Boaters and Ocean Affiliated Transportation and the Hawaii Boaters Political Action Association. Written testimony in support of the concurrent resolution was received from the Ala Wai Marina Committee.

Testimony opposing this concurrent resolution was presented at the hearing by representatives of DLNR, the Hawaii Government Employees Association, and Boats/Hawaii Inc.

Your Committee finds that the Task Force was not able to gather input from the boating community regarding the recommendations reported to the Legislature. Furthermore, your Committee finds that the DLNR's Division of Boating and Ocean Recreation is the appropriate entity to work with the Task Force.

Your Committee has amended this concurrent resolution by:

- (1) Requesting that the Task Force continue operation for one year in order to disseminate its findings to the boating community and gather input on these findings from the community;

- (2) Requesting that DLNR's Division of Boating and Ocean Recreation work with the Task Force during the next year; and
- (3) Making a technical, nonsubstantive amendment for the purpose of clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 91, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 91, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Chumbley, Levin, McCartney).

SCRep. 3015 Transportation and Intergovernmental Affairs on S.C.R. No. 12

The purpose of this concurrent resolution is to request the Legislative Auditor to determine the exact amount of federal and state funds that are earmarked and used for preventive maintenance programs for the State's highways. Also, the Legislative Auditor is requested to determine the effectiveness of on-going maintenance programs of the Highways Division of the Department of Transportation.

Your Committee received testimony in support of the intent of this concurrent resolution from the Department of Transportation.

Your Committee understands that the Department of Transportation has already initiated various programs to address highway maintenance, and concurs that an audit would make clear the effectiveness of on-going highway maintenance programs and provide accurate accounting of federal and state funds for these programs.

Your Committee has made technical, nonsubstantive amendments to this concurrent resolution for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 12, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 12, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 3016 Health and Environment on S.C.R. No. 31

The purpose of this concurrent resolution is to request the Department of Health (DOH) to develop a rural health plan for the districts of Puna and Ka'u to ensure the improvement of health facilities and make available sufficient medical services to all residents living in the districts of Puna and Ka'u. The DOH also is requested to aggressively explore ways to obtain or maximize federal funding for the purpose of implementing the rural health plan, and to report its findings and recommendations to the Legislature not later than twenty days prior to the convening of the Regular Session of 1999.

Your Committee received testimony in support of the measure from the Director of Health, Hawaii County Council, and Hawaiian Society of Naturopathic Physicians. The State Health Planning and Development Agency submitted testimony suggesting that the measure is not needed at this time.

Your Committee believes that the problems faced by Puna and Ka'u equally apply to the rest of the Big Island. Your Committee further believes that development and implementation of a "rural health plan" will ensure the improvement of health facilities and make available sufficient medical services to all residents of the Big Island.

Your Committee amended this measure and its title by extending the coverage of the rural health plan to the entire Island of Hawaii, including the districts of Puna and Ka'u. Your Committee also made technical, nonsubstantive changes for grammar and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 31, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 31, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalfe).

SCRep. 3017 Health and Environment on S.C.R. No. 64

The purpose of this Concurrent Resolution is to request the Department of Commerce and Consumer Affairs to take a public sector leadership role in promoting the licensure of certified professional midwives in Hawaii.

Your Committee received testimony in support of the Concurrent Resolution from a concerned individual. The Department of Commerce and Consumer Affairs submitted testimony stating that the department is unable to comply with the request in the measure without a study conducted by the Auditor which determines whether regulation of the profession is necessary.

Your Committee concurred with the comments of the Department of Commerce and Consumer Affairs that a study by the Auditor is required prior to establishing or implementing any regulatory framework for certified professional midwives. Your Committee believes there is a need to preserve the rights of women to deliver children in out-of-hospital settings and to allow certified professional midwives to serve Hawaii families without the fear of criminal prosecution. Your Committee also believes, however, that regulation of certified professional midwives may be necessary to ensure the health and safety of mothers and their infants.

Your Committee amended this measure by deleting its entire contents and replacing it with the title and contents of H.C.R. No. 68, which requests the Auditor to study whether regulation of professional midwives is appropriate or necessary, and if so, how that regulation should occur, which state agency is best suited to implement that regulation, and how much of a cost impact that regulation would have on the profession and regulatory agency.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 64, as amended herein, and recommends that it be referred to the Committee on Commerce, Consumer Protection, and Information Technology, in the form attached hereto as S.C.R. No. 64, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 3018 Health and Environment on S.C.R. No. 119

The purpose of this concurrent resolution is to request that the Legislative Reference Bureau conduct a study of ways to reduce noise related to audible reverse warnings of motor vehicles during the late night and early morning hours.

Testimony in support of this concurrent resolution was received from two concerned citizens.

Your Committee finds that the study requested in this concurrent resolution is needed in order to understand possible solutions to the noise problems related to audible reverse warnings on motor vehicles.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 119 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3019 (Joint) Education and Water, Land, and Hawaiian Affairs on S.C.R. No. 61

The purpose of this concurrent resolution is to request that the Department of Land and Natural Resources and the University of Hawaii adopt the recommendations of the Auditor regarding the management and stewardship of the Mauna Kea Science Reserve.

Your Committees received testimony in support of the measure from the Department of Land and Natural Resources, the Office of Hawaiian Affairs, and Ka Lahui Hawaii. The University of Hawaii, the Sierra Club, Hawaii Chapter, and Hawaii's Thousand Friends submitted comments on the measure.

Your Committees find that in 1968, the Board of Land and Natural Resources approved a 65-year lease for lands above the 12,000-foot level of Mauna Kea so that the University of Hawaii could utilize the area for the study of astronomy. In 1969, the University established the Institute for Astronomy and began to actively develop telescopes on the summit. Currently, thirteen separate telescopes and one antenna have been built or are under construction on Mauna Kea.

Your Committees also find that since then, the University of Hawaii and the Department of Land and Natural Resources have managed the Mauna Kea summit and the Mauna Kea Science Reserve primarily for the development of astronomy facilities, with little regard toward the protection of the mountain's natural environment.

In light of the growing concern over the protection of Mauna Kea's natural environment, the 1997 Hawaii State Legislature, through Senate Concurrent Resolution No. 109, requested the Auditor to conduct an audit of the management of Mauna Kea and the Mauna Kea Science Reserve.

In the report entitled Audit of the Management of Mauna Kea and the Mauna Kea Science Reserve, the Auditor recommended in pertinent part, that the University of Hawaii:

- (1) Ensure that the Institute for Astronomy begin the planning process for a new master plan;
- (2) Seek input from the Department of Land and Natural Resources and the general public early in the planning process;
- (3) Clearly identify in the master plan and attending environmental impact statement areas suitable for astronomical development; critical habitats of plants, invertebrates, and other rare or endangered species; and areas where no development should be planned;
- (4) Develop rules and regulations; hire rangers/guards; require the public to register at the visitor station; conduct periodic inspections for trash; remove old equipment; and develop a forum for continuous community input;
- (5) Develop a new methodology to measure the impact of future development on Mauna Kea which assesses the impact of each project, as well as the impact on the total development; and
- (6) Obtain approval on the new methodology from the Board of Land and Natural Resources.

With regard to the Department of Land and Natural Resources, the Auditor recommended that the department:

- (1) Review and rewrite applicable environmental impact statements mitigating measures as specific Conservation District Use Permit conditions;

- (2) Include permit conditions (and time frames) that require the implementation of management plans that are approved by its board;
- (3) Establish controls to ensure the timely completion of administrative requirements;
- (4) Ensure that enforcement of rules not related to the department clearly rest with the university;
- (5) Complete and implement the Historic Preservation plan; and
- (6) Adopt rules for the Historic Preservation Program, Chapter 6E, Hawaii Revised Statutes.

Your Committees further find that the existing Mauna Kea Science Reserve Master Plan, established in 1983, was never fully implemented. Your Committees believe that rather than expending additional time and resources on developing an entirely new master plan, the existing one should be updated and implemented.

Your Committees also believe that the Department of Land and Natural Resources and the University of Hawaii should work toward establishing clear lines of jurisdiction over the management of the Science Reserve and the facilities in the Science Reserve. Specifically regarding the Department of Land and Natural Resources' inherent responsibility to protect conservation lands and steward any use approved thereon.

In an effort to address these concerns, the University of Hawaii stated in its testimony that it has established a Mauna Kea Advisory Committee to act as a consulting body, particularly in the area of cultural issues.

Your Committees also learned that the Bishop Museum has been contracted to catalog cultural attributes of Mauna Kea. Your Committees believe that Bishop Museum, as the State Museum of Natural and Cultural History, should play a more integral role in protecting and managing Mauna Kea. As such, the Department of Land and Natural Resources and the University of Hawaii should actively pursue opportunities to increase the Bishop Museum's participation in current and future activities atop Mauna Kea.

Upon consideration of the concerns raised during the public hearing, your Committees have amended the measure by:

- (1) Adding language that establishes the cultural significance of Mauna Kea;
- (2) Clarifying that instead of developing a new master plan for the Mauna Kea Science Reserve, the master plan adopted in 1983 should be updated and implemented;
- (3) Clarifying that the Department of Land and Natural Resources should be monitoring the University of Hawaii with regard to its compliance with the use of conservation district lands; and
- (4) Stating that the Department of Land and Natural Resources and the University of Hawaii should clearly delineate areas of jurisdiction over the management of the Mauna Kea Science Reserve.

As affirmed by the records of votes of the members of your Committees on Education and Water, Land, and Hawaiian Affairs that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 61, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 61, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 7. Noes, none. Excused, 6 (Baker, Fernandes Salling, Ige, M., Taniguchi, Anderson, Slom).

SCRep. 3020 Economic Development on S.C.R. No. 92

The purpose of this concurrent resolution is to request that the Department of Land and Natural Resources (DLNR) work with the private sector to create plans to develop and improve the State's small boat harbors.

Testimony in support of this concurrent resolution was presented at the hearing by representatives of DLNR, the Hawaii Government Employees Association, and Boats/Hawaii Inc., as well as one individual.

Your Committee finds that, for small boat harbor properties, the DLNR is limited to issuing leases or permits for maritime uses only. Furthermore, your Committee finds that the DLNR's Division of Boating and Ocean Resources (DOBOR) is the appropriate agency to work with the private sector.

Your Committee has amended this concurrent resolution by:

- (1) Deleting the clause which states that the State has not pursued potential revenue sources; and
- (2) Adding DOBOR as the lead agency to create the plan.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 92, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 92, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 4 (Baker, Chumbley, Levin, McCartney).

SCRep. 3021 Economic Development on S.R. No. 43

The purpose of this resolution is to request that the Department of Land and Natural Resources (DLNR) work with the private sector to create plans to develop and improve the State's small boat harbors.

Testimony in support of this resolution was presented at the hearing by representatives of DLNR, the Hawaii Government Employees Associations, and Boats/Hawaii Inc., as well as one individual.

Your Committee finds that, for small boat harbor properties, the DLNR is limited to issuing leases or permits for maritime uses only. Furthermore, your Committee finds that the DLNR's Division of Boating and Ocean Resources (DOBOR) is the appropriate agency to work with the private sector.

Your Committee has amended this resolution by:

- (1) Deleting the clause which states that the State has not pursued potential revenue sources; and
- (2) Adding DOBOR as the lead agency to create the plan.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 43, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 43, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Chumbley, Levin, McCartney).

SCRep. 3022 Economic Development on S.C.R. No. 128

The purpose of this concurrent resolution is to request that the Governor appoint a nine-member Thrill Craft Safety Task Force to review privately owned thrill craft and safety and the feasibility of registration and certification of private thrill craft operators.

Testimony supporting the intent of the concurrent resolution was presented at the hearing by representatives of the Department of Transportation (DOT), Boats/Hawaii Inc., Hot Lawa Jet Ski Club, Ke Koa O Ke Kai, International Tow Surf, and Warriors of the Sea. Written testimony supporting the concurrent resolution was received from a member of the Maui County Council and an individual. Written testimony supporting the concurrent resolution with amendments was received from Windward Water Sports Center.

The Department of Land and Natural Resources (DLNR) presented testimony at the hearing opposing the concurrent resolution.

Your Committee finds that an advisory committee appointed by the Chairperson of the Board of Land and Natural Resources (BLNR) is the preferred entity to review safety issues with regard to personal thrill craft operation and the feasibility of registration and certification of personal thrill craft operators. Furthermore, your Committee finds that since implementation of any recommendations arising from this study would be the responsibility of the Department of Land and Natural Resources, there is no need to involve the Department of Business, Economic Development, and Tourism, the Department of Transportation, or the county parks departments.

Your Committee has amended this concurrent resolution by:

- (1) Clarifying that many private thrill craft operator groups and associations have already recommended educational and regulatory requirements;
- (2) Requesting the Chairperson of BLNR to appoint a seven-member Thrill Craft Advisory Committee (Committee) rather than requesting the Governor to appoint a nine-member task force;
- (3) Specifying that the Committee should evaluate and recommend necessary educational and training requirements for personal water craft operators as well as proposed rules for and areas of thrill craft operations;
- (4) Changing the title to read: "REQUESTING THE APPOINTMENT OF A THRILL CRAFT ADVISORY COMMITTEE TO REVIEW PRIVATELY-OWNED THRILL CRAFT SAFETY AND THE FEASIBILITY OF REGISTRATION AND CERTIFICATION OF PRIVATE THRILL CRAFT OPERATORS"; and
- (5) Making technical, nonsubstantive amendments for purpose of clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 128, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 128, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Chumbley, Levin, McCartney).

SCRep. 3023 Economic Development on S.R. No. 60

The purpose of this resolution is to request that the Governor appoint a nine-member Thrill Craft Safety Task Force to review privately owned thrill craft and safety and the feasibility of registration and certification of private thrill craft operators.

Testimony supporting the intent of the resolution was presented at the hearing by representatives of the Department of Transportation (DOT), Boats/Hawaii Inc., Hot Lawa Jet Ski Club, Ke Koa O Ke Kai, International Tow Surf, and Warriors of the Sea. Written testimony supporting the resolution was received from a member of the Maui County Council and an individual. Written testimony supporting the resolution with amendments was received from Windward Water Sports Center.

The Department of Land and Natural Resources (DLNR) presented testimony at the hearing opposing the resolution.

Your Committee finds that an advisory committee appointed by the Chairperson of the Board of Land and Natural Resources (BLNR) is the preferred entity to review safety issues with regard to personal thrill craft operation and the feasibility of registration and certification of personal thrill craft operators. Furthermore, your Committee finds that since implementation of any recommendations arising from this study would be the responsibility of the Department of Land and Natural Resources, there is no need to involve the Department of Business, Economic Development, and Tourism, the Department of Transportation, or the county parks departments.

Your Committee has amended this resolution by:

- (1) Clarifying that many private thrill craft operator groups and associations have already recommended educational and regulatory requirements;
- (2) Requesting the Chairperson of BLNR to appoint a seven-member Thrill Craft Advisory Committee (Committee) rather than requesting the Governor to appoint a nine-member task force;
- (3) Specifying that the Committee should evaluate and recommend necessary educational and training requirements for personal water craft operators as well as proposed rules for and areas of thrill craft operations;
- (4) Changing the title to read: "REQUESTING THE APPOINTMENT OF A THRILL CRAFT ADVISORY COMMITTEE TO REVIEW PRIVATELY-OWNED THRILL CRAFT SAFETY AND THE FEASIBILITY OF REGISTRATION AND CERTIFICATION OF PRIVATE THRILL CRAFT OPERATORS"; and
- (5) Making technical, nonsubstantive amendments for purpose of clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 60, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 60, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 4 (Baker, Chumbley, Levin, McCartney).

SCRep. 3024 (Joint) Transportation and Intergovernmental Affairs and Health and Environment on S.C.R. No. 153

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to study alternative development regulation scenarios for proposed use projects located in the Waikiki area.

Your Committees received testimony in support of this concurrent resolution from the Waikiki Area Action Association, the Consulting Engineers Council of Hawaii, the AIA Hawaii State Council, the American Society of Landscape Architects Hawaii Chapter, and two concerned citizens of Hawaii. The Department of Land Utilization of the City and County of Honolulu submitted testimony in opposition and requested that the concurrent resolution be deferred while they conduct their analysis of existing regulations pertaining to the Waikiki District.

Your Committees agree it is necessary to streamline and eliminate duplicative regulations that add costs and time delays to the cost of doing business and for development in Waikiki, and believe that this concurrent resolution is an affirmative step in that direction.

Your Committees have amended this concurrent resolution by clarifying that the Legislative Reference Bureau is requested to study existing regulations for proposed use projects located in the Waikiki area, and suggest mechanisms to streamline and eliminate duplicative processes. The title also has been amended to conform to this amendment.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Health and Environment that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 153, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 153, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 2 (Chumbley, Tam).

SCRep. 3025 (Joint) Transportation and Intergovernmental Affairs and Health and Environment on S.R. No. 73

The purpose of this resolution is to request the Legislative Reference Bureau to study alternative development regulation scenarios for proposed use projects located in the Waikiki area.

Your Committees received testimony in support of this resolution from the Waikiki Area Action Association, the Consulting Engineers Council of Hawaii, the AIA Hawaii State Council, the American Society of Landscape Architects Hawaii Chapter, and two concerned citizens of Hawaii. The Department of Land Utilization of the City and County of Honolulu submitted testimony in opposition and requested that the resolution be deferred while they conduct their analysis of existing regulations pertaining to the Waikiki District.

Your Committees agree it is necessary to streamline and eliminate duplicative regulations that add costs and time delays to the cost of doing business and for development in Waikiki, and believe that this resolution is an affirmative step in that direction.

Your Committees have amended this resolution by clarifying that the Legislative Reference Bureau is requested to study existing regulations for proposed use projects located in the Waikiki area, and suggest mechanisms to streamline and eliminate duplicative processes. The title also has been amended to conform to this amendment.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Health and Environment that are attached to this report, your Committees concur with the intent and purpose of S.R. No. 73, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 73, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 2 (Chumbley, Tam).

SCRep. 3026 Human Resources on S.C.R. No. 55

The purpose of this concurrent resolution is to request the State Auditor to review the effects of Act 212, Session Laws of Hawaii 1994, including financial, staffing, and public services availability.

Your Committee received testimony in support of this measure from the Employees' Retirement System.

Act 212, SLH 1994, provided a one-time early retirement bonus of two additional years of service credit and unreduced benefits for employees having at least twenty-five years of credited service as a class A, B, or C member, as of December 31, 1994.

Your Committee believes that it is instructive and necessary to review the effects of Act 212 on the State and counties in all pertinent aspects to determine whether it was a prudent decision and for possible future application.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 55 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 3027 Human Resources on S.C.R. No. 86

The purpose of this concurrent resolution is to request a study on providing public employees with a choice of contributory or noncontributory membership in the Employees' Retirement System (ERS).

Your Committee received testimony in support of this measure from the ERS, Hawaii State Teachers Association, and Coalition of Hawaii State/Counties Retirees, Inc.

In 1984, a noncontributory benefit plan was implemented by the ERS. Your Committee finds that noncontributory members have substantially less retirement benefits than contributory members, which poses cost of living problems for retirees who were noncontributory members. This measure is intended to study this issue with a view towards possibly rectifying the inequities by providing a choice of membership plans to employees.

Your Committee has amended this measure to specify that the study include an actuarial assessment.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 86, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 86, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 3028 Human Resources on S.C.R. No. 188

The purpose of this concurrent resolution is to urge the United States Senate to confirm the nomination of Bill Lann Lee as Assistant Attorney General for civil rights at the Justice Department.

Your Committee received testimony in support of this measure from the Hawaii Civil Rights Commission (Commission).

According to testimony of the Commission, Mr. Lee's family background and personal achievement bear witness to his eminent qualifications to be the country's top law enforcement officer for civil rights.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 188 and recommends that it be referred to the Committee on Judiciary.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 3029 Education on S.C.R. No. 7

The purpose of this concurrent resolution is to support the Economic Revitalization Task Force (ERTF) and its commitment to private sector funds of \$10,000,000 for computer equipment for public schools.

Your Committee received testimony in support of this measure from the Department of Education, the Department of Business, Economic Development, and Tourism, the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, the Hawaii State Teachers Association, the Hawaii Business Roundtable, and two individual task force members.

Your Committee is appreciative of the commitment to provide support for computer literacy of Hawaii's public school students. However, your Committee wishes to stress that while important, technological literacy will only succeed if students have a strong foundation of basic reading, writing, and math skills. Your Committee has amended this concurrent resolution to:

- (1) Change the title to reflect the broader issue of public education;
- (2) Express the desire to have continuing commitment of private support to public education;
- (3) Emphasize the Legislature's commitment to basic literacy as a necessary foundation for technological literacy; and
- (4) State that the Legislature's responsibilities and actions on economic issues are not dependent on the agenda of the ERTF.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 7, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 7, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Solomon).

SCRep. 3030 Education on S.C.R. No. 68

The purpose of this concurrent resolution is to review and revise Hawaii's education goals for the year 2000, and begin a plan of implementation for action.

Your Committee received testimony in support of the intent of this measure from the Board of Education.

Your Committee finds that the Board is developing a strategic plan to ensure quality programs and services, which will be based in part on the Hawaii Goals for Education. Your Committee is fully supportive of this effort and looks forward to the presentation of the Board's plans and goals for the future of public education in Hawaii.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 68 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Solomon).

SCRep. 3031 (Joint) Human Resources and Transportation and Intergovernmental Affairs on S.C.R. No. 24

The purpose of this concurrent resolution is to submit for approval to the legislature the biennial review of the compensation plans for public officers and employees.

Your Committees received testimony in support of this measure from the Department of Human Resources Development and Hawaii Government Employees Association.

Adoption of the final compensation plans, as reported by the Public Employees Compensation Appeals Board, will result in implementation of the compensation plans on July 1, 1998.

As affirmed by the records of votes of the members of your Committees on Human Resources and Transportation and Intergovernmental Affairs that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 24 and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 6. Noes, none. Excused, 5 (Chumbley, Fernandes Salling, Fukunaga, Ihara, Anderson).

SCRep. 3032 Economic Development on S.C.R. No. 83

The purpose of this concurrent resolution is to request that the Governor incorporate assistive technology considerations in all appropriate administration measures relating to persons with disabilities.

Testimony in support of this measure was presented at the hearing by a representative of Hawaii Assistive Technology Training and Services. Written testimony in support of the concurrent resolution was received from the State Planning Council on Developmental Disabilities and three individuals.

Your Committee finds that assistive technology plays a vital role in enabling individuals with disabilities to participate in everyday activities and that these technologies are not readily available in Hawaii.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 83 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, Kawamoto, McCartney).

SCRep. 3033 (Joint) Economic Development and Water, Land, and Hawaiian Affairs on S.C.R. No. 103

The purpose of this concurrent resolution is to direct the Department of Business, Economic Development, and Tourism (DBEDT) and the Hawaii Community Development Authority (HCDA) to evaluate the potential for establishing a "Smart Park" in the district of Kaka'ako.

Testimony supporting the concurrent resolution was presented at the hearing by a representative of DBEDT and the High Technology Development Corporation. Written testimony supporting the concurrent resolution was received from HCDA, Kamehameha Schools Bernice Pauahi Bishop Estate, and the Estate of James Campbell.

Your Committees find that industries related to high technology are rapidly changing and highly innovative, therefore it is necessary that DBEDT and HCDA move with due haste to carry out this concurrent resolution. Your Committees are also concerned that the development of Kaka'ako as a "Smart Park" include local small businesses.

Your Committees have amended this concurrent resolution by adding two additional clauses:

- (1) Requesting that DBEDT and HCDA proceed with due haste in preparing the evaluation; and
- (2) Stating that efforts shall include helping locate local technology companies in the Smart Park.

As affirmed by the records of votes of the members of your Committees on Economic Development and Water, Land, and Hawaiian Affairs that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 103, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 103, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 10. Noes, none. Excused, 5 (Baker, Chumbley, Fukunaga, Levin, McCartney).

SCRep. 3034 Economic Development on S.C.R. No. 104

The purpose of this concurrent resolution is to request that the Governor establish a tourism marketing and promotion plan to attract participants and spectators of the 2000 Summer Olympics in Sydney, Australia to Hawaii.

Testimony in support of this concurrent resolution was presented at the hearing by the Director of Business, Economic Development, and Tourism. Written testimony in support of the concurrent resolution was received from the Hawaii Visitors and Convention Bureau.

Your Committee finds that implementing the plans requested in this concurrent resolution will provide economic benefit to the State.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 104 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, Kawamoto, McCartney).

SCRep. 3035 Economic Development on S.C.R. No. 190

The purpose of this concurrent resolution is to support the Aloha Racing Foundation, its sponsors, and the Waikiki Yacht Club in its endeavor to bring the America Cup home to the United States and to establish Hawaii as the premier racing capital of the world.

Testimony in support of this concurrent resolution was presented at the hearing by a representative of the Department of Business, Economic Development, and Tourism and two individuals. Written testimony in support of the concurrent resolution was received from the Chamber of Commerce of Hawaii, the Aloha Racing Foundation, the Waikiki Yacht Club, and six individuals.

Your Committee finds that the endeavors of the Aloha Racing Foundation, its sponsors, and the Waikiki Yacht Club have the potential to bring economic benefits to the State and help make Hawaii a premier yachting destination.

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

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 190, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 190, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, Kawamoto, McCartney).

SCRep. 3036 Health and Environment on S.C.R. No. 162

The purpose of this concurrent resolution is to request that the Department of Health convene a task force to conduct an assessment of the needs of individuals with developmental disabilities regarding the supports and services they need in order to live with their families in the community.

Testimony in support of this concurrent resolution was received from the Department of Health and the State Planning Council on Developmental Disabilities.

Your Committee finds that it is in the best interest of the State to preserve, strengthen, and maintain families with individuals who have developmental disabilities. These families face unique challenges, including physical, psychological, and financial stresses.

After considering all pertinent issues and testimony, your Committee has amended the bill by making a technical amendment to correct a statutory citation and technical nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 162, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 162, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3037 Health and Environment on S.R. No. 77

The purpose of this resolution is to request that the Department of Health convene a task force to conduct an assessment of the needs of individuals with developmental disabilities regarding the supports and services they need in order to live with their families in the community.

Testimony in support of this resolution was received from the Department of Health and the State Planning Council on Developmental Disabilities.

Your Committee finds that it is in the best interest of the State to preserve, strengthen, and maintain families with individuals who have developmental disabilities. These families face unique challenges, including physical, psychological, and financial stresses.

After considering all pertinent issues and testimony, your Committee has amended the bill by making a technical amendment to correct a statutory citation and technical nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 77, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 77, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3038 Health and Environment on S.C.R. No. 183

The purpose of this concurrent resolution is to request the Legislature and the Department of Health (DOH) to restore full funding for sexual assault services for fiscal year 1998-1999 and to ensure that sufficient funds are made available to maintain and enhance, if possible, statewide sexual assault services, and to request the DOH to measure the effectiveness of the programs for those services by standards developed under the statewide contract of sexual assault services.

Your Committee received testimony in support of the concurrent resolution from the Criminal Injuries Compensation Commission, Commission on the Status of Women, Sex Abuse Treatment Center, YWCA of Kauai Sexual Assault Treatment Program, Parents and Children Together-Family Peace Center, Domestic Violence Clearinghouse and Legal Hotline, Hawaii Public Health Association, Women Helping Women, Child and Family Service, League of Women Voters, Women's Coalition, Friends of the Children's Advocacy Center in Oahu, eight providers of sexual abuse treatment services, and ten concerned citizens who are either victims of sexual assault or family members of those victims. The Director of Health submitted testimony supporting the intent of the measure but opposing the restoration of funds if that restoration impacts other priorities of its departmental budget.

Your Committee believes, based on the overwhelming favorable testimony provided by the agencies and persons who will be most acutely affected by the measure, that restoration of the funding for sexual abuse treatment services for fiscal year 1998-1999 must be a priority for the Legislature. Your Committee is aware, however, that a concurrent resolution is not the appropriate vehicle to modify budgetary issues simultaneously under consideration during the same legislative session. Consequently, your Committee intends to address this matter within the ongoing budget process and use this measure as a vehicle to state a policy for the future.

Your Committee amended this concurrent resolution by:

- (1) Deleting the request to the Legislature and the DOH restore full funding for fiscal year 1998-1999;
- (2) Adding a statement that the Legislature is committed to examining every means to restore the \$358,324 which was proposed as a budgetary cut by the DOH for fiscal year 1998-1999;
- (3) Adding a request to the DOH to propose and submit to the 1999 Legislature appropriate legislation which mandates full funding for sexual abuse treatment services in the future; and
- (4) Amending the title to reflect the prospective nature of the measure.

Your Committee also made technical, nonsubstantive changes for grammar, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 183, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 183, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3039 Health and Environment on S.R. No. 26

The purpose of this Resolution is to request the Department of Commerce and Consumer Affairs to take a public sector leadership role in promoting the licensure of certified professional midwives in Hawaii.

Your Committee received testimony in support of the Resolution from a concerned individual. The Department of Commerce and Consumer Affairs submitted testimony stating that the department is unable to comply with the request in the measure without a study conducted by the Auditor which determines whether regulation of the profession is necessary.

Your Committee concurred with the comments of the Department of Commerce and Consumer Affairs that a study by the Auditor is required prior to establishing or implementing any regulatory framework for certified professional midwives. Your Committee believes there is a need to preserve the rights of women to deliver children in out-of-hospital settings and to allow certified professional midwives to serve Hawaii families without the fear of criminal prosecution. Your Committee also believes, however, that regulation of certified professional midwives may be necessary to ensure the health and safety of mothers and their infants.

Your Committee amended this measure by deleting its entire contents and replacing it with the title and contents of H.C.R. No. 68, which requests the Auditor to study whether regulation of professional midwives is appropriate or necessary, and if so, how that regulation should occur, which state agency is best suited to implement that regulation, and how much of a cost impact that regulation would have on the profession and regulatory agency.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 26, as amended herein, and recommends that it be referred to the Committee on Commerce, Consumer Protection, and Information Technology, in the form attached hereto as S.R. No. 26, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Metcalf).

SCRep. 3040 Health and Environment on S.R. No. 86

The purpose of this resolution is to request the Legislature and the Department of Health (DOH) to restore full funding for sexual assault services for fiscal year 1998-1999 and to ensure that sufficient funds are made available to maintain and enhance, if possible, statewide sexual assault services, and to request the DOH to measure the effectiveness of the programs for those services by standards developed under the statewide contract of sexual assault services.

Your Committee received testimony in support of the resolution from the Criminal Injuries Compensation Commission, Commission on the Status of Women, Sex Abuse Treatment Center, YWCA of Kauai Sexual Assault Treatment Program, Parents and Children Together-Family Peace Center, Domestic Violence Clearinghouse and Legal Hotline, Hawaii Public Health Association, Women Helping Women, Child and Family Service, League of Women Voters, Women's Coalition, Friends of the Children's Advocacy Center in Oahu, eight providers of sexual abuse treatment services, and ten concerned citizens who are either victims of sexual assault or family members of those victims. The Director of Health submitted testimony supporting the intent of the measure but opposing the restoration of funds if that restoration impacts other priorities of its departmental budget.

Your Committee believes, based on the overwhelming favorable testimony provided by the agencies and persons who will be most acutely affected by the measure, that restoration of the funding for sexual abuse treatment services for fiscal year 1998-1999 must be a priority for the Legislature. Your Committee is aware, however, that a resolution is not the appropriate vehicle to modify budgetary issues simultaneously under consideration during the same legislative session. Consequently, your Committee intends to address this matter within the ongoing budget process and use this measure as a vehicle to state a policy for the future.

Your Committee amended this resolution by:

- (1) Deleting the request to the Legislature and the DOH restore full funding for fiscal year 1998-1999;
- (2) Adding a statement that the Senate is committed to examining every means to restore the \$358,324 which was proposed as a budgetary cut by the DOH for fiscal year 1998-1999;
- (3) Adding a request to the DOH to propose and submit to the 1999 Legislature appropriate legislation which mandates full funding for sexual abuse treatment services in the future; and
- (4) Amending the title to reflect the prospective nature of the measure.

Your Committee also made technical, nonsubstantive changes for grammar, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 86, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 86, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3041 Water, Land, and Hawaiian Affairs on S.C.R. No. 177

The purpose of this concurrent resolution is to urge the Aloha Tower Development Corporation to identify methods by which junior lien holders of Aloha Tower Marketplace projects may obtain compensation.

Specifically, the measure calls for the Aloha Tower Development Corporation to:

- (1) Examine the process by which the current development has been structured and make recommendations about the manner in which future projects can be structured to avoid a situation whereby junior liens may be discharged to the harm of the contractors, their employees, their suppliers, and others who depend upon them for their livelihood;
- (2) Use its best efforts to ensure that the junior liens discharged in bankruptcy are paid as part of any transfer of development rights for land within the Aloha Tower Development Corporation's jurisdiction and control;
- (3) Not transfer development rights arising out of lands under the jurisdiction of the Aloha Tower Development Corporation or allow any further modifications of these lease agreements for the Aloha Tower Marketplace, unless the junior liens discharged in bankruptcy are first paid; and
- (4) Not execute any letters or enter into any discussions to transfer development rights or modify the Aloha Tower Marketplace lease, without a firm understanding that the junior liens discharged in bankruptcy have been paid.

Your Committee finds that there exists junior liens held against the Aloha Tower Marketplace by contractors and small businesses who undertook construction work with the understanding that they would be paid for their services. Upon the approval by the U.S. Bankruptcy Court for the sale of the Marketplace's mortgage to the new buyer, all liens and encumbrances were extinguished, thereby eliminating all junior lien holders' chances of obtaining compensation for their work.

Although your Committee understands the inherent unjustness of the extinguishment of the junior liens, it is also cognizant that the Aloha Tower Development Corporation and the State may incur a serious financial liability if the assumption of the junior liens as a condition of the transfer of development rights is required by the State via the Aloha Tower Development Corporation. This concern was made evident in the Aloha Tower Development Corporation's testimony.

Your Committee believes that both the concerns of the junior lien holders and the Aloha Tower Development Corporation are warranted and has requested that the Corporation obtain an Attorney General's opinion on the issue as soon as possible so that further meaningful and successful deliberation may occur.

To this end, your Committee recommends that the measure be passed to the Ways and Means Committee in order for discussions to continue.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 177 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Ige, D., Taniguchi).

SCRep. 3042 Water, Land, and Hawaiian Affairs on S.R. No. 84

The purpose of this resolution is to urge the Aloha Tower Development Corporation to identify methods by which junior lien holders of Aloha Tower Marketplace projects may obtain compensation.

Specifically, the measure calls for the Aloha Tower Development Corporation to:

- (1) Examine the process by which the current development has been structured and make recommendations about the manner in which future projects can be structured to avoid a situation whereby junior liens may be discharged to the harm of the contractors, their employees, their suppliers, and others who depend upon them for their livelihood;
- (2) Use its best efforts to ensure that the junior liens discharged in bankruptcy are paid as part of any transfer of development rights for land within the Aloha Tower Development Corporation's jurisdiction and control;
- (3) Not transfer development rights arising out of lands under the jurisdiction of the Aloha Tower Development Corporation or allow any further modifications of these lease agreements for the Aloha Tower Marketplace, unless the junior liens discharged in bankruptcy are first paid; and
- (4) Not execute any letters or enter into any discussions to transfer development rights or modify the Aloha Tower Marketplace lease, without a firm understanding that the junior liens discharged in bankruptcy have been paid.

Your Committee finds that there exists junior liens held against the Aloha Tower Marketplace by contractors and small businesses who undertook construction work with the understanding that they would be paid for their services. Upon the approval by the U.S. Bankruptcy Court for the sale of the Marketplace's mortgage to the new buyer, all liens and encumbrances were extinguished, thereby eliminating all junior lien holders' chances of obtaining compensation for their work.

Although your Committee understands the inherent unjustness of the extinguishment of the junior liens, it is also cognizant that the Aloha Tower Development Corporation and the State may incur a serious financial liability if the assumption of the junior liens as a condition of the transfer of development rights was required by the State via the Aloha Tower Development Corporation. This concern was made evident in the Aloha Tower Development Corporation's testimony.

Your Committee believes that both the concerns of the junior lien holders and the Aloha Tower Development Corporation are warranted and has requested that the Corporation obtain an Attorney General's opinion on the issue as soon as possible so that further meaningful and successful deliberation may occur.

To this end, your Committee recommends that the measure be passed to the Ways and Means Committee in order for discussions to continue.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 84 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Ige, D., Taniguchi).

SCRep. 3043 (Joint) Water, Land, and Hawaiian Affairs and Economic Development on S.C.R. No. 140

The purpose of this concurrent resolution is to adopt the recommendations contained in the December 1997 draft of the Ala Wai Canal Watershed, Water Quality Improvement Project, Management and Implementation Plan (Volumes 1 and 2).

The concurrent resolution also requests that the Governor:

- (1) Incorporate the Ala Wai Canal Watershed, Water Quality Improvement Project, Management and Implementation Plan into the six-year program and financial plan submitted to the Legislature prior to the Regular Session of 1999, pursuant to section 37-69, Hawaii Revised Statutes; and
- (2) Recommend that all state agencies use the Ala Wai Canal Watershed, Water Quality Improvement Project, Management and Implementation Plan as a guide for agency actions and reviews under the Hawaii State Planning Act and the law relating to Environmental Impact Statements.

Your Committees find that for many years, the Ala Wai Canal has been the source of heated contention between environmentalists who complained about its adverse impact on nearshore water quality, recreationalists who complained about its ill effect on health, and engineers and planners who maintained that it was serving its intended purpose--flood control.

In recent years, the educational efforts of the Ala Wai Canal Watershed, Water Quality Improvement Project, Management and Implementation Plan Steering Committee has helped focus attention on managing the Watershed to improve the quality of urban stormwater runoff and prevent nonpoint source water pollution.

Your Committees believe that although there is a need for guidelines to manage the Ala Wai Watershed to improve the quality of urban stormwater runoff to prevent nonpoint source water pollution and its impacts on nearshore water quality, adopting the draft plan would be premature at this time. For this reason, your Committees have amended the measure to reflect the Legislature's endorsement of the Ala Wai Canal Improvement Project and the Community Advisory Committee's efforts in developing community-based stakeholder stewardship for the enhancement and protection of the Ala Wai Watershed.

Over the years, your Committees have carefully and diligently monitored the issues surrounding the Ala Wai Canal. It is the hope of your Committees that with the adoption of this measure and the subsequent outcomes that will occur, that the Ala Wai Project will be expediently completed.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Economic Development that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 140, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 140, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 6 (Baker, Bunda, Fukunaga, Ige, D., Kawamoto, McCartney).

SCRep. 3044 Water, Land, and Hawaiian Affairs on S.C.R. No. 121

The purpose of this concurrent resolution is to ask that the people and officials of the City of Providence respect the culture, and beliefs of the Native Hawaiian people and to repatriate the ki'i la'au to the Hawaiian people.

Your Committee finds that in 1990, the United States Congress enacted the Native American Graves Protection and Patriation Act to remedy civil rights violations of more than a hundred years of unjust treatment of Native American, Alaskan Native, and Native Hawaiian ancestral remains and burial items, and the improper taking of sacred and patrimonial objects. This Act established a system of good faith reporting and a claims process for the return and repatriation of Hawaiian na iwi (bones) and na mea kapu (sacred objects).

Your Committee also finds that the City of Providence, Rhode Island has in its possession and intended to sell a ki'i la'au (wooden image) which holds, according to Hawaiian cultural belief, a part of the Hawaiian soul and culture. This ki'i la'au is needed for continuing practices of native religious belief and ritual related to the protection and mutual relationship between the Native Hawaiian and na aumakua (ancestral gods).

Under the auspices of the Native American Graves Protection and Patriation Act, the Office of Hawaiian Affairs and Hui Malama i Na Kupuna o Hawaii Nei have claimed this ki'i la'au as a mea kapu (sacred object) which was improperly taken from the Hawaiian people. The City of Providence declined to honor this claim and requested that the dispute over the return of this sacred object be submitted to the National Review Committee established by the Act to review and recommend resolution.

In response to the City of Providence's request, the National Review Committee has twice met on this dispute and twice held that the ki'i la'au is a sacred object and recommended repatriation to the Hawaiian people. Unconvinced by the findings of the National Review Committee, the City of Providence brought a suit against the United States Department of Interior, the Office of Hawaiian Affairs, and Hui Malama i Na Kupuna o Hawaii Nei challenging the constitutionality of the Native American Graves Protection and Patriation Act and challenging the validity of the claim and recommended repatriation.

Subsequent to the filing of the suit and prior to the introduction of this measure, the City of Providence, in negotiations with the Office of Hawaiian Affairs and Hui Malama i Na Kupuna o Hawaii Nei, has tentatively agreed to return the ki'i la'au to the State of Hawaii.

In light of this development, your Committee has amended the measure to reflect the progress made through negotiations between the parties and to express support for the return of the ki'i la'au.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 121, as amended herein, and recommends that it be referred to the Committee on Judiciary, in the form attached hereto as S.C.R. No. 121, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Ige, D., Taniguchi).

SCRep. 3045 (Joint) Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs on S.C.R. No. 174

The purpose of this concurrent resolution is to urge the President of the United States and the United States Congress to take definitive actions to right the wrongs as expressed in Public Law 103-50 and to assist in the process of Native Hawaiian self-governance.

Your Committees find that the Universal Declaration of Human Rights was passed by the United Nations General Assembly in 1948, providing that everyone has a right to a nationality, and that no one shall be arbitrarily deprived of that right. The point can be made that had this Declaration been in effect in 1893 and 1898, the United States would have been in extreme violation of Hawaiian human rights on both dates - in 1893 at the overthrow of a peaceful nation with which it had treaties, and again in 1898 upon annexation. Regarding annexation, the Hawaiian people were never consulted nor given the opportunity to vote on whether or not they desired to be a part of the United States, and prohibitive voting laws discouraged their participation.

The United States is signatory to the United Nations Charter that acknowledges the right to self-determination of indigenous people in a comprehensive document on human rights. Article 1 calls for the development of "friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples."

Article 73 of the Charter relates to the rights of peoples, and supports the rights of Native Hawaiians to self-determination:

"Members of the United Nations which have or assume responsibility for the administration of territories whose people have not yet attained a full measure of self-government recognize the principle that the interests of the inhabitants are paramount, and accept as a sacred trust the obligation...to develop self-government, to take due account of the political aspirations of the peoples, and to assist them in the progressive development of their free political institutions, according to the particular circumstances of each territory and its people and their varying stages of advancement."

The 1960 Declaration on Granting of Independence to Colonial Countries and Peoples, states, in part:

"All peoples have the right to self-determination; by virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development."

The 1970 Declaration on Principles of International Law Concerning Friendly Relations and Cooperation Among States provides, in part, that:

"...all peoples have the right freely to determine, without external interference their political status and to pursue their economic, social and cultural development."

Other declarations of human rights include The International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights which were approved by the U.N. General Assembly in 1966 and became legally binding in 1977 as international treaties with nations that ratify them. President Jimmy Carter signed the covenants in 1977.

The first article of each covenant indicates the basic importance of the right of self-determination in international law by stating:

"All peoples have the right of self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development."

The International Commission of Jurists, with consultative status at the U.N., identifies a group as a people if it:

- (1) Shares a common history;
- (2) Has racial or ethnic ties;
- (3) Has cultural or linguistic ties;
- (4) Has religious or ideological ties;
- (5) Shares a common territory or geographical location;
- (6) Includes a sufficient number of individuals; and
- (7) Shares a common economic base.

Native Hawaiians meet these criteria except that they no longer have the common economic base that they shared before it was displaced by Western capitalism.

In 1982, with the establishment of the U.N. Working Group on Indigenous Populations, another protection of the rights of indigenous peoples took place. The Working Group on Indigenous Populations provides a permanent forum for the protection of indigenous rights and has established standards concerning those rights.

Considering the dark history and the role that it played in abrogating Native Rights, the United States has an obligation to provide opportunities for Native Hawaiians to assist in the processes of self-determination and self-governance.

Your Committees believe that as a member of the United Nations, and through signing the covenants on Human Rights, the United States made a commitment to human rights before the world. We now call upon the President and the Congress of the United States to live up to that promise and start the processes of justice that could lead to Native Hawaiian self-governance.

Your Committees have amended the measure by strengthening the title and body of the concurrent resolution to convey the importance of its message to the President of the United States and the United States Congress. Your Committees have also made numerous technical amendments to the measure for purposes of clarity and accuracy.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 174, as amended herein, and recommend that it be referred to the Committee on Judiciary, in the form attached hereto as S.C.R. No. 174, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 6 (Baker, Chumbley, Fernandes Salling, Fukunaga, Ige, D., Ihara).

SCRep. 3046 Water, Land, and Hawaiian Affairs on S.R. No. 105

The purpose of this resolution is to request that the Department of Land and Natural Resources work with the affected residents and the community in resolving lease terminations in the Kawai Nui Marsh area in a way that is satisfactory to the community and sensitive to the needs of the affected lessees.

Your Committee finds that Kawai Nui Marsh, in Kailua, Oahu, is the largest remaining wetland in Hawai'i, and is home to four species of endangered native birds. The Department of Land and Natural Resources is the state agency charged with protection of Kawai Nui Marsh.

Your Committee also finds that the Department of Land and Natural Resources has issued revocable permits to area residents along the Kawai Nui Marsh. Your Committee further finds that the Department of Land and Natural Resources, in its efforts to protect the marsh and its habitats, may have to terminate these revocable permits.

Although the termination of these revocable permits may one day be necessary in order to protect the environmental well-being of the marsh, your Committee believes that the Department should give the permittees an opportunity to participate in the decision making process.

Your Committee has amended the measure by accurately reflecting within the title and text of the measure that the area residents that may be affected are revocable permittees and not lessees.

In recommending this resolution for adoption, your Committee requests that the Department of Land and Natural Resources adhere to the original findings and tenets of the Resource Management Plan for Kawai Nui Marsh when deliberating on any permit revocation involving the lands adjacent to the marsh.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 105, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 105, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Ige, D., Taniguchi).

SCRep. 3047 (Joint) Health and Environment and Human Resources on S.C.R. No. 125

The purpose of this concurrent resolution is to request the Auditor to assess the social and financial effects of requiring health insurers to offer coverage for post-mastectomy breast reconstruction surgery.

The purpose of this concurrent resolution, as amended, is to request a study on the feasibility of merging the Departments of Health and Human Services.

Your Committees received testimony in support of this measure, as amended, from the Department of Human Services (DHS), the Hawaii Nurses' Association, and three private citizens. Informational testimony was provided by the Department of Health (DOH).

Your Committees find that the DHS and the DOH appear to share many common areas of jurisdiction and functions. This contributes to unnecessary bureaucracy and expense in this time of attempting to streamline government and to curtail expenditures. This measure is an attempt to explore the possibility of merging the DHS and the DOH to make for a more effective and efficient organization that can improve services at the same time.

As amended, this measure:

- (1) Requests the Legislative Reference Bureau (LRB) to conduct the study, with findings and recommendations to be reported to the Legislature before the 1999 Session;
- (2) Specifies certain principles for the plan for the merger and certain information to be included in the report; and
- (3) Specifies that the LRB study examine the difficulties and limitations that may arise from civil service laws.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 125, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 125, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 3 (Metcalf, Tam, Anderson).

SCRep. 3048 (Joint) Transportation and Intergovernmental Affairs and Government Operations and Housing on S.C.R. No. 81

The purpose of this concurrent resolution is to require the Departments of Transportation, Accounting and General Services, and Land and Natural Resources to include in their contracts with private contractors a requirement that green waste be hauled to a composting company. The concurrent resolution also requires that Hawaii-manufactured compost and soil amendment be purchased in bulk.

Your Committees received testimony in strong support of this concurrent resolution from Hawaiian Earth Products, Ltd. and Waialua Sugar Company, Inc. The Department of Accounting and General Services, the Department of Health, the Department of Transportation, and the Department of Land and Natural Resources submitted testimony in support of the intent of this concurrent resolution.

Your Committees find that the State of Hawaii's Integrated Solid Waste Management Act establishes goals to reduce the solid waste stream, prior to disposal, through source reduction, recycling, and bioconversion, by twenty-five percent by January 1, 1995, and by fifty percent by January 1, 2000. According to a survey conducted by the Department of Business, Economic Development, and Tourism in 1993, the population of the City and County of Honolulu generates over 220,623 tons per year of green waste in our solid waste stream.

Upon further discussion, your Committees support efforts to increase the diversion of green waste, and to promote preference for locally produced compost over imported soil amendments.

Your Committees have amended this concurrent resolution by:

- (1) Adding language stating that in the City and County of Honolulu green waste accounts for about thirty percent of residential trash, and is collected twice a month in areas serviced by the City Automated Refuse Collection program for recycling; and
- (2) Replacing and clarifying language to state the benefits of maximum use of green waste by Hawaii's composting and soil amendment industries; and
- (3) Requiring affected State contracts with private contractors to include in their contracts a proviso stating green waste generated at job sites shall be hauled to the nearest composting center or other recycling facilities, where available or economically practical; and
- (4) Allowing contractors to use in-house recycling systems, disposal at existing sanitation landfill, or provide for disposal of green waste for home-use purposes only, when commercial composting or recycling centers are not available or economically feasible. Even though the City and County of Honolulu allows for the use of HPOWER and Transfer Stations as collection points for some green waste, these are considered insignificant because HPOWER prohibits the disposal of more than ten percent of each load for green waste, and Transfer Stations are considered as recycling centers; and
- (5) Encouraging state agencies and departments to obtain or purchase Hawaii produced compost and soil amendment from local compost or recycling facilities to reduce costs; and
- (6) Requiring the Department of Transportation, in consultation with the Department of Accounting and General Services, and the Department of Land and Natural Resources, to submit a report to the 1999 Legislature on the language of their respective contract provisions which would require the hauling of green waste to compost companies; and
- (7) Requiring the Department of Accounting and General Services to submit a report on the purchases by state agencies and departments of compost and soil amendment from private local contractors, including the tonnage of compost and soil amendment purchased.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Government Operations and Housing that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 81, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 81, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 4 (Chumbley, Fernandes Salling, Ihara, Anderson).

SCRep. 3049 (Joint) Transportation and Intergovernmental Affairs and Government Operations and Housing on S.R. No. 39

The purpose of this resolution is to require the Departments of Transportation, Accounting and General Services, and Land and Natural Resources to include in their contracts with private contractors a requirement that green waste be hauled to a composting company. The resolution also requires that Hawaii-manufactured compost and soil amendment be purchased in bulk.

Your Committees received testimony in strong support of this resolution from Hawaiian Earth Products, Ltd. and Waialua Sugar Company, Inc. The Department of Accounting and General Services, the Department of Health, the Department of Transportation, and the Department of Land and Natural Resources submitted testimony in support of the intent of this resolution.

Your Committees find that the State of Hawaii's Integrated Solid Waste Management Act establishes goals to reduce the solid waste stream, prior to disposal, through source reduction, recycling, and bioconversion, by twenty-five percent by January 1, 1995, and by fifty percent by January 1, 2000. According to a survey conducted by the Department of Business, Economic Development, and Tourism in 1993, the population of the City and County of Honolulu generates over 220,623 tons per year of green waste in our solid waste stream.

Upon further discussion, your Committees support efforts to increase the diversion of green waste, and to promote preference for locally produced compost over imported soil amendments.

Your Committees have amended this resolution by:

- (1) Adding language stating that in the City and County of Honolulu green waste accounts for about thirty percent of residential trash, and is collected twice a month in areas serviced by the City Automated Refuse Collection program for recycling; and
- (2) Replacing and clarifying language to state the benefits of maximum use of green waste by Hawaii's composting and soil amendment industries; and
- (3) Requiring affected State contracts with private contractors to include in their contracts a proviso stating green waste generated at job sites shall be hauled to the nearest composting center or other recycling facilities, where available or economically practical; and
- (4) Allowing contractors to use in-house recycling systems, disposal at existing sanitation landfill, or provide for disposal of green waste for home-use purposes only, when commercial composting or recycling centers are not available or economically feasible. Even though the City and County of Honolulu allows for the use of HPOWER and Transfer Stations as collection points for some green waste, these are considered insignificant because HPOWER prohibits the disposal of more than ten percent of each load for green waste, and Transfer Stations are considered as recycling centers; and
- (5) Encouraging state agencies and departments to obtain or purchase Hawaii produced compost and soil amendment from local compost or recycling facilities to reduce costs; and
- (6) Requiring the Department of Transportation, in consultation with the Department of Accounting and General Services, and the Department of Land and Natural Resources, to submit a report to the 1999 Legislature on the language of their respective contract provisions which would require the hauling of green waste to compost companies; and
- (7) Requiring the Department of Accounting and General Services to submit a report on the purchases by state agencies and departments of compost and soil amendment from private local contractors, including the tonnage of compost and soil amendment purchased.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Government Operations and Housing that are attached to this report, your Committees concur with the intent and purpose of S.R. No. 39, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 39, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 7. Noes, none. Excused, 4 (Chumbley, Fernandes Salling, Ihara, Anderson).

SCRep. 3050 Human Resources on S.C.R. No. 80

The purpose of this concurrent resolution is to request the Department of Human Services (DHS) to engage in discussions with the Women's Coalition and sexual assault service providers to extend its family violence option to include all victims of sexual assault.

Your Committee received testimony in support of this measure from the DHS and the Hawaii State Commission on the Status of Women.

The Family Violence Option is a program of the DHS that focuses on helping public assistance recipients who are sexually abused by an intimate partner. The program does not include women who are not public assistance recipients and who are abused by strangers. Your Committee believes that all women, regardless of whether they are public assistance recipients and regardless of whether they are abused by an intimate partner or by a stranger, should receive help from the DHS. This measure asks the DHS to look into changing the program to help all women.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 80 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 3051 Human Resources on S.R. No. 38

The purpose of this resolution is to request the Department of Human Services (DHS) to engage in discussions with the Women's Coalition and sexual assault service providers to extend its family violence option to include all victims of sexual assault.

Your Committee received testimony in support of this measure from the DHS and the Hawaii State Commission on the Status of Women.

The Family Violence Option is a program of the DHS that focuses on helping public assistance recipients who are sexually abused by an intimate partner. The program does not include women who are not public assistance recipients and who are abused by strangers. Your Committee believes that all women, regardless of whether they are public assistance recipients and regardless of whether they are abused by an intimate partner or by a stranger, should receive help from the DHS. This measure asks the DHS to look into changing the program to help all women.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 38 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 3052 Human Resources on S.C.R. No. 145

The purpose of this concurrent resolution is to request the Departments of Human Services and Hawaii Housing Authority to investigate the possibility of implementing a family development account program.

Your Committee received testimony in support of this measure from the Department of Human Services (DHS), Parents and Children Together, Hawaii Community Loan Fund, Kahuku Federal Credit Union, Hawaii State Commission on the Status of Women, and Department of Housing and Community Development of the City and County of Honolulu.

Your Committee observes that traditional public assistance programs, with their concentration on income and consumption, are usually not successful in promoting and supporting an assistance recipient's transition from dependency to self-sufficiency. Your Committee believes that what is missing is the accumulation of assets to improve economic stability, connect people with a viable and hopeful future, stimulate development of human and other capital, yield personal dividends, and enhance the welfare of children. What is needed is a combination of current income-based social policies with asset-based capital policies, which would allow individuals to achieve a measure of economic self-sufficiency while providing financial resources for immediate needs such as food, rent, child care, clothing, and health care.

Your Committee finds that a possible means to establish an asset-based capital building system is to implement a "family development account program." A similar program has been implemented by Parents and Children Together and is being considered by Congress in a proposed "Assets for Independence Act". Your Committee feels that this concept is worth exploring on the state level.

Your Committee has amended this measure by:

- (1) Deleting the Department of Human Services in the title;
- (2) Deleting references to the Hawaii Housing Authority;
- (3) Adding a provision that the Department of Business, Economic Development, and Tourism is requested to consult with the Department of Human Services and other groups and entities on the possibility of implementing a Family Development Account Program; and
- (4) Specifying that certified copies be transmitted to the Director of Business, Economic Development, and Tourism, Director of Human Services, chief executive officers of banks, and mayor of each county.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 145, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 145, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 3053 Human Resources on S.R. No. 69

The purpose of this resolution is to request the Departments of Human Services and Hawaii Housing Authority to investigate the possibility of implementing a family development account program.

Your Committee received testimony in support of this measure from the Department of Human Services (DHS), Parents and Children Together, Hawaii Community Loan Fund, Kahuku Federal Credit Union, Hawaii State Commission on the Status of Women, and Department of Housing and Community Development of the City and County of Honolulu.

Your Committee observes that traditional public assistance programs, with their concentration on income and consumption, are usually not successful in promoting and supporting an assistance recipient's transition from dependency to self-sufficiency. Your Committee believes that what is missing is the accumulation of assets to improve economic stability, connect people with a viable and hopeful future, stimulate development of human and other capital, yield personal dividends, and enhance the welfare of children.

What is needed is a combination of current income-based social policies with asset-based capital policies, which would allow individuals to achieve a measure of economic self-sufficiency while providing financial resources for immediate needs such as food, rent, child care, clothing, and health care.

Your Committee finds that a possible means to establish an asset-based capital building system is to implement a "family development account program." A similar program has been implemented by Parents and Children Together and is being considered by Congress in a proposed "Assets for Independence Act". Your Committee feels that this concept is worth exploring on the state level.

Your Committee has amended this measure by:

- (1) Deleting the Department of Human Services in the title;
- (2) Deleting references to the Hawaii Housing Authority;
- (3) Adding a provision that the Department of Business, Economic Development, and Tourism is requested to consult with the Department of Human Services and other groups and entities on the possibility of implementing a Family Development Account Program; and
- (4) Specifying that certified copies be transmitted to the Director of Business, Economic Development, and Tourism, Director of Human Services, chief executive officers of banks, and mayor of each county.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 69, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 69, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 3054 Human Resources on S.C.R. No. 146

The purpose of this concurrent resolution is to request a study to assess strategies for organizing the various forms of residential care providers.

Your Committee received testimony in support of this measure from the Healthcare Association of Hawaii, American Association of Retired Persons, Department of Health, and State Planning Council on Developmental Disabilities (Council). Informational testimony was received from the Department of Human Services.

Your Committee believes that a formal study should be undertaken of residential care providers to determine whether the current fragmented system of the various types of specialized adult residential care homes with the resulting inconsistent regulations is effective and efficient to meet the needs of long-term care residents and the changing landscape of providing long-term care.

Your Committee has amended this measure on the recommendation of the Council by:

- (1) Requesting the Joint Legislative Committee on Long-Term Care (Committee) to conduct the study and to form a subcommittee to study the problem of fragmentation of the system;
- (2) Requesting that the Committee confer on the study with the Departments of Health and Human Services and designated associations involved with long-term care; and
- (3) Specifying that certified copies of the measure be sent to entities specified in item (2).

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 146, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 146, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 3055 Human Resources on S.C.R. No. 199

The purpose of this concurrent resolution is to request the Legislature's Keiki Caucus to investigate the creation of a public-private keiki trust fund to support programs benefitting children and youth.

Your Committee received informational testimony from the Department of Human Services (DHS) and an individual.

Your Committee believes that children and youth are the single most precious asset of a family, a state, a nation, and the world. Children and youth are the cornerstone of the future and beneficiaries of tomorrow. In the interests of the betterment of children and youth, your Committee desires to explore the creation of a "Keiki Trust Fund" as a public-private partnership with a trust or a foundation to manage funds raised to support programs for children and youth.

Your Committee has amended this measure by:

- (1) Deleting DHS in the title and inserting the Legislature's Keiki Caucus;
- (2) Deleting "Keiki Trust Fund" and inserting "Children and Youth Development Fund";

- (3) Specifying that concert events would be a mechanism to start up the Children and Youth Development Fund and should be tied in with related national and international efforts;
- (4) Deleting Diamond Head Crater as a cite for concert-type events and inserting related facilities as an alternative; and
- (5) Adding to the list of persons and organizations to receive certified copies of the measure.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 199, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 199, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Anderson).

SCRep. 3056 (Joint) Human Resources and Health and Environment on S.C.R. No. 196

The purpose of this concurrent resolution is to request the Department of Human Services (DHS) and the Department of Health (DOH) to examine ways to eliminate duplication of the administration and provision of home- and community-based programs and services by the two departments.

Your Committees received testimony in support of this measure from the DHS, DOH, and the State Planning Council on Developmental Disabilities (Council).

This measure targets support and services for persons with developmental disabilities or mental retardation. According to testimony of the DHS, it administers Medicaid programs for this population, while the DOH provides targeted case management to the same population. According to testimony of the Council, there exists a fragmentation of services to affected individuals and an issue of quality of those services, with a worsening of the situation over the past eight years. Your Committees believe that this is a bureaucratic problem that should not be allowed to sacrifice the well-being of the population which is the beneficiary of services of the DHS and DOH.

Your Committees have amended this measure on the recommendation of the Chair of the Council to specify that the DOH and DHS collaborate with consumer members of the Council to identify solutions to overlapping responsibilities, and that the Council be transmitted a copy of the measure. Consumer members are the most knowledgeable and sensitive about the problem of delivery of services and should be included in this effort.

As affirmed by the records of votes of the members of your Committees on Human Resources and Health and Environment that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 196, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 196, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 3 (Metcalf, Tam, Anderson).

SCRep. 3057 Economic Development on S.C.R. No. 141

The purpose of this concurrent resolution is to extend the commission formed to establish the Hawaii Sports Hall of Fame for two years.

Testimony in support of the measure was presented at the hearing by the Chairman of the Hawaii Sports Hall of Fame Commission (Commission).

Your Committee finds that in order to ensure a smooth transition from the Commission which was formed by Executive Order to a private non-profit entity to provide oversight of the ongoing efforts to maintain the Hawaii Sports Hall of Fame, it is necessary to extend the Commission for another two years. Furthermore, your Committee finds that the Commission operates without the benefit of State moneys.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 141 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, Levin, Matsunaga).

SCRep. 3058 (Joint) Economic Development and Transportation and Intergovernmental Affairs on S.C.R. No. 191

The purpose of this concurrent resolution is to urge the State and the City and County of Honolulu to form a Joint Waikiki Task Force to discuss and coordinate the issues facing this area.

Testimony supporting the concurrent resolution was presented at the hearing by the Director of the State Office of Planning and representatives of the Department of Land and Natural Resources and the Convention Center Authority. Written testimony supporting the concurrent resolution was received from the Mayor of the City and County of Honolulu and the Hawaii Business Roundtable.

Testimony opposing the concurrent resolution was presented at the hearing by a concerned citizen.

Your Committees find that while it is in the State's interest to participate in the effort to upgrade the infrastructure and amenities in Waikiki, it is also important that the Joint Task Force include persons who live in the area as well as persons who are not employed by a governmental agency.

Your Committees have amended this concurrent resolution by:

- (1) Adding to the Joint Task Force three private citizens who are not employed by the State or the City and County of Honolulu, appointed by the Governor, at least one of whom is a resident of Waikiki;
- (2) Adding to the Joint Task Force three private citizens who are not employed by the State or the City and County of Honolulu, appointed by the Mayor of the City and County of Honolulu, at least one of whom is a resident of Waikiki; and
- (3) Adding the Administrative Director of the State and the Directors of Business, Economic Development, and Tourism, Land and Natural Resources, Health, and Transportation to the list of recipients of certified copies of the concurrent resolution.

As affirmed by the records of votes of the members of your Committees on Economic Development and Transportation and Intergovernmental Affairs that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 191, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 191, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 6 (Baker, Bunda, Fernandes Salling, Kanno, Levin, Matsunaga).

SCRep. 3059 Transportation and Intergovernmental Affairs on S.R. No. 76

The purpose of this resolution is to request congressional action on federal highway legislation and funding.

Your Committee received testimony in support of this measure from the State Department of Transportation, Hawaii Transportation Association, and Hawaii Operating Engineers Industry Stabilization Fund.

Your Committee finds that Hawaii has critical highway investment needs that cannot be addressed with current financial resources. The Federal Highway Administration rates 313 miles of Hawaii's most important roads as being in poor or mediocre condition and judges 51% of our bridges to be deficient. Your Committee further finds that the 1998 federal highways budget would constrain federal moneys for highway construction projects, with the result that Hawaii and other states would be prohibited from using federal highway funds after April 30, 1998, unless Congress enacts a law to appropriate highway funds and the President signs it.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 76 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 3060 Judiciary on S.C.R. No. 29

The purpose of this concurrent resolution is to request the production of a report to the 1999 Legislature which would include data and information on sexual harassment policies, procedures, and incidents in state agencies and to propose a statewide educational and training program.

Your Committee finds that complaints alleging sex discrimination constituted the largest category (28.2 percent) of all employment discrimination cases filed in the past fiscal year, and sexual harassment claims made up 42.7 percent of such cases. Your Committee further finds that no single agency exists to coordinate the development of consistent and effective sexual harassment policies and procedures in state agencies. Additionally, there is no coordinated, committed effort to conduct appropriate and thorough training of directors and other management personnel to address the scope of sexual harassment issues. Your Committee acknowledges that preventing sex-related offenses involves increasing awareness and changing attitudes about sexual stereotypes and inappropriate behaviors.

Testimony in support of this measure was submitted by the Hawaii Civil Rights Commission; Hawaii State Commission on the Status of Women; and the Sex Abuse Treatment Center. Testimony was also submitted in support of this measure by the Judiciary expressing concerns related to the costs of training and the acquisition of information.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 29 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, Sakamoto).

SCRep. 3061 Judiciary on S.C.R. No. 94

The purpose of this concurrent resolution is to request that the Attorney General consider privatizing the collection of child support payments.

Your Committee finds that the State's current fiscal crisis has adversely impacted the ability of the Child Support Enforcement Agency to add staff in order to assist the growing demand for child support enforcement services. Your Committee further finds that the private sector may have more flexibility to add staff and equipment that are necessary for the collection of child support payments.

The Department of the Attorney General submitted comments on this measure. The Attorney General did not oppose the request to consider privatizing the collection of child support payments but strongly objected to the portions of the measure that were based upon an outdated 1992 financial audit.

Accordingly, your Committee has amended this concurrent resolution by deleting all references to the 1992 financial audit.

Accordingly, your Committee has amended this concurrent resolution by deleting all references to the 1992 financial audit.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 94, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 94, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3062 Judiciary on S.C.R. No. 97

The purpose of this concurrent resolution is to request that the Judiciary examine the issue of juror fees, mileage rates, and exemptions from service and make a report of its findings to the Legislature.

Your Committee finds that the jury system is the cornerstone of the judicial process in which citizen participation serves as a check and balance against the exercise of unrestrained judicial power by the government. The jury system can only continue to function effectively so long as the community is willing and able to participate in the jury process. Your Committee further finds that the financial consequence of jury service must not be so high as to prevent participation by a broad cross-section of the community.

Testimony in support of this measure was submitted by the Judiciary and the Hawaii State Bar Association Legislation Committee.

Upon further consideration, your Committee has amended the concurrent resolution by amending the title to include the term "exemptions."

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 97, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 97, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3063 Judiciary on S.C.R. No. 132

The purpose of this concurrent resolution is to request that the Legislative Reference Bureau study the issue of penal responsibility where a person's lack of substantial capacity is triggered by the voluntary ingestion of intoxicating liquor or a controlled substance.

Your Committee finds that under current law, when a person voluntarily ingests a substance, the person cannot use as a defense that the self-induced intoxication prevented them from knowing what they did. Your Committee further finds that there are cases where a person voluntarily ingests a substance which then causes a physical or mental disease and then they successfully assert the defense of lack of penal responsibility. Therefore, your Committee feels that the study should include the problem of a physical or mental disease, disorder or defect caused by the voluntary ingestion or use of any intoxicating liquor or controlled substance.

Testimony in support of this measure was submitted by the Department of the Prosecuting Attorney of the City and County of Honolulu.

Upon further consideration, your Committee has amended this concurrent resolution by:

- (1) Adding language clarifying the scope of the study; and
- (2) Making technical non-substantive changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 132, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 132, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3064 Judiciary on S.C.R. No. 149

The purpose of this concurrent resolution is to request the establishment of an Office of Peace Policy.

Your Committee finds that the incidence of violent acts in all forms is escalating at an alarming rate and that this is due, primarily, to the lack of education and awareness of alternative, nonviolent means of expression. Your Committee further finds that the Office of Peace Policy would consist of a Volunteer Council composed of members of the business and educational community offering knowledge and resources aimed at cultivating societal disapproval for all acts of violence.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 149 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3065 Judiciary on S.C.R. No. 160

The purpose of this concurrent resolution is to request a management audit of the Criminal Injuries Compensation Commission.

Your Committee finds that a management audit has never been conducted on the Commission and that any ongoing government program is obligated to Hawaii's taxpayers to maximize the efficiency and effectiveness of the program. Your Committee further finds that information from a management audit will assist in streamlining the Commission's operations and improve their ability to survive Hawaii's poor economic climate.

Testimony in support of this measure was submitted by the Criminal Injuries Compensation Commission.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 160 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3066 (Joint) Commerce, Consumer Protection, and Information Technology and Health and Environment on S.C.R. No. 25

The purpose of this concurrent resolution is to request an analysis by the State Auditor of the probable effects of the proposed regulation of professional mental health counselors and professional rehabilitation counselors.

Your Committees received testimony in support of this measure from two members of Child & Family Service, Sestak Rehabilitation Services, Damien Memorial High School, Hawaii Counseling Association, Hawaii Rehabilitation Counseling Association, three members of Case Management Works, and 29 interested citizens.

Your Committees find that Senate Bill No. 2341 if enacted, would subject professional mental health counselors and professional rehabilitation counselors to regulation.

Your Committees further find that section 26H-6, Hawaii Revised Statutes, requires the State Auditor to conduct a sunrise review of new regulatory measures that would subject unregulated professions to licensing or other regulatory controls.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Health and Environment that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 25 and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 3 (Solomon, Tam, Tanaka).

SCRep. 3067 (Joint/Majority) Commerce, Consumer Protection, and Information Technology and Human Resources on S.C.R. No. 127

The purpose of this concurrent resolution is to request that the Insurance Commissioner convene a task force to study the QUEST program including viable alternatives to QUEST.

Your Committees received testimony in support of this measure from the Department of Human Services, the Department of Commerce and Consumer Affairs, two members of Hawaii Medical Association, the Hawai'i State Primary Care Association, and an interested citizen.

Your Committees find that the QUEST program is a five year demonstration project scheduled to end in 1999. The intention behind the program was to save the State money, increase quality of care, cover more residents, and lead the nation in health care delivery.

Your Committees further find that this measure is timely and essential in order to provide the Legislature with necessary information so that it may make informed health care decisions.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Human Resources that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 127 and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, 1 (Slom). Excused, 3 (Fukunaga, Sakamoto, Tanaka).

SCRep. 3068 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 184

The purpose of this concurrent resolution is to encourage and support the Department of Commerce and Consumer Affairs' (DCCA) efforts to develop a statewide organization that will promote sharing of limited community media resources.

The concurrent resolution also encourages the DCCA to promote the development of community media throughout the State to improve communication among and between all the islands paying particular attention to the special needs of rural areas.

Your Committee received testimony in support of this measure from an interested citizen. The DCCA presented a statement outlining its statewide Public, Education, and Government (PEG) access endeavors.

Your Committee finds that the DCCA together with all four PEG access entities and the Hawaii Public Broadcasting Authority are working together to create a statewide entity that will strengthen and improve communications and utilization of PEG access resources throughout Hawaii.

Your Committee further finds that a major role of the statewide entity will be to facilitate resource sharing among the access entities, and to encourage collaboration and expansion of and participation in access by other organizations and communities.

Your Committee notes that currently, neighbor islands do not benefit from the public service obligations of commercial TV stations and cannot access the facilities of Hawaii Public Television. Their only cable access is through the modest resources of community media.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 184 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 3069 Commerce, Consumer Protection, and Information Technology on S.R. No. 87

The purpose of this resolution is to encourage and support the Department of Commerce and Consumer Affairs' (DCCA) efforts to develop a statewide organization that will promote sharing of limited community media resources.

The resolution also encourages the DCCA to promote the development of community media throughout the State to improve communication among and between all the islands paying particular attention to the special needs of rural areas.

Your Committee received testimony in support of this measure from an interested citizen. The DCCA presented a statement outlining its statewide Public, Education, and Government (PEG) access endeavors.

Your Committee finds that the DCCA together with all four PEG access entities and the Hawaii Public Broadcasting Authority are working together to create a statewide entity that will strengthen and improve communications and utilization of PEG access resources throughout Hawaii.

Your Committee further finds that a major role of the statewide entity will be to facilitate resource sharing among the access entities, and to encourage collaboration and expansion of and participation in access by other organizations and communities.

Your Committee notes that currently, neighbor islands do not benefit from the public service obligations of commercial TV stations and cannot access the facilities of Hawaii Public Television. Their only cable access is through the modest resources of community media.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 87 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 3070 Transportation and Intergovernmental Affairs on S.C.R. No. 17

The purpose of this concurrent resolution is to request the United States Congress to clarify Public Law 99-190, the Department of Defense Appropriations Act of 1986, Section 8078, relating to the hiring of residents on defense contracts in the State of Hawaii, and to urge enforcement of Section 8078.

Your Committee received testimony in support of this concurrent resolution from the Hawaii Operating Engineers Industry Stabilization Fund, the Plumbers and Fitters Local 675 United Association, the Hawaii Electricians Market Enhancement Program Fund, and IMC, Inc.

Your Committee finds that the downturn in Hawaii's economy has negatively impacted the construction industry, and that now, more than ever, resident construction workers need to get the jobs that are presently going to out-of-state workers that come to Hawaii with their mainland companies.

Further, your Committee understands the merit and necessity of urging Congress to clarify and enforce Public Law 99-190, Section 8078, which would afford an opportunity for Hawaii resident construction workers and contractors to perform their work.

Your Committee has amended this concurrent resolution by making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 17, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 17, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 3071 Transportation and Intergovernmental Affairs on S.C.R. No. 75

The purpose of this concurrent resolution is to urge the State Department of Transportation and County Liquor Commissions to develop a uniform designated driver program in which establishments selling alcohol will be encouraged to participate.

Testimony in support of this concurrent resolution was presented by the Department of Transportation (DOT) and the Governor's Highway Safety Council. The Police Department of the City and County of Honolulu presented testimony supporting the intent of the concurrent resolution but testified that programs such as these have a better success rate if they are developed by the establishments that must implement them. Further, as worded this concurrent resolution appears to impose a specific program on establishments serving alcohol.

Your Committee concurs with the testimony of the Police Department and has amended this concurrent resolution by:

- (1) Revising the language so that the DOT, and County Liquor Commissions are urged to support establishments serving alcohol in developing designated driver programs;
- (2) Revising the language so that suggestions are made as to the kinds of elements that could be included in a designated driver program; and
- (3) Correcting a spelling error.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 75, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 75, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 3072 Transportation and Intergovernmental Affairs on S.C.R. No. 76

The purpose of this Concurrent Resolution is to request the Legislative Reference Bureau (LRB) to review Hawaii's impaired driving statutes and to recommend a uniform statutory construction.

Your Committee received testimony in support of this measure from the State Department of Transportation, Governor's Highway Safety Council, and Police Department of the City and County of Honolulu.

Your Committee finds that traffic and driving laws in the the Hawaii Revised Statutes contain inconsistent penalties that may overlap or be redundant. Your Committee further finds that public policy and convenience dictate that there be consistency and uniformity in statutory penalties. This measure asks the LRB to study the statutes and to recommend uniform provisions in order to remedy this problem.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 76 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 3073 Transportation and Intergovernmental Affairs on S.C.R. No. 114

The purpose of this concurrent resolution is to request a study of ways to reduce the impact of glare from office buildings on motorists.

Your Committee received testimony in support of this measure from the State Department of Transportation (DOT) and a private citizen.

Your Committee finds that there exists a problem in downtown Honolulu with glare emanating from windows of office buildings that interfere with the vision of motorists on downtown Honolulu streets. The glare from office windows increases the already dangerous glare from the sun. This measure asks the DOT to study possible alternative solutions to help alleviate the enhanced sunlight glare that impairs drivers and endangers all those on the roads during sunrise and sunset.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 114 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 3074 Transportation and Intergovernmental Affairs on S.R. No. 52

The purpose of this resolution is to request a study of ways to reduce the impact of glare from office buildings on motorists.

Your Committee received testimony in support of this measure from the State Department of Transportation (DOT) and a private citizen.

Your Committee finds that there exists a problem in downtown Honolulu with glare emanating from windows of office buildings that interfere with the vision of motorists on downtown Honolulu streets. The glare from office windows increases the already dangerous glare from the sun. This measure asks the DOT to study possible alternative solutions to help alleviate the enhanced sunlight glare that impairs drivers and endangers all those on the roads during sunrise and sunset.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 52 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 3075 (Joint) Transportation and Intergovernmental Affairs and Human Resources on S.C.R. No. 186

The purpose of this Concurrent Resolution is to request the Department of Labor and Industrial Relations (DLIR) to develop a definition of "Hawaii Resident" by rule and to propose the use of the definition to the federal government to clarify and to facilitate enforcement of Public Law 99-190, relating to hiring residents on defense contracts in Hawaii.

Your Committee received testimony in support of this measure from DLIR, Hawaii Operating Engineers Industry Stabilization Fund, Plumbers and Fitters Local 675, Jas. W. Glover. Ltd., Hawaii Electricians Market Enhancement Program Fund, and Industry Management Consultants.

Your Committee finds that developing employment opportunities is critical to Hawaii's economic recovery which can be greatly enhanced by increased employment of local residents on federal defense contracts in Hawaii. Public Law 99-190, Department of Defense Appropriations Act of 1986, Section 8078, requires that defense contracts in Hawaii and Alaska include a provision requiring contractors to hire residents of the state if the unemployment rate of the state exceeds the national average. Your Committee further finds that defense contracts in Hawaii do not appear to abide by this law, due in large part to the lack of a definition for federal purposes of "Hawaii resident." The intent of this measure is to request the DLIR to formulate a definition and to request the federal government to use it in defense contracts in order to resolve this problem.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Human Resources that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 186 and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 6. Noes, none. Excused, 5 (Chumbley, Fernandes Salling, Fukunaga, Ihara, Anderson).

SCRep. 3076 (Joint) Transportation and Intergovernmental Affairs and Human Resources on S.R. No. 89

The purpose of this Resolution is to request the Department of Labor and Industrial Relations (DLIR) to develop a definition of "Hawaii Resident" by rule and to propose the use of the definition to the federal government to clarify and to facilitate enforcement of Public Law 99-190, relating to hiring residents on defense contracts in Hawaii.

Your Committee received testimony in support of this measure from DLIR, Hawaii Operating Engineers Industry Stabilization Fund, Plumbers and Fitters Local 675, Jas. W. Glover. Ltd., Hawaii Electricians Market Enhancement Program Fund, and Industry Management Consultants.

Your Committee finds that developing employment opportunities is critical to Hawaii's economic recovery which can be greatly enhanced by increased employment of local residents on federal defense contracts in Hawaii. Public Law 99-190, Department of Defense Appropriations Act of 1986, Section 8078, requires that defense contracts in Hawaii and Alaska include a provision requiring contractors to hire residents of the state if the unemployment rate of the state exceeds the national average. Your Committee further finds that defense contracts in Hawaii do not appear to abide by this law, due in large part to the lack of a definition for federal purposes of "Hawaii resident." The intent of this measure is to request the DLIR to formulate a definition and to request the federal government to use it in defense contracts in order to resolve this problem.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Human Resources that are attached to this report, your Committees concur with the intent and purpose of S.R. No. 89 and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 6. Noes, none. Excused, 5 (Chumbley, Fernandes Salling, Fukunaga, Ihara, Anderson).

SCRep. 3077 Transportation and Intergovernmental Affairs on S.C.R. No. 209

The purpose of this concurrent resolution is to request the Department of Transportation and the county police departments to establish an emergency plan to alleviate traffic tie-ups that result from serious traffic accidents.

Your Committee received testimony in support of this concurrent resolution from the Honolulu Police Department. The Department of Transportation submitted testimony in support of the intent of this concurrent resolution and deferred to the Honolulu Police Department.

Your Committee has been assured by the testimonies submitted that the Honolulu Police Department and the Department of Transportation are willing to work together to establish an emergency plan to ensure that the flow of traffic will not be affected following a serious collision during normal traffic hours, and peak morning and afternoon rush hour traffic periods.

Your Committee has amended this concurrent resolution by accepting the recommendations offered by the Honolulu Police Department to:

- (1) Replace all references of "accidents" with "collisions", because according to the Honolulu Police Department, unlike accidents, collisions are avoidable occurrences and the term is used to refer to motor vehicle collisions; and
- (2) Delete the language stating that when county police departments are understaffed, the task of restoring the flow of traffic becomes secondary to the primary tasks for police officers assisting at traffic collisions.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 209, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 209, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Chumbley, Fernandes Salling).

SCRep. 3078 Transportation and Intergovernmental Affairs on S.R. No. 97

The purpose of this resolution is to request the Department of Transportation and the county police departments to establish an emergency plan to alleviate traffic tie-ups that result from serious traffic accidents.

Your Committee received testimony in support of this resolution from the Honolulu Police Department. The Department of Transportation submitted testimony in support of the intent of this resolution and deferred to the Honolulu Police Department.

Your Committee has been assured by the testimonies submitted that the Honolulu Police Department and the Department of Transportation are willing to work together to establish an emergency plan to ensure that the flow of traffic will not be affected following a serious collision during normal traffic hours, and peak morning and afternoon rush hour traffic periods.

Your Committee has amended this resolution by accepting the recommendations offered by the Honolulu Police Department to:

- (1) Replace all references of "accidents" with "collisions", because according to the Honolulu Police Department, unlike accidents, collisions are avoidable occurrences and the term is used to refer to motor vehicle collisions; and
- (2) Delete the language stating that when county police departments are understaffed, the task of restoring the flow of traffic becomes secondary to the primary tasks for police officers assisting at traffic collisions.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 97, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 97, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Chumbley, Fernandes Salling).

SCRep. 3079 Human Resources on S.C.R. No. 126

The purpose of this concurrent resolution is to establish a state policy for improving the well-being of children, youth, and families.

Your Committee received testimony in support of this measure from the Department of Education, College of Tropical Agriculture and Human Resources of the University of Hawaii, Hawaii Kids Count and Good Beginnings Alliance.

Your Committee finds that families are vitally important to the well-being of children and youth. This measure delineates certain outcomes that Hawaii should focus on in the process of providing programs for the support of children, youth, and families. This outcomes-based system in health and social services is in keeping with the accountability movement that is transforming policies and programs in the public and private sectors of society. This measure provides a mechanism for the on-going evaluation of progress toward achieving outcomes relating to children, youth, and families. This measure also recognizes that families are critical to the development of children, the well-being of individuals, and the strength of society.

Your Committee notes that this measure builds on the valuable work of groups such as the Governor's Family Policy Academy, Hawaii Kids Count, Good Beginnings Alliance, Adolescent Wellness Coalition, Education Goals 2000, Hawaii's Promise, and the Governor's Children and Families Panel.

Your Committee has amended this measure by:

- (1) Specifying that the performance-based budgeting committee established as part of the legislature's privatization effort utilize the outcome criteria and consult with certain groups to develop a more detailed set of outcomes to use in performance measurements; and
- (2) Adding organizations to the list of groups to receive certified copies of the measure.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 126, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 126, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalfe, Anderson).

SCRep. 3080 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 193

The purpose of this concurrent resolution is to request that the Legislative Reference Bureau study the issues of mailing copies of proposed rules to the public within the thirty days required for notice of a public hearing, the costs associated with photocopying and postage, and who should bear those costs.

Your Committee received no testimony on this matter.

Your Committee finds that it is in the best interest of all parties to have an informed public participate in public hearings for a meaningful exchange of views.

Your Committee further finds that alternative methods of disseminating information to the public may exist to alleviate the concerns outlined in this measure.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 193 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 3081 Commerce, Consumer Protection, and Information Technology on S.R. No. 92

The purpose of this resolution is to request that the Legislative Reference Bureau study the issues of mailing copies of proposed rules to the public within the thirty days required for notice of a public hearing, the costs associated with photocopying and postage, and who should bear those costs.

Your Committee received no testimony on this matter.

Your Committee finds that it is in the best interest of all parties to have an informed public participate in public hearings for a meaningful exchange of views.

Your Committee further finds that alternative methods of disseminating information to the public may exist to alleviate the concerns outlined in this measure.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 92 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 3082 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 117

The purpose of this concurrent resolution is to request that the Legislative Reference Bureau conduct a study to assess the effects of Chapter 508D, Hawaii Revised Statutes, on all residential real estate concerned parties.

Your Committee received testimony in support of this measure from the Hawaii Association of Realtors.

Your Committee finds that in 1995, Hawaii became the 23rd state to adopt a mandatory seller's property disclosure law. The intent of the law was to insure that prospective buyers received all relevant information on a residential property in order to make an informed purchasing decision.

Your Committee further finds that exemptions to the law may exist that weaken its intended purpose, and these exemptions, together with all of the other factors associated with the mandatory seller's property disclosure law should be reviewed.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 117 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 3083 Commerce, Consumer Protection, and Information Technology on S.R. No. 54

The purpose of this resolution is to request that the Legislative Reference Bureau conduct a study to assess the effects of Chapter 508D, Hawaii Revised Statutes, on all residential real estate concerned parties.

Your Committee received testimony in support of this measure from the Hawaii Association of Realtors.

Your Committee finds that in 1995, Hawaii became the 23rd state to adopt a mandatory seller's property disclosure law. The intent of the law was to insure that prospective buyers received all relevant information on a residential property in order to make an informed purchasing decision.

Your Committee further finds that exemptions to the law may exist that weaken its intended purpose, and these exemptions, together with all of the other factors associated with the mandatory seller's property disclosure law should be reviewed.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 54 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 3084 Education on S.C.R. No. 213

The purpose of this concurrent resolution is to request the University of Hawaii to establish sister university relationships with the Sun Yat-Sen University of Medical Sciences and the National Taipei University of Technology.

Your Committee received testimony in support of the intent of this measure from the University of Hawaii.

Your Committee finds that Honolulu Community College has had a longstanding association with the National Taipei University of Technology and would actively encourage development of a formal relationship.

Your Committee has amended this concurrent resolution to delete all references to the Sun Yat-Sen University of Medical Sciences in both the title and the body of the measure.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 213, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 213, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3085 Education on S.R. No. 101

The purpose of this resolution is to request the University of Hawaii to establish sister university relationships with the Sun Yat-Sen University of Medical Sciences and the National Taipei University of Technology.

Your Committee received testimony in support of the intent of this measure from the University of Hawaii.

Your Committee finds that Honolulu Community College has had a longstanding association with the National Taipei University of Technology and would actively encourage development of a formal relationship.

Your Committee has amended this resolution to delete all references to the Sun Yat-Sen University of Medical Sciences in both the title and the body of the measure.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 101, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 101, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3086 Education on S.C.R. No. 122

The purpose of this concurrent resolution is to urge the Board of Education to expeditiously renovate the Thelma Parker Memorial Public and School Library at Waimea, Hawaii.

Your Committee received testimony in support of the intent of this measure from the Board of Education.

Your Committee finds that the population of Waimea has tripled since the construction of the library and there is now considerable strain on the facilities, causing hardship for both public school children and the community in general.

Your Committee has amended this measure to request the Board of Education to submit justification for the current prioritization of this renovation within the Hawaii State Public Library System projects and a timetable for renovation of the Thelma Parker Memorial Public and School Library or other alternatives to the Legislature not later than twenty days prior to the convening of the 1999 legislative session.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 122, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 122, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3087 Education on S.C.R. No. 195

The purpose of this concurrent resolution is to request the legislature to support the establishment of schools-within-a-school.

Your Committee received testimony in support of this measure from the Department of Education (DOE) and several individuals.

Your Committee finds that large high schools and elementary schools may have many disadvantages to learning for students. Moderately sized high schools also promote a feeling of community and sharing amongst students, which is important for learning and self-development. Your Committee further finds that student achievement levels are lower in very large schools. An answer to the problem is to establish schools-within-a-school to recreate, within a large school, some of the advantages of a small school.

Your Committee has amended this measure to specify that support is requested for in-service training by the DOE for principals and teachers of schools-within-a-school.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 195, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 195, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3088 Education on S.R. No. 99

The purpose of this resolution is to request the legislature to support the establishment of schools-within-a-school.

Your Committee received testimony in support of this measure from the Department of Education (DOE) and several individuals.

Your Committee finds that large high schools and elementary schools may have many disadvantages to learning for students. Moderately sized high schools also promote a feeling of community and sharing amongst students, which is important for learning and self-development. Your Committee further finds that student achievement levels are lower in very large schools. An answer to the problem is to establish schools-within-a-school to recreate, within a large school, some of the advantages of a small school.

Your Committee has amended this measure to specify that support is requested for in-service training by the DOE for principals and teachers of schools-within-a-school.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 99, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 99, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3089 Education on S.C.R. No. 112

The purpose of this concurrent resolution is to request a review of project Ma'alo and recommendations on whether it should be established at the University of Hawaii-Hilo or elsewhere.

Your Committee received testimony in support of this measure from an individual. Your Committee received testimony in opposition to this measure from the University of Hawaii.

Your Committee has amended this measure by deleting its contents and inserting provisions to support the Governor's position on multi-cultural awareness and the staging of the Miss Universe Pageant in Honolulu. Your Committee views the Miss Universe Pageant as an opportunity to advertise to the world about Hawaii's multi-culturalism.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 112, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 112, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3090 Education on S.R. No. 50

The purpose of this resolution is to request a review of project Ma'alo and recommendations on whether it should be established at the University of Hawaii-Hilo or elsewhere.

Your Committee received testimony in support of this measure from an individual. Your Committee received testimony in opposition to this measure from the University of Hawaii.

Your Committee has amended this measure by deleting its contents and inserting provisions to support the Governor's position on multi-cultural awareness and the staging of the Miss Universe Pageant in Honolulu. Your Committee views the Miss Universe Pageant as an opportunity to advertise to the world about Hawaii's multi-culturalism.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 50, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 50, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3091 Education on S.C.R. No. 57

The purpose of this concurrent resolution is to request the Board of Education to develop an inservice training program for school personnel in budget preparation and budget execution.

The Superintendent of the Department of Education submitted testimony concurring with the intent of this concurrent resolution.

Testimony indicated that similar programs currently being provided have been successful in meeting the needs of school personnel when addressing specific concerns, sharing new information/procedures, and providing general review of basic budgetary concepts.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that an inservice training program for school personnel in budget preparation and budget execution maximizes resources for the benefit of public schools, the students, and the communities.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 57 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3092 Education on S.R. No. 21

The purpose of this resolution is to request the Board of Education to develop an inservice training program for school personnel in budget preparation and budget execution.

The Superintendent of the Department of Education submitted testimony concurring with the intent of this resolution.

Testimony indicated that similar programs currently being provided have been successful in meeting the needs of school personnel when addressing specific concerns, sharing new information/procedures, and providing general review of basic budgetary concepts.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that an inservice training program for school personnel in budget preparation and budget execution maximizes resources for the benefit of public schools, the students, and the communities.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 21 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3093 Education on S.C.R. No. 3

The purpose of this concurrent resolution is to request a performance audit regarding the department of education's appointment and training policies and procedures for principals and vice-principals.

Your Committee received testimony in opposition to this measure from the Department of Education.

Your Committee finds that a strong applicant pool of principals and vice-principals is essential to deliver the mandates for quality public education.

Your Committee has amended this concurrent resolution to add:

- (1) An assessment of the effectiveness of Department of Education Article 11, Appointments;
- (2) A determination of any barriers to the development of a strong applicant base of qualified principals and vice-principals within the Department of Education;
- (3) An assessment of the probable effectiveness of hiring qualified principals and vice-principals from outside the Department of Education; and
- (4) A determination of any problems related to teachers leaving the classroom to fill a vacant vice-principal position.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 3, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 3, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Solomon).

SCRep. 3094 Education on S.C.R. No. 39

The purpose of this concurrent resolution is to request the Department of Education to commission an independent report on the progress made by the State in implementing the recommended school clerical staffing standards and priority staffing guidelines contained in the 1990 school and district office clerical staffing study.

Your Committee received testimony opposing the concurrent resolution from the Superintendent of Education stating that requiring an independent report would only serve to unnecessarily confirm the fact that the Department of Education lacks sufficient school clerical positions.

Your Committee believes, however, despite the Superintendent's concerns, that an independent report would be helpful to accurately identify the clerical needs of the Department in light of the increased administrative burdens imposed by federal legislation and local, systemwide educational initiatives.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 39 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3095 Education on S.R. No. 12

The purpose of this resolution is to request the Department of Education to commission an independent report on the progress made by the State in implementing the recommended school clerical staffing standards and priority staffing guidelines contained in the 1990 school and district office clerical staffing study.

Your Committee received testimony opposing the resolution from the Superintendent of Education stating that requiring an independent report would only serve to unnecessarily confirm the fact that the Department of Education lacks sufficient school clerical positions.

Your Committee believes, however, despite the Superintendent's concerns, that an independent report would be helpful to accurately identify the clerical needs of the Department in light of the increased administrative burdens imposed by federal legislation and local, systemwide educational initiatives.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 12 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3096 (Joint) Health and Environment and Human Resources and Commerce, Consumer Protection, and Information Technology on S.C.R. No. 28

The purpose of this concurrent resolution is to request the Auditor to assess the social and financial effects of requiring health insurers to offer coverage for post-mastectomy breast reconstruction surgery.

The Hawaii Medical Service Association (HMSA) and a concerned citizen submitted testimony in support of this concurrent resolution.

HMSA testified that it already provides coverage for post-mastectomy breast reconstruction. The concerned citizen testified that insurance coverage should be comprehensive and include not only preliminary reconstruction, but also rebuilding of the nipple area and post-reconstruction surgery adjustments for purposes of symmetry. HMSA further testified that it supports the study but that it would be difficult to comply with a request from the Auditor to provide relevant data for the past ten years.

Upon consideration of all pertinent issues and testimony presented, your Committees find that the study requested by this concurrent resolution is appropriate and have amended this concurrent resolution by narrowing the scope of the Auditor's data requests from the past ten years to the past three years.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 28, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 28, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 5 (Fukunaga, Solomon, Tam, Tanaka, Anderson).

SCRep. 3097 (Joint) Health and Environment and Human Resources and Commerce, Consumer Protection, and Information Technology on S.C.R. No. 48

The purpose of this concurrent resolution is to request the Auditor to perform a sunrise review of the proposed mandatory coverage of early intervention services as provided for in Senate Bill No. 2948, relating to health insurance, as introduced during the Regular Session of 1998.

Your Committees received testimony in strong support of this concurrent resolution from the Department of Health, the Hawaii Early Intervention Coordinating Council, the Maui Family Support Services, Inc., the Healthy Mothers Health Babies Coalition of Hawaii, the Hawaii Medical Service Association, the Hawaii Early Intervention Association, and one concerned citizen of Hawaii. The IMUA Rehab submitted testimony in support of the intent of this concurrent resolution.

Your Committees find that the Auditor's review of the social and financial impacts of requiring health insurance coverage for early intervention services would lead to assuring that private health insurance meets its responsibilities to work in partnership with the State to provide these services for families.

Your Committees have amended this concurrent resolution by including employers such as the Chamber of Commerce and Small Business Hawaii, as recipients of a certified copy of this concurrent resolution since the review involves employers who will ultimately fund the proposed new mandated benefits.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Human Resources and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 48, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 48, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 5 (Fukunaga, Solomon, Tam, Tanaka, Anderson).

SCRep. 3098 (Joint Health and Environment and Commerce, Consumer Protection, and Information Technology on S.C.R. No. 164

The purpose of this concurrent resolution is to request the Auditor to conduct a study evaluating the impact of mandating health insurance coverage for mental health as proposed in House Bill No. 427, H.D. 1, introduced in the 1997 Regular Session and carried over to the 1998 Regular Session.

Your Committees received testimony in support of this concurrent resolution from the Director of Health, Hawaii Psychiatric Medical Association, Hawaii Psychological Association, NAMI Oahu, =I.C. (Equal Insurance Coalition), and Hawaii Government Employees Association, Local 152 AFL-CIO. Kaiser Permanente submitted testimony supporting the intent of the measure with reservations. The Director of Health also recommended amendments to the measure which your Committees have adopted.

Your Committees believe, based on the favorable testimony provided, that the prior study conducted in 1997 by the Auditor evaluating the impact of health insurance parity for mental illness did not adequately address all of the pertinent issues concerning the matter. Your Committees further believe that another more comprehensive study is needed to properly assess the full impact and need for the proposed coverage.

Your Committees amended this concurrent resolution by:

- (1) Adding prefatory language which notes the deficiencies of the 1997 Auditor's study, the need to include coverage for substance abuse treatment, and the need for a more comprehensive study of the matter by the Auditor;
- (2) Clarifying that the purpose of the study is to evaluate the impact of mandating health insurance coverage for mental health and substance abuse according to and to the extent prescribed by the measure;
- (3) Requesting the Auditor to clarify matters which may preclude an accurate assessment of social and financial impacts of proposed mandated insurance coverage for mental health and substance abuse;
- (4) Requiring that data collection and analysis for the study include, but not be limited to information from the Hawaii Medical Service Association and the Kaiser Permanente Medical Care Program;
- (5) Requiring insurers to separate data according to mental health and substance abuse utilization, and according to treatment utilization by children, adolescents, and adults;
- (6) Requiring that the data submitted to the Auditor include an analysis of those who have exhausted their mental health or substance abuse treatment benefits, including their two episodes per lifetime treatment limit for substance abuse; and
- (7) Requiring the Auditor to consult with the Department of Health, the Insurance Commissioner and all other interested parties, including the Board of Medical Examiners, the Board of Psychology, and representatives of insurance carriers, mutual benefit associations, health maintenance organizations, and State agencies which implement policies under Chapter 431M, Hawaii Revised Statutes.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 164, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 164, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 6. Noes, none. Excused, 3 (Solomon, Tam, Tanaka).

SCRep. 3099 Health and Environment on S.C.R. No. 59

The purpose of this concurrent resolution is to request the Department of Health to determine the amount of scrap metal currently being disposed of in Hawaii's landfills and to assess the impact of banning scrap metal from landfills.

Your Committee received testimony in support of this concurrent resolution from the Hawaii Metal Recycling Co. The Director of Health submitted testimony supporting the intent of the measure and recommending two amendments. The Department of Public Works of the City and County of Honolulu submitted testimony opposing the measure.

Your Committee believes that the banning of scrap metal from the State's landfills is still warranted to utilize fully and efficiently the limited space available in those landfills.

Your Committee incorporated the recommendations from the Department of Health and amended this concurrent resolution by:

- (1) Requesting the Department to consult and cooperate with the State's scrap metal industry in conducting its assessment; and
- (2) Requesting the Department to consider the impact on landfill capacity, the economic benefit to scrap processors, and the economic impact on generators of scrap metal, in its assessment.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 59, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 59, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3100 (Joint) Health and Environment and Judiciary on S.C.R. No. 130

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to study the effects of the availability of citizens' suits in other jurisdictions under the federal and state endangered species laws.

Your Committees received testimony in support of the concurrent resolution from the Chairperson of the Board of Land and Natural Resources and the Audubon Society. Rescue Hawaii submitted testimony urging several amendments to the measure.

Your Committees believe that citizens' suits are needed to enhance and support the enforcement efforts of the Department of Land and Natural Resources especially because government personnel and resources for those purposes are extremely limited. Your Committees agreed with all of the parties submitting testimony that the specific effects of the availability or unavailability of the recovery of attorney's fees and costs need to be addressed in the study.

Your Committees amended this concurrent resolution by adding to the items specifically requested to be studied, issues pertaining to the availability or unavailability of recovering attorney's fees and court costs, the nature and scope of pretrial agreements and court decisions in citizens' suits, the effect of the defendants' ability to pay damages, the existence of prior investigation or enforcement action for the violation, and other mechanisms to assist enforcement of the endangered species laws.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Judiciary that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 130, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 130, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 4 (Bunda, Metcalf, Sakamoto, Tam).

SCRep. 3101 Health and Environment on S.C.R. No. 131

The purpose of this concurrent resolution is to request the Department of Health (DOH) to study the establishment of rules and provisions for unisex toilet facilities in places of public accommodation.

Your Committee received testimony in support of this concurrent resolution from a concerned citizen who was the caregiver of a disabled spouse. The Commission on Persons with Disabilities submitted testimony supporting the intent of the measure. The Director of Health submitted testimony deferring to the Commission on Persons with Disabilities.

Your Committee believes that further progress is needed in making unisex toilet facilities readily available for all persons needing those accommodations in public or private locations which are used by or are accessible to the general public.

Your Committee amended this concurrent resolution by requesting the Department of Health to include all public and private buildings or areas which accommodate the general public, and to consider the needs of all persons who may require the assistance or supervision of another person of the opposite gender, including families with minor children and persons with disabilities. Your Committee also made a technical, nonsubstantive change for clarity.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 131, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 131, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3102 Health and Environment on S.R. No. 62

The purpose of this resolution is to request the Department of Health (DOH) to study the establishment of rules and provisions for unisex toilet facilities in places of public accommodation.

Your Committee received testimony in support of this resolution from a concerned citizen who was the caregiver of a disabled spouse. The Commission on Persons with Disabilities submitted testimony supporting the intent of the measure. The Director of Health submitted testimony deferring to the Commission on Persons with Disabilities.

Your Committee believes that further progress is needed in making unisex toilet facilities readily available for all persons needing those accommodations in public or private locations which are used by or are accessible to the general public.

Your Committee amended this resolution by requesting the Department of Health to include all public and private buildings or areas which accommodate the general public, and to consider the needs of all persons who may require the assistance or supervision of

another person of the opposite gender, including families with minor children and persons with disabilities. Your Committee also made a technical, nonsubstantive change for clarity.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 62, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 62, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3103 Health and Environment on S.C.R. No. 163

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to study the impact of Proposition 65 on California's economy, environment, and the health of that state's residents.

Your Committee received testimony in support of the concurrent resolution from the Director of Health and a concerned citizen. Rescue Hawaii submitted testimony opposing the measure.

Your Committee believes, that a measure similar to Proposition 65 may be beneficial to the residents of Hawaii. Your Committee further believes that prior to considering enactment of a controversial measure like Proposition 65, it is prudent to conduct a study to assess the impacts in California in order to predict what the possible impacts on this State and its residents might be.

Your Committee amended this concurrent resolution by:

- (1) Specifying that the study identify and address the types of businesses and industries affected, the impact on the legal system, government agencies, businesses, and industries, and currently unresolved issues; and
- (2) Requesting the Legislative Reference Bureau to consult with negatively impacted businesses and industries in California.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 163, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 163, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3104 Health and Environment on S.R. No. 78

The purpose of this resolution is to request the Legislative Reference Bureau to study the impact of Proposition 65 on California's economy, environment, and the health of that state's residents.

Your Committee received testimony in support of the resolution from the Director of Health and a concerned citizen. Rescue Hawaii submitted testimony opposing the measure.

Your Committee believes, that a measure similar to Proposition 65 may be beneficial to the residents of Hawaii. Your Committee further believes that prior to considering enactment of a controversial measure like Proposition 65, it is prudent to conduct a study to assess the impacts in California in order to predict what the possible impacts on this State and its residents might be.

Your Committee amended this resolution by:

- (1) Specifying that the study identify and address the types of businesses and industries affected, the impact on the legal system, government agencies, businesses, and industries, and currently unresolved issues; and
- (2) Requesting the Legislative Reference Bureau to consult with negatively impacted businesses and industries in California.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 78, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 78, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3105 (Joint) Health and Environment and Economic Development on S.C.R. No. 197

The purpose of this concurrent resolution is to request the Department of Health to recommend alternatives for dealing with "noise" or unwanted sound emanating from small agricultural parcels.

Your Committees received testimony in support of the intent of this concurrent resolution from the Director of Health. The Hawaii Farm Bureau submitted testimony expressing concerns regarding the measure. Puna Geothermal Venture submitted testimony opposing the measure.

Your Committees believe that the needs of persons living in small residential communities situated in agricultural areas must be balanced against the needs of persons conducting non-agricultural activities in those areas when considering the regulation of excessive "noise" or unwanted sound. In seeking to protect persons living in those small communities, it is not your Committees' intention to displace, disrupt, or otherwise hinder the conduct of legitimate agricultural activities in nearby areas.

Your Committees amended this concurrent resolution by:

- (1) Clarifying that the type of noise targeted by this measure is non-agricultural noise which affects small agricultural parcels;
- (2) Adding prefatory language which notes that the problem is one which is of particular concern to Big Island residents;
- (3) Requesting the Department of Health to develop and recommend appropriate approaches and alternatives with the active participation and cooperation of the County of Hawaii; and
- (4) Amending the title of the measure to reflect the above changes.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Economic Development that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 197, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 197, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 8. Noes, none. Excused, 6 (Baker, Bunda, Kawamoto, McCartney, Metcalf, Tam).

SCRep. 3106 Health and Environment on S.C.R. No. 207

The purpose of this concurrent resolution is to request the Department of Health to seek to identify the statewide prevalence of hepatitis C in various segments of the State's population.

Your Committee received testimony in support of this concurrent resolution from the Schering-Plough Corporation. The Director of Health submitted testimony supporting the measure with reservations and recommending two amendments.

Your Committee believes that the serious nature of hepatitis C and its dangerous potential for threatening the health of the people of Hawaii require that prompt proactive measures be taken by the State's health authorities.

Your Committee incorporated the recommendations from the Department of Health and amended this concurrent resolution by:

- (1) Clarifying that the request to the Department of Health is to undertake studies of hepatitis C incidence and prevalence within selected populations in Hawaii and reflecting that clarification in the title of the measure; and
- (2) Requesting that the Department provide the Legislature with copies of reports of its findings and recommendations following completion of its hepatitis C studies rather than submitting those findings and recommendations no later than 20 days prior to convening of the 1999 Regular Session.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 207, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 207, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3107 (Joint) Economic Development and Commerce, Consumer Protection, and Information Technology on S.C.R. No. 171

The purpose of this concurrent resolution is to request that the Department of Business, Economic Development, and Tourism (DBEDT) develop and implement a Japanese tourist deposit account marketing and promotion plan to attract Japanese depositors to Hawaii.

Testimony supporting the intent of this concurrent resolution was presented at the hearing by the Director of Business, Economic Development, and Tourism.

Your Committees find that, given recent developments in the Japanese financial system, Hawaii's financial institutions have an opportunity to attract deposits not only from visitors from Japan but business and investment deposits as well.

After considering all pertinent issues and testimony; your Committees have amended this concurrent resolution by:

- (1) Removing the word "tourist" from the title;
- (2) Revising the language of the initial Be It Resolved section by removing the reference to "tourist";
- (3) Removing representatives of the tourism industry from the make-up of the committee;
- (4) Including the "Hawaii Bankers Association" and "Hawaii League of Savings Institutions" as organizations to receive a certified copy of the concurrent resolution and removing the local banking community from that list; and
- (5) Replacing in the fourth WHEREAS clause the phrase referring to "loss of trust" with the more positive phrase referring to "seeking a higher return on investment".

As affirmed by the records of votes of the members of your Committees on Economic Development and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 171, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 171, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, none. Excused, 4 (Baker, Bunda, Kawamoto, McCartney).

SCRep. 3108 (Joint) Economic Development and Transportation and Intergovernmental Affairs on S.C.R. No. 176

The purpose of this concurrent resolution is to urge Hawaii's congressional delegation to support federal legislation relating to stabilizing the Asian financial crisis.

Testimony in support of this concurrent resolution was presented at the hearing by a representative of the East-West Center.

Your Committees find that it is in the best interest of the State that the impact of the Asian financial crisis be minimized insofar as possible and that Asia restore a sound pattern of growth as quickly as possible.

Your Committees have amended this concurrent resolution by:

- (1) Adding the President of the East-West Center to the list of persons receiving a certified copy of the concurrent resolution; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Economic Development and Transportation and Intergovernmental Affairs that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 176, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 176, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 6 (Baker, Bunda, Fernandes Salling, Kanno, Levin, Matsunaga).

SCRep. 3109 Economic Development on S.C.R. No. 187

The purpose of this concurrent resolution is to request that the Hawaii Visitors and Convention Bureau (HVCB) allocate funds to support the Visitor Aloha Society of Hawaii (VASH) for two years.

Testimony supporting the intent of this concurrent resolution was presented at the hearing by the Director of Business, Economic Development, and Tourism, who stated that, while supporting the mission of VASH, the Department does not believe the services provided by VASH fall under the purview of the HVCB. Written testimony concurring with the Director was also received from HVCB.

Testimony supporting the concurrent resolution was presented at the hearing by representatives of the City and County of Honolulu Department of the Prosecuting Attorney, VASH, the Hawaii Activities and Tours Association, and one individual. Written testimony in support of the concurrent resolution was received from the Hawaii Visitor Industry Security Association, and three individuals.

Your Committee finds that VASH provides an invaluable service, that this service is provided by volunteers, and that the private sector supports VASH's efforts by donating goods and services. Furthermore, your Committee finds that the efforts of VASH counteract the negative impact that crimes aimed at visitors have on the industry and may even improve Hawaii's image as a visitor destination.

After considering all of the pertinent issues and testimony, your Committee has amended this concurrent resolution by:

- (1) Adding language that expresses the need for VASH to be incorporated into the HVCB overall marketing strategy;
- (2) Replacing the specific funding requests from HVCB with language requesting HVCB to support VASH;
- (3) Including VASH in the list of entities receiving a certified copy of this concurrent resolution;
- (4) Changing the title; and
- (4) Making technical nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 187, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 187, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, Kawamoto, McCartney).

SCRep. 3110 (Joint) Human Resources and Commerce, Consumer Protection, and Information Technology on S.C.R. No. 82

The purpose of this concurrent resolution is to request that timeframes and standards be established for the denial of medical service charges by medical billing review companies.

Your Committees received testimony in support of this measure from Healthsouth Rehabilitation Center of Waipahu (Healthsouth), Hawaii State Chiropractic Association (HSCA), American Physical Therapy Association, and the Hawaii Medical

Association. Testimony in opposition to this measure was received from the Department of Labor and Industrial Relations (DLIR) and Hawaii Insurers Council.

Your Committees believe that health care providers of workers' compensation medical and rehabilitative benefits should be paid promptly and adequately in accordance with the workers' compensation fee schedules. If billing disputes arise, your Committees are concerned that the administrative processes could get unreasonably bogged down with the effect of adversely affecting the finances of health care providers.

Your Committees find that medical billing review companies may arbitrarily reduce health care providers billings, which is the heart of the problem. Workers' compensation insurers contract with medical billing review companies to evaluate billings with a view towards determining the appropriate amount of reimbursement. Your Committees desire to send a strong message to workers' compensation insurers that they should be careful about following the recommendation of their medical billing review companies, which are oftentimes not qualified to evaluate the billings on a particular case according to testimony received.

Your Committees have amended this measure on recommendation of Healthsouth and HSCA by:

- (1) Specifying that the DLIR establish rules to require mediation of denials of a health care provider's claim;
- (2) Specifying that the DLIR establish sanctions against medical billing review companies that unreasonably reduce bills; and
- (3) Clarifying other provisions of the measure to adequately reflect the current situation.

As affirmed by the records of votes of the members of your Committees on Human Resources and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 82, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 82, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 3 (Fukunaga, Sakamoto, Tanaka).

SCRep. 3111 Human Resources on S.C.R. No. 118

The purpose of this concurrent resolution is to urge the Employees' Retirement System to allow members in the contributory plan to withdraw funds due to financial hardship.

Your Committee received testimony in support of this measure from Small Business Hawaii, National Federation of Independent Businesses, Chamber of Commerce of Hawaii, Hawaii Medical Services Association, Hawaii Medical Association, Hawaii State Chiropractic Association, American Physical Therapy Association-Hawaii Chapter, Haku Alliance, Kaiser Permanente Medical Care Program, and Hawaii Orthopedic Association. Your Committee received informational testimony from the Employees' Retirement System.

Your Committee has amended this measure by deleting its contents and inserting provisions to request the Legislative Reference Bureau to conduct a study of the workers' compensation fee schedule. Your Committee has heard of many complaints about the current fee schedule. Your Committee believes that the current fee schedules, as tied to the federal Medicare fee schedule (section 386-21(c), Hawaii Revised Statutes) may be inadequate to compensate medical providers in today's current economic setting of delivering health care. The result may be a compromise in the accessibility and quality of health care for the injured worker. This study is intended to gather information on the effect of the current law and to make recommendations on the appropriate amounts for a fee schedule.

Your Committee has also amended this measure by adding to the list of persons or organizations to receive certified copies, Small Business Hawaii, National Federation of Independent Businesses, Chamber of Commerce of Hawaii, Hawaii Medical Services Association, Hawaii State Chiropractic Association, American Physical Therapy Association-Hawaii Chapter, Haku Alliance, Kaiser Permanente Medical Care Program, and Hawaii Orthopedic Association.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 118, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 118, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 3112 Human Resources on S.R. No. 55

The purpose of this resolution is to urge the Employees' Retirement System to allow members in the contributory plan to withdraw funds due to financial hardship.

Your Committee received testimony in support of this measure from Small Business Hawaii, National Federation of Independent Businesses, Chamber of Commerce of Hawaii, Hawaii Medical Services Association, Hawaii Medical Association, Hawaii State Chiropractic Association, American Physical Therapy Association-Hawaii Chapter, Haku Alliance, Kaiser Permanente Medical Care Program, and Hawaii Orthopedic Association. Your Committee received informational testimony from the Employees' Retirement System.

Your Committee has amended this measure by deleting its contents and inserting provisions to request the Legislative Reference Bureau to conduct a study of the workers' compensation fee schedule. Your Committee has heard of many complaints about the current fee schedule. Your Committee believes that the current fee schedules, as tied to the federal Medicare fee schedule (section 386-21(c), Hawaii Revised Statutes) may be inadequate to compensate medical providers in today's current economic setting of

delivering health care. The result may be a compromise in the accessibility and quality of health care for the injured worker. This study is intended to gather information on the effect of the current law and to make recommendations on the appropriate amounts for a fee schedule.

Your Committee has also amended this measure by adding to the list of persons or organizations to receive certified copies, Small Business Hawaii, National Federation of Independent Businesses, Chamber of Commerce of Hawaii, Hawaii Medical Services Association, Hawaii State Chiropractic Association, American Physical Therapy Association-Hawaii Chapter, Haku Alliance, Kaiser Permanente Medical Care Program, and Hawaii Orthopedic Association.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 55, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 55, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 3113 Education on S.C.R. No. 66

The purpose of this concurrent resolution is to request the State Auditor to conduct a study on the impact that students with special needs have on the general education classroom.

Your Committee received testimony in support of the concurrent resolution from the Hawaii State Teachers Association. The Superintendent of Education submitted testimony supporting the purpose of the concurrent resolution, however, also expressing the belief that the measure was unnecessary.

Your Committee believes that a study to ascertain the impact of having students with special needs in the general education classrooms would be helpful to ensure that those students and the general education students will receive the quality of education they deserve.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 66 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3114 Education on S.R. No. 45

The purpose of this resolution is to request the Department of Education to conduct a study on the impact that students with special needs have on the general education classroom.

Your Committee received testimony in support of the resolution from the Hawaii State Teachers Association. The Superintendent of Education submitted testimony supporting the purpose of the resolution, however, also expressing the belief that the measure was unnecessary.

Your Committee believes that a study to ascertain the impact of having students with special needs in the general education classrooms would be helpful to ensure that those students and the general education students will receive the quality of education they deserve. Your Committee believes further that the study should be conducted by the State Auditor rather than the Department of Education.

Your Committee amended the resolution by substituting the State Auditor for the Department of Education as the agency responsible for conducting the study.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 45, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 45, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3115 Education on S.C.R. No. 78

The purpose of this concurrent resolution is to request the University of Hawaii to study the feasibility of selling its John A. Burns School of Medicine to a private entity.

The University of Hawaii (UH) submitted testimony commenting on this concurrent resolution and stating that the feasibility study requested by this concurrent resolution is not in the best interest of the State or the University of Hawaii.

The Department of Education submitted testimony regarding a proposed draft of this concurrent resolution that requests the Board of Education to develop a foreign language competency program using the peer or Hawaiian studies model of instruction to include partnering with private schools to provide foreign language instruction. The Department of Education stated that the request of the proposed draft was not necessary.

The UH did not believe that any immediate savings, improvements, or efficiencies in operation can be accomplished by the sale of the John A. Burns School of Medicine. The UH further enumerated possible adverse effects that the sale would have on the UH and the State.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that the possible advantages and disadvantages of selling the John A. Burns School of Medicine must be thoroughly explored and studied in order to make an informed decision that is in the best interest of the University of Hawaii and the State.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 78 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3116 Education on S.R. No. 36

The purpose of this resolution is to request the University of Hawaii to study the feasibility of selling its John A. Burns School of Medicine to a private entity.

The University of Hawaii (UH) submitted testimony commenting on this resolution and stating that the feasibility study requested by this resolution is not in the best interest of the State or the University of Hawaii.

The Department of Education submitted testimony regarding a proposed draft of this resolution that requests the Board of Education to develop a foreign language competency program using the peer or Hawaiian studies model of instruction to include partnering with private schools to provide foreign language instruction. The Department of Education stated that the request of the proposed draft was not necessary.

The UH did not believe that any immediate savings, improvements, or efficiencies in operation can be accomplished by the sale of the John A. Burns School of Medicine. The UH further enumerated possible adverse effects that the sale would have on the UH and the State.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that the possible advantages and disadvantages of selling the John A. Burns School of Medicine must be thoroughly explored and studied in order to make an informed decision that is in the best interest of the University of Hawaii and the State.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 36 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3117 (Joint) Education and Human Resources on S.C.R. No. 175

The purpose of this concurrent resolution is to request the University of Hawaii to conduct a comprehensive assessment of the issues and potential for job creation in the State.

Your Committees received testimony in support of the intent of this measure from the University of Hawaii and the Department of Labor and Industrial Relations.

Your Committees are cognizant of the budgetary issues of such a study, as cited by the university. The Ways and Means Committee is asked to consider appropriating \$50,000 to financially support the intent of this resolution.

As affirmed by the records of votes of the members of your Committees on Education and Human Resources that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 175 and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 5 (Fernandes Salling, Fukunaga, Ige, M., Sakamoto, Solomon).

SCRep. 3118 (Joint) Transportation and Intergovernmental Affairs and Education on S.C.R. No. 157

The purpose of this concurrent resolution is to request that the Mayor of the City and County of Honolulu and the Governor convene a joint state and county task force to develop a master plan for improvements to the Manoa Recreational Park and Manoa Elementary School. The master plan should include an identification of areas in need of improvement, and specifically address and prioritize the park gymnasium, the school gymnasium, the parking lots, lighting system for the entire area, playground equipment, and the possibility of enclosing the pavilion. The task force should include designated representatives from the State, City, Manoa Elementary School, and sports leagues.

Your Committees received testimony in support of this concurrent resolution from the Manoa Boys Basketball League, the Manoa Youth Baseball League, the Manoa Girls' Athletic Club, and one concerned citizen of Hawaii. The Department of Education submitted testimony indicating they have no objections to this concurrent resolution. The Office of the Mayor of the City and County of Honolulu submitted comments taking issue with the negative characterization of Manoa Recreation Park in this concurrent resolution, and stated that the City is already working closely with the Manoa Neighborhood Board Capital Improvement Committee on improvements to the park.

Your Committees find that although state and city agencies are working on improvements to various community projects in Manoa, your Committees urge the agencies to build better communications to implement necessary repairs and improvements on a more timely and efficient basis.

Your Committees have amended this concurrent resolution by adding language stating that the Ala Wai Canal Watershed Improvement Project is helping to create a landscaped stream bank by the Manoa Stream and the Manoa Recreation Park, and conduct a flood damage reduction investigation which will affect areas such as the Manoa Recreation Park and Manoa Elementary School.

As affirmed by the records of votes of the members of your Committees on Transportation and Intergovernmental Affairs and Education that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 157, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 157, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 4 (Chumbley, Fernandes Salling, Kanno, Solomon).

SCRep. 3119 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 46

The purpose of this concurrent resolution is to request that the Auditor investigate and determine the fairness of the eligible charge reimbursement rates and the effect on the profit margin or premiums of any profit and nonprofit entities of the Hawaii Medical Service Association (HMSA).

Your Committee received testimony in support of this measure from the Hawaii Health Systems Corporation and two interested citizens. Testimony opposing the measure was received from the HMSA, the Hawaii Federation of Physicians and Dentists, the Coalition for Health, and Hawaii Medical Association. The Legislative Information Services of Hawaii had no problem with the measure but suggested amendments.

Your Committee finds that although the HMSA was singled out in this measure, hospitals and physicians often exceed the reimbursement levels of other mutual benefit societies as well.

Your Committee also finds that in order to determine a fair reimbursement level, all Hawaii mutual benefit society rates must be compared and not only those of HMSA.

Your Committee notes that it is the desire of the parties involved that their reimbursement rates be kept confidential both from the public and from the other parties involved. It is the intent of your Committee to respect the parties' requests for confidentiality.

Your Committee amended the concurrent resolution by:

- (1) Deleting specific references to HMSA and replacing them with mutual benefit societies;
- (2) Replacing the Auditor with the Insurance Commissioner;
- (3) Requesting that the information gleaned from the investigation and the report to the Legislature be kept confidential;
- (4) Transmitting certified copies of the concurrent resolution to all Hawaii mutual benefit societies; and
- (5) Amending the title of the measure to read:

"REQUESTING THE INSURANCE COMMISSIONER TO INVESTIGATE AND DETERMINE THE FAIRNESS OF THE ELIGIBLE CHARGE REIMBURSEMENT RATES OF HAWAII'S MUTUAL BENEFIT SOCIETIES."

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 46, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 46, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 3120 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 51

The purpose of this concurrent resolution is to request that 'Olelo undertake a financial audit and report the results of the audit to the legislature.

Your Committee received testimony supporting the measure from the Department of Commerce and Consumer Affairs, a member of the Board of Directors of 'Olelo, and the Executive Director of 'Olelo. Testimony supporting the intent but opposing the measure in its current form was received from the Community Television Producers' Association. Testimony opposing the measure was received from an interested citizen.

Your Committee finds that 'Olelo receives three percent of annual revenues from Oceanic Cable for public, education, and government (PEG) access programs as mandated by the 1984 Cable Communications Policy Act.

Your Committee further finds that concerns have been raised regarding 'Olelo's use of the PEG access funds, and the results of an audit 'Olelo instituted itself.

Therefore, your Committee amended the concurrent resolution by:

- (1) Requesting that a management audit as well as a financial audit be undertaken by 'Olelo;
- (2) Requesting that the audit be conducted by an impartial second party auditor;

- (3) Requiring the Department of Commerce and Consumer Affairs to review and approve the proposed auditor as well as the scope of the audit;
- (4) Adding additional language to detail concerns regarding 'Olelo's management practices and its withholding of information from the Department of Commerce and Consumer Affairs; and
- (5) Amending the title to read:

REQUESTING A FINANCIAL AND MANAGEMENT AUDIT OF 'OLELO: THE CORPORATION FOR COMMUNITY TELEVISION.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 51, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 51, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Tanaka).

SCRep. 3121 Commerce, Consumer Protection, and Information Technology on S.R. No. 18

The purpose of this resolution is to request that 'Olelo undertake a financial audit and report the results of the audit to the legislature.

Your Committee received testimony supporting the measure from the Department of Commerce and Consumer Affairs, a member of the Board of Directors of 'Olelo, and the Executive Director of 'Olelo. Testimony supporting the intent but opposing the measure in its current form was received from the Community Television Producers' Association. Testimony opposing the measure was received from an interested citizen.

Your Committee finds that 'Olelo receives three percent of annual revenues from Oceanic Cable for public, education, and government (PEG) access programs as mandated by the 1984 Cable Communications Policy Act.

Your Committee further finds that concerns have been raised regarding 'Olelo's use of the PEG access funds, and the results of an audit 'Olelo instituted itself.

Therefore, your Committee amended the resolution by:

- (1) Requesting that a management audit as well as a financial audit be undertaken by 'Olelo;
- (2) Requesting that the audit be conducted by an impartial second party auditor;
- (3) Requiring the Department of Commerce and Consumer Affairs to review and approve the proposed auditor as well as the scope of the audit;
- (4) Adding additional language to detail concerns regarding 'Olelo's management practices and its withholding of information from the Department of Commerce and Consumer Affairs; and
- (5) Amending the title to read:

REQUESTING A FINANCIAL AND MANAGEMENT AUDIT OF 'OLELO: THE CORPORATION FOR COMMUNITY TELEVISION.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 18, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 18, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Tanaka).

SCRep. 3122 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 87

The purpose of this concurrent resolution is to request that the Public Utilities Commission (PUC) in consultation with select public and private entities reevaluate, analyze, and study the broad issue of overheading versus undergrounding utility lines including existing overhead high voltage electrical transmission and distribution lines.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, the Department of Transportation, GTE Hawaiian Tel, Na Leo Pohai, and two interested citizens. Testimony opposing the measure was received from Hawaiian Electric Company, Inc. and Kauai Electric. The Public Utilities Commission did not object to the measure, and the Board of Land and Natural Resources deferred to the Public Utilities Commission.

Your Committee received testimony stating that the material costs involved with undergrounding are not the prohibitive factor. The majority of the costs associated with undergrounding utility lines are incurred from the required excavation work.

Your Committee further finds that the possibility of reducing the excavation costs exists through coordinated planning with other government divisions.

Your Committee notes, however, that the question of who should pay for undergrounding that directly benefits some communities still exists.

Accordingly, your Committee amended the measure by:

- (1) Changing electromagnetic field radiation to electromagnetic field emission;
- (2) Clarifying that the undergrounding of power lines would only occur on islands whose populations exceed five-hundred-thousand;
- (3) Adding statements relating to excavation costs and possible reductions of excavation costs by coordination with other government divisions;
- (4) Adding statements relating to the adjustment of rates of return to prevent windfall returns to utility companies and providing incentives to utility companies to encourage undergrounding existing overhead lines;
- (5) Adding three issues for the PUC to consider in its analysis of cost differentials:
 - (A) Tax payers versus rate payers paying the cost differential;
 - (B) The fairness of allocating a greater amount of cost to those who are disproportionately benefitted by the undergrounding of power lines;
 - (C) The fairness of allocating the costs of undergrounding on Oahu to tax payers and rate payers on Neighbor Islands who do not benefit from the undergrounding of power lines;
- (6) Adding a request that the PUC determine if a coordinated government planning group exists and whether the PUC can take advantage of the group's job scheduling;
- (7) Adding a request that if a government planning group does not exist, the PUC form such a group;
- (8) Adding a request that the PUC study whether utility company rates of return should be adjusted to cover the cost of undergrounding existing and new power lines and to prevent windfall returns as a result of undergrounding; and
- (9) Adding a request that the PUC anticipate the likelihood of major destructive storms and consult with certain organizations to try to mitigate loss of power.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 87, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 87, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 3123 Commerce, Consumer Protection, and Information Technology on S.R. No. 98

The purpose of this resolution is to request that the Public Utilities Commission (PUC) review and reconsider its previous approval of Docket No. 7040, Decision and Order No. 11463, regarding the installation of a 46 kV overhead circuit along Kunia Road, and review its approval and completion process.

Your Committee received testimony in support of this measure from Na Leo Pohai and an interested citizen. Testimony opposing the measure was received from the PUC, the Consumer Advocate, and Hawaiian Electric Company, Inc.

Your Committee recognizes that the PUC followed the public notice requirements and conducted a public hearing. Due process was afforded the affected citizens.

Your Committee finds however that the sixty-seven foot tall steel pylons which are used to hold the 46 kV overhead circuits are unsightly and may affect the value of those residential properties affected.

Your Committee amended the resolution by:

- (1) Adding additional language relating to the installation of 46 kV overhead lines on steel pylons on Lanikaula and Kalawao Streets in Manoa;
- (2) Amending references to electromagnetic field radiation to electromagnetic field emission;
- (3) Rearranging the paragraphs;
- (4) Transmitting additional certified copies of the resolution to the Chief Engineer of the City and County of Honolulu Department of Public Works and the Manoa Neighborhood Board; and
- (5) Amending the title to read:

"REQUESTING THE PUBLIC UTILITIES COMMISSION TO REVIEW AND RECONSIDER ITS PREVIOUS APPROVAL OF DOCKET NO. 7040, DECISION AND ORDER NO. 11463, WITH REGARD TO THE INSTALLATION

OF A 46 KV OVERHEAD CIRCUIT ALONG KUNIA ROAD, AND THE INSTALLATION OF A 46 KV OVERHEAD CIRCUIT ON LANIKAULA AND KALAWAO STREETS IN MANOA, AND REVIEW ITS APPROVAL PROCESS."

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 98, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 98, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 3124 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 170

The purpose of this concurrent resolution is to request that the Legislative Reference Bureau study the potential economic, environmental, and social costs and benefits associated with the establishment of foreign capital depositories in Hawaii.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, the Department of the Prosecuting Attorney, and the Hawaii Bankers Association.

Your Committee finds that this measure is a means of exploring potential economic development activities for the State. However, your Committee recognizes the potential for the exploitation of foreign capital depositories for illegal purposes.

Therefore, your Committee amended this concurrent resolution to include information and assistance for the study from the Department of the Prosecuting Attorney, the Department of the Attorney General Criminal Justice Division, and the Honolulu Police Department.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 170, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 170, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 3125 Commerce, Consumer Protection, and Information Technology on S.R. No. 81

The purpose of this resolution is to request that the Legislative Reference Bureau study the potential economic, environmental, and social costs and benefits associated with the establishment of foreign capital depositories in Hawaii.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, the Department of the Prosecuting Attorney, and the Hawaii Bankers Association.

Your Committee finds that this measure is a means of exploring potential economic development activities for the State. However, your Committee recognizes the potential for the exploitation of foreign capital depositories for illegal purposes.

Therefore, your Committee amended this resolution to include information and assistance for the study from the Department of the Prosecuting Attorney, the Department of the Attorney General Criminal Justice Division, and the Honolulu Police Department.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 81, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 81, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 3126 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 210

The purpose of this concurrent resolution is to request that the Public Utilities Commission (PUC) review and reconsider its previous approval of Docket No. 7040, Decision and Order No. 11463, regarding the installation of a 46 kV overhead circuit along Kunia Road, and review its approval and completion process.

Your Committee received testimony in support of this measure from Na Leo Pohai and an interested citizen. Testimony opposing the measure was received from the PUC, the Consumer Advocate, and Hawaiian Electric Company, Inc.

Your Committee recognizes that the PUC followed the public notice requirements and conducted a public hearing. Due process was afforded the affected citizens.

Your Committee finds however that the sixty-seven foot tall steel pylons which are used to hold the 46 kV overhead circuits are unsightly and may affect the value of those residential properties affected.

Your Committee amended the concurrent resolution by:

- (1) Adding additional language relating to the installation of 46 kV overhead lines on steel pylons on Lanikaula and Kalawao Streets in Manoa;
- (2) Amending references to electromagnetic field radiation to electromagnetic field emission;
- (3) Rearranging the paragraphs;

- (4) Transmitting additional certified copies of the concurrent resolution to the Chief Engineer of the City and County of Honolulu Department of Public Works and the Manoa Neighborhood Board; and
- (5) Amending the title to read:

"REQUESTING THE PUBLIC UTILITIES COMMISSION TO REVIEW AND RECONSIDER ITS PREVIOUS APPROVAL OF DOCKET NO. 7040, DECISION AND ORDER NO. 11463, WITH REGARD TO THE INSTALLATION OF A 46 KV OVERHEAD CIRCUIT ALONG KUNIA ROAD, AND THE INSTALLATION OF A 46 KV OVERHEAD CIRCUIT ON LANIKAULA AND KALAWAO STREETS IN MANOA, AND REVIEW ITS APPROVAL PROCESS."

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 210, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 210, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Solomon, Tanaka).

SCRep. 3127 (Joint) Education and Human Resources on S.C.R. No. 20

The purpose of this concurrent resolution is to request a management and financial audit of the school-to-work opportunities system.

Your Committees received testimony in support of the intent of this measure from the Department of Education, the School-to-Work Executive Council, and Hawaiian Electric Company, Inc. The Department of Labor and Industrial Relations and one individual submitted comments.

Your Committees find that both students and businesses benefit for this program, but that concerns regarding the safety inspections and student monitoring must be addressed quickly if the program is to succeed.

Your Committees have amended this concurrent resolution to:

- (1) Clarify that implementation of the safety inspection requirement has been delayed, thereby delaying the provision of workers' compensation insurance for the students;
- (2) Add a new WHEREAS clause, concerning school personnel who may not be adequately monitoring the school attendance and academic performance of those students who are working too many hours per week or who are working too late on evenings preceding school days;
- (3) Clarify the language in the BE IT RESOLVED clause, regarding the transition from the current five-year federal funding commitment to possible funding that may include a blending of funds from federal, State, and private sources; and
- (4) Add a review of the adequacy of the monitoring of student attendance and academic performance of students who are working too many hours per week or who are working too late on evenings preceding school days.

As affirmed by the records of votes of the members of your Committees on Education and Human Resources that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 20, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 20, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 5 (Fernandes Salling, Fukunaga, Ige, M., Sakamoto, Solomon).

SCRep. 3128 Education on S.C.R. No. 67

The purpose of this concurrent resolution is to request the Department of Education to prepare an action plan to implement the recommendations of the Far West Laboratory for Educational Research and Development and the Auditor concerning the school/community-based management system.

Your Committee received comments on this measure from the Department of Education.

Your Committee finds that while the Department of Education has implemented some of the recommendations of these two agencies, there is no written plan for implementation and there is public confusion over communication issues.

Your Committee has amended this concurrent resolution to include a timetable and communications structure as part of the action plan.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 67, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 67, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3129 Education on S.R. No. 28

The purpose of this resolution is to request the Department of Education to prepare an action plan to implement the recommendations of the Far West Laboratory for Educational Research and Development and the Auditor concerning the school/community-based management system.

Your Committee received comments on this measure from the Department of Education.

Your Committee finds that while the Department of Education has implemented some of the recommendations of these two agencies, there is no written plan for implementation and there is public confusion over communication issues.

Your Committee has amended this resolution to include a timetable and communications structure as part of the action plan.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 28, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 28, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3130 Education on S.C.R. No. 73

The purpose of this concurrent resolution is to request the Department of Education to adhere to the recommended school clerical staffing standards and priority staffing guidelines contained in the 1990 school and district office clerical staffing study.

Your Committee has amended this concurrent resolution to:

- (1) Retitle it "REQUESTING THE UNIVERSITY OF HAWAII TO ESTABLISH SISTER UNIVERSITY RELATIONSHIPS WITH THE SUN YAT-SEN UNIVERSITY OF MEDICAL SCIENCES";
- (2) Replace the WHEREAS clauses to reflect the importance of sister state relationships among nations of Asia and the Pacific; and
- (3) Request the University of Hawaii to establish sister university relationships with the Sun Yat-sen University of Medical Sciences, in Guangzhou, Guangdong, People's Republic of China.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 73, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 73, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3131 Education on S.R. No. 34

The purpose of this resolution is to request the Department of Education to adhere to the recommended school clerical staffing standards and priority staffing guidelines contained in the 1990 school and district office clerical staffing study.

Your Committee has amended this resolution to:

- (1) Retitle it "REQUESTING THE UNIVERSITY OF HAWAII TO ESTABLISH SISTER UNIVERSITY RELATIONSHIPS WITH THE SUN YAT-SEN UNIVERSITY OF MEDICAL SCIENCES";
- (2) Replace the WHEREAS clauses to reflect the importance of sister state relationships among nations of Asia and the Pacific; and
- (3) Request the University of Hawaii to establish sister university relationships with the Sun Yat-sen University of Medical Sciences, in Guangzhou, Guangdong, People's Republic of China.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 34, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 34, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3132 Education on S.C.R. No. 102

The purpose of this concurrent resolution is to urge all schools in Hawaii to include music as a regular and integral part of their core curriculum.

Your Committee received testimony in support of the concurrent resolution from the Dean of the College of Arts and Humanities of the University of Hawaii, Task Force on Music Education in Hawaii, Hawai'i Music Educator's Association, and three concerned music educators. The Superintendent of Education and Interim Dean of the College of Education of the University of Hawaii submitted testimony supporting the intent of the measure.

Your Committee believes, primarily based on the dedicated efforts of the Task Force on Music Education in Hawaii, that art and music education in the State's schools are critical to foster creativity, teach effective communication skills, provide tools for critical assessment of the world, and instill abiding values of self-discipline and commitment.

Your Committee amended this concurrent resolution by expanding to all forms of art education, the request to the schools to include music education as a regular and integral part of their core curriculum, and by adding the Speaker of the House of Representatives to the list of recipients of certified copies of the measure.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 102, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 102, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3133 Education on S.R. No. 47

The purpose of this resolution is to urge all schools in Hawaii to include music as a regular and integral part of their core curriculum.

Your Committee received testimony in support of the concurrent resolution from the Dean of the College of Arts and Humanities of the University of Hawaii, Task Force on Music Education in Hawaii, Hawai'i Music Educator's Association, and three concerned music educators. The Superintendent of Education and Interim Dean of the College of Education of the University of Hawaii submitted testimony supporting the intent of the measure.

Your Committee believes, primarily based on the dedicated efforts of the Task Force on Music Education in Hawaii, that art and music education in the State's schools are critical to foster creativity, teach effective communication skills, provide tools for critical assessment of the world, and instill abiding values of self-discipline and commitment.

Your Committee amended this resolution by expanding to all forms of art education, the request to the schools to include music education as a regular and integral part of their core curriculum, and by adding the Speaker of the House of Representatives to the list of recipients of certified copies of the measure.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 47, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 47, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3134 Economic Development on H.B. No. 2878

The purpose of this bill is to give the Department of Land and Natural Resources (DLNR) the authority to adopt temporary administrative rules relating to various fishing regulations.

Testimony opposing the bill was presented at the hearing by representatives of the Hawaii Nearshore Fishing Association who have grave concerns about the effect of this bill on commercial fishing in Hawaii.

Your Committee has amended this bill by:

- (1) Removing the requirement that DLNR report to the legislature regarding the rules adopted;
- (2) Making rules enacted by DLNR permanent rather than temporary;
- (3) Repealing the following sections in the Hawaii Revised Statutes:
 - (a) Section 188-25 Fishing with firearms and spears;
 - (b) Section 188-29 Nets and traps;
 - (c) Section 188-29.1 Prohibition on disposal of fishing gear;
 - (d) Section 188-30 Fine meshed throw nets; possession, sale;
 - (e) Section 188-30.2 Fishing with gill nets; prohibited;
 - (f) Section 188-41 Dried nehu and iao;
 - (g) Section 188-46 Opelu fishing regulated; and
 - (h) Section 188-58 Crustaceans with eggs;

and
- (4) Providing for the reenactment of all sections affected by this bill on June 30, 1999.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2878, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2878, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Chumbley, Levin, McCartney).

SCRep. 3135 Human Resources on S.C.R. No. 159

The purpose of this concurrent resolution is to request all state employees to use the word "aloha" as an official greeting when meeting the public or answering phone calls from the public.

Testimony in support of the concurrent resolution was received from the Department of Business, Economic Development, and Tourism, the Office of Hawaiian Affairs, the Department of Education, the Mayor of the City and County of Honolulu, a member of the City Council of the City and County of Honolulu, and the Aloha Preservation Association.

Your Committee finds that it is important to promote the Hawaiian language and the aloha spirit in the manner requested in this concurrent resolution.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 159 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga Sakamoto).

SCRep. 3136 Judiciary on S.C.R. No. 200

The purpose of this concurrent resolution, as received by your Committee is to request the Hawaii Paroling Authority to review material relevant to "lap dancing" cases and to exercise all remedial options available to ensure the preservation of justice.

Your Committee finds that the Kauai case was decided on a never used interpretation of the prostitution laws. Your Committee further notes that this unique prosecution resulted in the maximum allowable state sentence of five years. Furthermore, your Committee finds there needs to be a review of this case by both the Hawaii Paroling Authority and the Department of Public Safety to see if there are any remedial options such as house arrest and work furlough to ensure the preservation of justice.

Testimony in support of this measure was submitted by the Hawaii Paroling Authority, Hawaii Women's Political Caucus, and a private citizen.

Upon further consideration, your Committee has amended this concurrent resolution by:

- (1) Directing the Department of Public Safety to be included in the review; and
- (2) Making clarifications as to what types of remedial options should be reviewed.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 200 as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 200, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, Sakamoto).

SCRep. 3137 Judiciary on S.C.R. No. 201

The purpose of this concurrent resolution is to request the Judicial Selection Commission to hold public hearings and consider judicial conduct in the course of evaluating judges for retention in office.

Your Committee finds that there is currently limited opportunity for public input in the process of retaining a justice or judge. Your Committee further finds that public hearings would provide citizens a valuable forum and opportunity to express opinions and concerns about their experiences with judges and would promote greater public confidence in the judicial selection and retention process.

Testimony in support of this measure was submitted by Common Cause Hawaii. Testimony was also submitted by the Hawaii State Bar Association Legislation Committee and the Judicial Selection Commission.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 201 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3138 Commerce, Consumer Protection, and Information Technology on H.B. No. 2331

The purpose of this bill is to require that only identifying information for officers of associations of apartment owners, and contact information for a designated officer are necessary for registration with the real estate commission.

Your Committee received testimony in support of this measure from the Real Estate Commission.

Your Committee finds that both the communication needs of the real estate commission and the privacy concerns of the officers of associations of apartment owners have been addressed by this bill.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2331, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Kanno, Tanaka).

SCRep. 3139 Commerce, Consumer Protection, and Information Technology on H.B. No. 2519

The purpose of this bill is to repeal the requirement that the state ethics commission maintain a list of all persons who examine the financial disclosure statement of certain public officials.

Your Committee received testimony in support of this measure from the Hawaii State Ethics Commission.

Your Committee finds that section 84-31.5, Hawaii Revised Statutes, which requires the maintenance of a list of all persons examining public financial disclosure records was held to be unconstitutional by the circuit court of the first circuit in Boyer v. State of Hawaii, Civil No. 90-3514-11.

Your Committee further finds that the court noted that the constitutional right to freedom of speech includes the fundamental right to receive information, and the right to petition government for a redress of grievances is fundamental to the right to receive information.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2519 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Kanno, Tanaka).

SCRep. 3140 Commerce, Consumer Protection, and Information Technology on H.B. No. 2791

The purpose of this bill is to update the enabling laws for the Business Action Center.

Specifically, this bill:

- (1) Renames the Business Permits Service Center, the Business Action Center (Center);
- (2) Augments Center duties; and
- (3) Repeals obsolete Center duties.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism and the Hawai'i Restaurant Association.

Your Committee finds that the Business Action Center facilitates the permitting process necessary to engage in business activities within the State by providing information and services.

Your Committee further finds that updating chapter 201, Hawaii Revised Statutes, to incorporate technological advances assists in easing the time and expense constraints associated with fulfilling the requirements for doing business in Hawaii.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2791, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Kanno, Tanaka).

SCRep. 3141 Commerce, Consumer Protection, and Information Technology on H.B. No. 2844

The purpose of this bill is to repeal the sunset date for mandatory insurance coverage for the treatment of mental illness, drug abuse, and alcohol dependence.

Your Committee received testimony in support of the measure from the Department of Human Services, the State Judiciary, the Department of Public Safety, Hawaii Psychological Association, Equal Insurance Coalition, Hawaii Psychiatric Medical Association, Kaiser Permanente, Hawaii State Teachers Association, Legal Aid Society, Nami Oahu, Hawaii Substance Abuse Coalition, Hawaii Nurses' Association, and Hawaii Government Employees Association.

Your Committee finds that mental health and substance abuse treatment services are an essential and integral component of the overall health care system.

Your Committee further finds that untreated mental illness and drug or alcohol dependency result in enormous costs to society through crimes against persons and property, prison overcrowding, domestic abuse, highway fatalities, the spread of AIDS, and unemployment.

Your Committee notes that national data indicates that every dollar spent on treating mental illness saves \$4 to \$6 in medical costs, and every dollar spent on treating substance abuse saves \$8 to \$10 in medical costs.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2844, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Kanno, Tanaka).

SCRep. 3142 (Majority) Commerce, Consumer Protection, and Information Technology on H.B. No. 2899

The purpose of this bill is to allow state boards to hold meetings closed to the public for the purpose of considering matters relating to private donations.

Your Committee received testimony previously when it heard the companion measure, Senate Bill No. 2915.

Your Committee finds that oftentimes persons making large donations request that their identity be kept confidential.

Your Committee further finds that it is in the best interest of the State to respect the wishes of these persons.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2899 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, 1 (Slom). Excused, 3 (Chun Oakland, Kanno, Tanaka).

SCRep. 3143 Commerce, Consumer Protection, and Information Technology on H.B. No. 2823

The purpose of this bill is to clarify and conform the numerous sections of the motor vehicle insurance law as passed in Act 251, Session Laws of Hawaii 1997.

The Insurance Commissioner of the Department of Commerce and Consumer Affairs submitted testimony in support of the bill, as did State Farm Insurance Companies, the Consumer Lawyers of Hawaii and the Hawaii Insurers Council. Others such as the Hawaii Chiropractic Association and the American Massage Therapy Association submitted testimony in support of selected provisions of the bill.

Prior to passage of Act 251, Hawaii's driving public paid the second highest auto insurance premiums in the country. Act 251 therefore became the Legislature's response to these concerns, and significantly changed the motor vehicle insurance law in Hawaii.

The current bill makes several technical corrections and amendments to clarify the intent of Act 251.

All references relate to sections in Chapter 431:10C (Motor Vehicle Insurance), unless otherwise specified. The bill as received:

1. Added the option for opposing parties to elect arbitration of claims as an alternative to costly and time consuming lawsuits.
2. Added new definitions for "motor vehicle insurance policy" and "monthly earnings"; amends definition of "insured" and "person receiving public assistance benefits"; repeals definition for "personal injury protection policy."
3. Clarified that therapeutic massage by a licensed massage therapist pursuant to prescription is a permitted treatment.
4. Extended amnesty program for uninsured motorists to December 31, 1998. This allows uninsured motorists to reenter motor vehicle (MV) insurance market without being surcharged for failure to have insurance, and accommodates insurers in future rate adjustment if they voluntarily complied prior to January 1, 1998.
5. Required that fees collected from MV insurers for audits, inspections, and related services performed by the Insurance Commissioner go into insurance examiners revolving fund, rather than the general fund.
6. Excluded MV insurance group plans from mass merchandising restrictions.
7. Deleted the provision prohibiting an insurer from altering, adjusting or offsetting a judgment or settlement to compensate for the maximum covered loss deductible.
8. Required optional insurance coverage offerings for commercial MV insurance policies, except for wage loss, death, managed care provider selection and similar co-insurance options, and nonmedical remedial care (naturopathy, acupuncture, and others).
9. Clarified wage loss benefits to multiples of \$500 a month up to a maximum wage loss benefit of \$3000 per accident per person, with a upper limit of \$2000 per month up to a maximum of \$12,000 per accident. This change allows wage loss benefits to be received in a minimum six months, or for intermittent periods of time so long as the valid claim is within limits.

10. Amended death benefits to pay proceeds to estate rather than named beneficiaries.
11. Required availability of optional chiropractic treatment up to specified levels, in addition to basic coverage for those desiring more chiropractic coverage.
12. Increased costs of preparing report to insurer up to \$20 per page, and up to a maximum of \$75 a report.
13. Specified a separate statute of limitations for uninsured motorist claims.
14. Replaced the word "nonremedial" with the phrase "nonmedical remedial care" in referring to certain unavailable optional coverage. Old language prevented licensed massage therapists from providing services under Act 251.
15. Amended the managed care option provision to make the offering by insurers discretionary rather than mandatory.
16. Clarified which personal injury protection (PIP) benefits attributable to eligible injured person will apply to the \$5,000 deductible. These shall include, over and above standard "personal injury protection" benefits, those similar benefits from social security, worker's compensation, or public assistance; applicable amounts of co-payments paid or incurred; amounts paid by the health insurer up to amounts allowed for those persons excluded from standard PIP benefits; certain defined health maintenance organization benefits; and limited amounts for physical therapy and chiropractic benefits.
17. Added drivers convicted of driving under the influence of marijuana to included classes in joint underwriting plan.
18. Made several nonsubstantive, technical, clarifying and conforming changes to the statute.

Numerous amendments to the bill as received were suggested in the testimony of the Insurance Commissioner, and others. Your Committee amended the bill, as further described below. The amended bill:

1. Adds "therapeutic massage by a license massage therapist when prescribed by a medical doctor" to PIP benefits, and clarifies provision of physical therapy to prescription by a medical doctor.
2. Specifies the particular chiropractic guidelines that define treatment, and allows five x-rays at no more that \$50 to coverage options.
3. Deletes rate consideration for those insurers who voluntarily provided "amnesty" consideration to their insured prior to January 1, 1998.
4. Adds language to allow Commissioner to adopt Chapter 91 rules without oversight of other agencies; incorporates language of SB 2598, which amends section 431:2-201.
5. Adds new language to prevent loss of any (premium) discounts for "not at fault" driver in accident. Current law prevents increases in premium in same situation.
6. Clarifies that a MV policy shall provide coverage for any operator using a vehicle with a "reasonable belief" that the person is entitled to operate the motor vehicle. Current law requires the operator to have the express or implied permission of the named insured.
7. Adds language to exclude benefits paid or incurred under any optional additional coverage from "covered loss deductible." Makes avoidance or nullifying of covered loss deductible by altering or offsetting deductible against judgment, settlement, or award, a statutory violation of MV code.
8. Gives insurers the discretion to offer optional chiropractic treatment benefits for not more than the lesser of either 30 visits at up to \$75 per visit, or treatment according to defined Hawaii Chiropractic guidelines in effect on January 25, 1997, and makes clear that this optional coverage is in addition to the chiropractic treatment provided elsewhere in the MV code.
9. Adds "passenger" to prohibition against payment of personal injury protection benefits under MV policy to operators of motorcycles or motor scooters, unless expressly covered in MV policy.
10. Adds exclusion of motorcycle and motor scooter passengers from MV PIP benefits for injury/death to motorcycle code, section 431:10G-301, to mirror same provision in MV code. Lowers dollar limits for motorcycle/motor scooter liability coverage from \$25,000 to "\$20,000 per person, with an aggregate limit of \$40,000 per accident" and lowers medical payment coverage from \$20,000 to \$10,000 limit. Also clarifies benefits coverage to conform to MV benefits.
11. Simplifies new language for "co-payments" and clarifies language for "amounts paid by or on behalf of injured person not entitled to PIP benefits" when considering what gets included in tort threshold amount.
12. Limits charges for independent medical examinations (IME) to work that includes record reviews, physical examinations, history taking and reports, and makes all records relating to the IME available to the claimant on his request.
13. Makes several nonsubstantive, technical, clarifying and conforming changes to statute.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2823, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2823, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Tanaka).

SCRep. 3144 Commerce, Consumer Protection, and Information Technology on H.B. No. 2672

The purpose of this bill is to clarify the scope, license requirements, and law applicability of pure captive insurance companies, risk retention captive insurance companies, and association captive insurance companies.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, the Hawaii Captive Insurance Council, and Hawaii Captive Insurance Management, Inc.

Your Committee finds that this measure would allow Hawaii to maintain its attractiveness as one of the premier captive insurance domiciles in the United States and the Pacific Rim.

Your Committee further finds that the continued growth of the captive insurance industry is important to Hawaii's economy as the industry provides job opportunities in the professional sector, funds for deposit in Hawaii's financial institutions, a source of taxes, and further enhancement of the State's image as a business center in the Pacific.

Your Committee amended the bill by adding the contents of two other measures relating to captive insurance companies which:

- (1) Authorize the Insurance Commissioner to approve service providers to captive insurance companies; and
- (2) Amend the definition of a "captive insurance company" to include risk retention captive insurance companies.

Your Committee also made technical, nonsubstantive changes for clarity and proper drafting style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2672, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2672, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Kanno).

SCRep. 3145 Commerce, Consumer Protection, and Information Technology on H.B. No. 2675

The purpose of this bill is to establish the use of an instrument or contract that eliminates or diminishes the protections that a bond provides to a homeowner for home construction or improvement as an unfair deceptive trade practice.

Your Committee's hearing notice on this bill informed the public that the contents of this bill would be replaced with the contents of Senate Bill Nos. 2588, S.D. 1, 2589, S.D. 1, 2595, S.D. 1, 2602, S.D. 1, 2610, S.D. 1, and 3232, S.D. 2. These bills replace the state constructed exams for chiropractors, landscape architects, veterinarians, land surveyors, and dentists with national or regional exams, and abolish certain professional boards and commissions.

Accordingly, your Committee received testimony supporting continued discussion on the subject matters covered by this measure from the Department of Commerce and Consumer Affairs. Testimony in opposition to this measure was received from the Board of Barbering & Cosmetology, the Board of Chiropractic Examiners, the Board of Massage Therapy, the Board of Medical Examiners, the Board of Examiners in Optometry, the Board of Osteopathic Examiners, the Pest Control Board, the Board of Pharmacy, the Board of Physical Therapy, the Board of Professional Engineers, Architects, Surveyors, and Landscape Architects, the Board of Psychology, the Board of Public Accountancy, the Board of Speech Pathology and Audiology, the Board of Veterinary Examiners, the Board of Acupuncture, Hawaii Medical Association, the Hawaii State Chiropractic Association, Hawaii Dental Association, Inaba Engineering, Inc., the Instructors of Cosmetology, a petition from licensed beauty operators with 38 signatures, a petition of public consumers with 60 signatures, and 13 interested citizens.

Your Committee finds that the professions affected by the change to a national or regional exam have, in the past, experienced pass rates on state constructed exams that fell below seventy percent. Low pass rates are a cause of concern since they subject the State to possible antitrust litigation. Your Committee further finds that national or regional exams exist for these professions and are viable alternatives to state constructed exams.

The abolition of certain professional and vocational licensing boards and commissions is a means of streamlining government and a method of inducing further discussion. Your Committee notes that government streamlining is a difficult and sometimes painful process. However, the Department of Commerce and Consumer Affairs is statutorily authorized to convene panels in order to obtain the views and recommendations of the various professions.

Your Committee amended the bill, as stated above, by deleting its contents and inserting language that:

- (1) Abolishes certain professional and vocational licensing boards and commissions;
- (2) Substitutes a national or regional exam for chiropractors, landscape architects, veterinarians, land surveyors, and dentists; and
- (3) Makes technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2675, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2675, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Levin, Solomon, Tanaka).

SCRep. 3146 Commerce, Consumer Protection, and Information Technology on H.B. No. 2701

The purpose of this bill is to prohibit telecommunications carriers, with the exception of wireless carriers, from changing a subscriber's selection of a long distance carrier without the customer's knowledge or consent.

The bill also provides administrative penalties for violations of this Act.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, GTE Hawaiian Tel, AT&T, and Oceanic Communications.

Your Committee finds that in the telecommunications industry, the term "slamming" stands for the unauthorized changing of a customer's long distance carrier.

Your Committee further finds that the 1996 Telecommunications Act was enacted in response to "slamming" complaints received by the Federal Communications Commission (FCC). As a result of the Act, the FCC established rules that impose comprehensive recordation and verification procedures on all carriers to authenticate requests for changes in telecommunication carriers.

Your Committee further finds that while the 1996 Telecommunications Act vests the FCC with rulemaking authority over "slamming" issues, it expressly gives local authority supplemental jurisdiction to enforce the FCC rules.

By federal law, wireless carriers have the authority to select the long distance provider on behalf of their customers. Therefore, your Committee finds that since a wireless customer does not select their cellular long distance carrier, "slamming" does not occur.

Your Committee amended the bill by correcting the United States Code citation and making other technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2701, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2701, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 1 (Kanno).

SCRep. 3147 Commerce, Consumer Protection, and Information Technology on H.B. No. 2814

The purpose of this bill is to allow psychologists, licensed twenty years or more, to qualify for Hawaii licensure based on the total number of consecutive years of licensure, when licensed in more than one state or jurisdiction.

This measure allows psychologists to qualify for licensure as senior psychologists, if they have taken the Examination for Professional Practice in Psychology and obtained a score which was equivalent or greater than Hawaii's passing score for that administration of the examination.

Your Committee received no testimony for H.B. No. 2814.

Your Committee finds that this bill is companion to S.B. No. 2825 which was heard by your Committee and passed third reading in the Senate on March 10, 1998.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your committee is in accord with the intent and purpose of H.B. No. 2814 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Tanaka).

SCRep. 3148 Commerce, Consumer Protection, and Information Technology on H.B. No. 2855

The purpose of this bill is to recognize nurse midwives as advanced practice registered nurses under chapter 457, Hawaii Revised Statutes.

Your Committee received testimony in support of this measure from the Board of Nursing. The Department of Health offered clarifying comments.

Your Committee finds that in 1994, the Department of Commerce and Consumer Affairs (DCCA) added advanced practice registered nurses, which includes nurse midwives to chapter 457, Hawaii Revised Statutes (HRS), which regulates the practice of nurses.

Your Committee further finds that on September 5, 1997, DCCA's administrative rules for advanced practice registered nurses became effective.

Your Committee further finds that repealing part XXXI of chapter 321, HRS, will eliminate statute duplication and help to streamline government by placing nurse midwives under the jurisdiction of one, rather than two, departments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2855, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Kanno, Tanaka).

SCRep. 3149 Economic Development on S.C.R. No. 95

The purpose of this concurrent resolution is to request the Board of Agriculture to adopt stringent rules to prevent abusive and exploitive treatment of live exotic animals in traveling exhibits.

Testimony supporting this measure was presented at the hearing by a representative of Animal Rights Hawaii and a concerned citizen.

Testimony opposing this measure was presented at the hearing by the Chairperson of the Board of Agriculture and a representative of Pacific Management Consultants, Inc. Written testimony opposing this measure was received from Ringling Brothers and Barnum & Bailey.

Your Committee finds that rules have been adopted to protect animals in traveling exhibits. Your Committee also finds that enforcement of these rules could be improved if the Department of Agriculture works with groups concerned with the welfare of animals in enforcing the rules.

Your Committee has amended this concurrent resolution by:

- (1) Revising the language so that the Board of Agriculture is requested to develop protocols to work with Animal Rights Hawaii, the Hawaiian Humane Society, and other interested groups to prevent the abuse and exploitation of animals in traveling exhibits;
- (2) Adding the President of the Hawaiian Humane Society to the list of people receiving a copy of the concurrent resolution; and
- (3) Changing the title.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 95, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 95, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, Levin, Matsunaga).

SCRep. 3150 Transportation and Intergovernmental Affairs on S.C.R. No. 71

The purpose of this concurrent resolution is to urge the United States Department of Defense to designate Pearl Harbor as the homeport of an aircraft carrier, and to proceed with all actions necessary to move the aircraft carrier, including its air wing, assigned personnel, and their dependents to their new homeport.

Your Committee received testimony in support from the Department of Business, Economic Development, and Tourism, and the Department of Transportation.

Your Committee has been informed by the Department of Transportation that the Naval Air Station Barbers Point Community Redevelopment Plan proposes that Kalaeloa Airport be used primarily as a general aviation airport, and that future plans need to be revised to accommodate the aircraft carrier airwing.

Further, your Committee finds that the addition of a Navy carrier at Pearl Harbor would provide immediate stimulus to the local economy by contributing thousands of new jobs and millions of dollars of revenues. It also would secure Hawaii's position as an important element of the Navy's ability to maintain its readiness and project its forces into the Pacific Ocean in a timely and effective manner.

Your Committee has amended this concurrent resolution by:

- (1) Designating that the Department of Business, Economic Development, and Tourism, in partnership with the City and County of Honolulu, and the private industry, determine the feasibility of providing to the Department of Defense, an incentive package for the opportunity to homeport an aircraft carrier battle group at Pearl Harbor; and
- (2) Including in this incentive package to the Department of Defense the following:
 - (A) The use of Barbers Point Naval Air Station;
 - (B) The construction of facilities necessary to support the battle group, with resources from the public and private sectors;
 - (C) The convening of a study group to determine alternative strategies and resources of supporting the battle group; and
- (3) Adding that a certified copy of this concurrent resolution be transmitted to the Director of Business, Economic Development, and Tourism.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 71, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 71, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 3151 Transportation and Intergovernmental Affairs on S.R. No. 32

The purpose of this resolution is to urge the United States Department of Defense to designate Pearl Harbor as the homeport of an aircraft carrier, and to proceed with all actions necessary to move the aircraft carrier, including its air wing, assigned personnel, and their dependents to their new homeport.

Your Committee received testimony in support from the Department of Business, Economic Development, and Tourism, and the Department of Transportation.

Your Committee has been informed by the Department of Transportation that the Naval Air Station Barbers Point Community Redevelopment Plan proposes that Kalaeloa Airport be used primarily as a general aviation airport, and that future plans need to be revised to accommodate the aircraft carrier airwing.

Further, your Committee finds that the addition of a Navy carrier at Pearl Harbor would provide immediate stimulus to the local economy by contributing thousands of new jobs and millions of dollars of revenues. It also would secure Hawaii's position as an important element of the Navy's ability to maintain its readiness and project its forces into the Pacific Ocean in a timely and effective manner.

Your Committee has amended this resolution by:

- (1) Designating that the Department of Business, Economic Development, and Tourism, in partnership with the City and County of Honolulu, and the private industry, determine the feasibility of providing to the Department of Defense, an incentive package for the opportunity to homeport an aircraft carrier battle group at Pearl Harbor; and
- (2) Including in this incentive package to the Department of Defense the following:
 - (A) The use of Barbers Point Naval Air Station;
 - (B) The construction of facilities necessary to support the battle group, with resources from the public and private sectors;
 - (C) The convening of a study group to determine alternative strategies and resources of supporting the battle group; and
- (3) Adding that a certified copy of this resolution be transmitted to the Director of Business, Economic Development, and Tourism.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 32, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 32, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 3152 Transportation and Intergovernmental Affairs on S.C.R. No. 72

The purpose of this concurrent resolution is to strongly urge the Department of Transportation to allow vanpool vehicles, commercial vehicles, and vehicles carrying two or more occupants, to use the "Zipper Lane" when it begins operation. Presently, buses, emergency vehicles, and vehicles carrying three or more persons, are authorized to use the zipper lane.

Your Committee received testimony in support of this concurrent resolution from the Hawaii Transportation Association, the Mililani Mauka/Launani Valley Neighborhood Board No. 35, and one concerned citizen of Hawaii.

Your Committee received testimony in opposition of this concurrent resolution from the Hawaii Chapter of the Sierra Club, the Mililani/Waipio/Melemanu Neighborhood Board No. 25, and the Department of Transportation. The Leeward Oahu Transportation Management Association submitted testimony requesting for this concurrent resolution to be deferred until the zipper lane has had a chance to operate as planned by the Department of Transportation.

Your Committee believes that traffic congestion, particularly from downtown to Leeward Oahu, will be relieved by allowing vanpool vehicles, commercial vehicles, and vehicles with two or more occupants, are able to use the zipper lane.

Your Committee has amended this concurrent resolution by:

- (1) Urging the Department of Transportation to determine the feasibility of extending the use of the "Zipper Lane" to the makai lanes of the highway to relieve traffic congestion from the downtown to the Leeward Oahu direction; and
- (2) Requesting that the Department of Transportation submit a report of its findings and recommendations to the Legislature no later than twenty days prior to the convening of the regular session of 1999.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 72, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 72, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 3153 Transportation and Intergovernmental Affairs on S.R. No. 33

The purpose of this resolution is to strongly urge the Department of Transportation to allow vanpool vehicles, commercial vehicles, and vehicles carrying two or more occupants, to use the "Zipper Lane" when it begins operation. Presently, buses, emergency vehicles, and vehicles carrying three or more persons, are authorized to use the zipper lane.

Your Committee received testimony in support of this concurrent resolution from the Hawaii Transportation Association, the Mililani Mauka/Launani Valley Neighborhood Board No. 35, and one concerned citizen of Hawaii.

Your Committee received testimony in opposition of this concurrent resolution from the Hawaii Chapter of the Sierra Club, the Mililani/Waipio/Melemanu Neighborhood Board No. 25, and the Department of Transportation. The Leeward Oahu Transportation Management Association submitted testimony requesting for this concurrent resolution to be deferred until the zipper lane has had a chance to operate as planned by the Department of Transportation.

Your Committee believes that traffic congestion, particularly from downtown to Leeward Oahu, will be relieved by allowing vanpool vehicles, commercial vehicles, and vehicles with two or more occupants, are able to use the zipper lane.

Your Committee has amended this resolution by:

- (1) Urging the Department of Transportation to determine the feasibility of extending the use of the "Zipper Lane" to the makai lanes of the highway to relieve traffic congestion from the downtown to the Leeward Oahu direction; and
- (2) Requesting that the Department of Transportation submit a report of its findings and recommendations to the Legislature no later than twenty days prior to the convening of the regular session of 1999.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 33, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 33, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 3154 Transportation and Intergovernmental Affairs on S.C.R. No. 74

The purpose of this concurrent resolution is to urge Hawaii's congressional delegation to endorse the development and implementation of Free Flight as described in the air traffic management plan known as Flight 2000.

Testimony in support of this measure was received from the Office of the Lieutenant Governor and the Department of Transportation.

Your Committee finds that during the period of evaluation of the Flight 2000 Program, Hawaii will have the opportunity to benefit from the advantages inherent in the Free Flight format along with a realization of a portion of the funds which the Federal Aviation Agency is planning to budget for the test program.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 74 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 3155 Transportation and Intergovernmental Affairs on S.R. No. 35

The purpose of this resolution is to urge Hawaii's congressional delegation to endorse the development and implementation of Free Flight as described in the air traffic management plan known as Flight 2000.

Testimony in support of this measure was received from the Office of the Lieutenant Governor and the Department of Transportation.

Your Committee finds that during the period of evaluation of the Flight 2000 Program, Hawaii will have the opportunity to benefit from the advantages inherent in the Free Flight format along with a realization of a portion of the funds which the Federal Aviation Agency is planning to budget for the test program.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 35 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 3156 Transportation and Intergovernmental Affairs on H.B. No. 92

The purpose of this bill is to regulate the registration of special interest vehicles. This bill defines the term "special interest vehicle" to mean a vehicle of any age that, because of its significance, is being collected, preserved, restored, or maintained by a collector; including a street rod vehicle and a street rod replica vehicle; a vehicle manufactured before 1949; and a vehicle manufactured after 1948 to resemble a vehicle manufactured before 1949. It also exempts special interest vehicles from requirements for reconstructed vehicles.

Although your Committee received testimony in support of a proposed Senate draft from Young Brothers, Ltd., no testimony was received on this bill as received.

Your Committee finds that the current law relating to the documentation required for the interisland shipping of motor vehicles by the registered and legal owners of vehicles is excessively cumbersome, anti-consumer, and anti-business, and streamlining the process is necessary and long overdue. Further, your Committee finds merit in providing more flexibility for county police officers to inspect the title or registration of motor vehicles and motor vehicle components, and believes this will benefit locating and apprehending those persons who operate illegal "chop shops".

Your Committee also sought to "level the playing field" for non-resident owners of out-of-state motor vehicles by allowing them to register their motor vehicles within thirty days, instead of ten days, which is similar to Hawaii residents who ship their motor vehicles from the mainland to Hawaii. Also, your Committee wished to clarify the definition of "identifiable vehicle component" for purposes of consistency.

Your Committee has amended this bill by:

- (1) Replacing the contents of this bill with Senate Bill No. 3094, S.D. 2, which facilitates interisland shipping of vehicles by allowing more flexibility in permitted documentation. It also provides certain exceptions for government owned and operated vehicles, motorcycles, licensed dealers who ship ten or more vehicles, and rental motor vehicles; and
- (2) Adding language of Senate Bill No. 2556, S.D. 2, which allows county police officers to inspect vehicles and vehicle components for title or registration of vehicles and vehicle components in specified regulated facilities to establish rightful ownership; and
- (3) Adding section 286-54, Hawaii Revised Statutes, which allows the owner of an out-of-state motor vehicle to register that vehicle within thirty days, instead of ten days, of operating the vehicle in Hawaii; and
- (4) Clarifying the definition of "identifiable vehicle component" to include any component of a motor vehicle, including motor block or part that can be distinguished from similar components by a serial number or other unique distinguishing number, sign, or symbol, and deleting references to "motor" from the definition.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 92, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 92, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 3157 Water, Land, and Hawaiian Affairs on H.B. No. 3138

The purpose of this bill is to permit counties to transfer development rights between two lots, parcels, or areas of land.

Your Committee finds that a Transfer of Development Rights (TDR) program may ensure that both the important natural habitat and the economic value of private lands are protected.

Your Committee further finds that TDRs could be used as an effective land use planning tool to encourage creative land use planning for the future, thereby fostering constructive collaboration between landowners, communities, and government.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3138, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Tanaka).

SCRep. 3158 Education on H.B. No. 3167

The purpose of this bill is to require the Department of Education to submit the results of assessments of educational outcomes whenever feasible and appropriate cross-sectionally by school and longitudinally by student cohort, with the results available to the public.

Your Committee received testimony in support of this measure from the Department of Education.

Subsequently, your Committee proposed amendments to this measure to delete its contents and replace the contents with language to create two new sections in Chapter 302A, Hawaii Revised Statutes, to:

- (1) Establish a safety office to monitor health and safety programs within the department; and

- (2) Establish a statewide campus security program and comprehensive school safety plan.

Your Committee received favorable testimony on the proposed amendments from the Department of Education. The Department of Budget and Finance and one individual submitted testimony in opposition.

Your Committee has further amended this measure to add language requiring the Department of Education to provide an implementation plan for the study and instruction of technology in education for all grades of public schools, and submit the implementation plan to the legislature prior to September 1, 1998.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3167, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3167, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3159 Ways and Means on H.B. No. 2883

The purpose of this bill is to amend the boundaries of Kawainui Marsh for the fee simple transfer of the marsh from the City and County of Honolulu to the State.

Your Committee finds that the Kawainui Marsh serves a vital function as a wetland reserve for several bird species and as an ecologically important water resource in the flood plain management plan for the windward side of Oahu. It is important to preserve natural areas as urbanization creeps across the island. Marshlands like Kawainui Marsh are recognized today as critical habitats for wildlife which, when properly maintained, provides Hawaii and the whole earth with a balanced ecosystem.

Your Committee also finds that the State and the City and County of Honolulu have had an oral agreement for the transfer of these lands, but before the actual transfer can be made, an accurate description of the area is necessary. This bill is designed to provide that description.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2883, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Tam).

SCRep. 3160 Ways and Means on H.B. No. 2992

The purpose of this bill is to increase notary commission fees and to create a revolving fund for the notaries public program.

Your Committee finds that notaries public, whose functions include the very important attestation of legal documents such as wills, are vital to commerce and civil law. Many businesses could not function without the services of a notary public in banking, insurance, and government. Your Committee further finds that an increase in fees is warranted for at least two reasons: first, that the last increase was more than twenty years ago, in 1976, and second, that the creation of the revolving fund for the notaries public program will permit the program to become self-sufficient. By increasing the fees, your Committee hopes that the manual filing system now maintained by the Department of the Attorney General can be changed to a more efficient computerized version. Furthermore, the goal of self-sufficiency for the revolving fund is in keeping with the current state objective of reducing the dependence of programs on state funding.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2992, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Tam).

SCRep. 3161 Ways and Means on H.B. No. 2857

The purpose of this bill is to repeal the Chronic Renal Disease Assistance Program, which provides financial assistance for the care and treatment of persons with chronic renal disease.

Your Committee finds that, according to prior testimony by the Director of Health, the program is unnecessary because the targeted costs are now covered by Medicare and Medicaid.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2857 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Tam).

SCRep. 3162 Ways and Means on H.B. No. 2762

The purpose of this bill is to provide greater clarity as to the types of construction projects for which insurers may offer pooled liability insurance.

Specifically, this bill defines "specific construction project", "specific public works construction projects, or any other construction projects in the public interest", and "total construction project" to include projects with multiple sites or ongoing construction in phases.

Your Committee believes that these amendments will allow private as well as public construction projects to realize the cost savings available through pooled insurance.

Your Committee notes that this measure is substantially identical to S.B. No. 2778, S.D. 2, which was passed out earlier by your Committee.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2762, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 9. Noes, none. Excused, 4 (Ihara, McCartney, Tam, Anderson).

SCRep. 3163 Ways and Means on H.B. No. 3005

The purpose of this bill is to make various changes to the Housing and Community Development Corporation law that is scheduled to take effect on July 1, 1998.

Aside from technical housekeeping amendments, generally the bill:

- (1) Adds a definition of "income and revenues";
- (2) Amends or moves various other definitions;
- (3) Requires the Chairperson of the Rental Housing Trust Fund Advisory Commission to serve a concurrent term on the Board of the Housing and Community Development Corporation of Hawaii ("Corporation");
- (4) Clarifies the relationship between Corporation projects and Boards of Water Supply rates and fees;
- (5) Defers to the prevailing county housing code in determining permissible family size for Corporation projects;
- (6) Requires the Corporation instead of the Director of Finance to adopt rules for the state mortgage guarantee program; and
- (7) Corrects a number of organizational references.

Your Committee finds that this measure provides the fine tuning necessary to allow the Housing and Community Development Corporation law to be implemented in a timely manner.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3005, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 11. Noes, none. Excused, 2 (McCartney, Tam).

SCRep. 3164 (Majority) Ways and Means on H.B. No. 2985

The purpose of this bill is to allow the Board of Agriculture to use moneys from the irrigation systems account of the irrigation system revolving fund to contract for the operation or maintenance of irrigation and water utilization project facilities if this action is in the public interest.

Your Committee finds that state irrigation and water utilization project facilities are irreplaceable assets. Once they are lost to abuse or neglect, it will be either prohibitively expensive or politically infeasible to construct new irrigation and water utilization project facilities. While wooden flumes are vulnerable to wet rot, concrete flumes are vulnerable to root damage, and earthen tunnels and dams are vulnerable to collapse, routine maintenance can extend the useful lifespan of these facilities for many years to come and prevent the potentially ruinous interruption of water service to farmers.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2985, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 10. Noes, 1 (Ige, M.). Excused, 2 (McCartney, Tam).

SCRep. 3165 Ways and Means on H.B. No. 2361

The purpose of this bill is to increase the fees that may be charged by towing companies and to allow the payment of these fees by charge card or cash. More specifically:

- (1) Towing fees are increased to \$60 for using a dolly;
- (2) Storage fees will be \$15 per day or fraction thereof for the first seven days and \$10 per day thereafter;
- (3) Overtime charges between 6:00 p.m. and 6:00 a.m. will be \$15 per night;

- (4) Difficult hookups will be \$25;
- (5) The legal owner or lien holder must pay towing and storage charges for abandoned vehicles that must be removed because they are a hazard to traffic; and
- (6) Towing, storage, and settlement procedures are established as required by towing companies.

Your Committee finds that it has been seven years since the last increase in towing fees. In that time, cost of labor, land lease costs, fuel, and attendant personnel costs have gone up for towing companies. Towing companies provide a vital service that may not be apparent to the average citizen. Not only do towing companies clear the streets of abandoned vehicles but they also clear traffic lanes before rush hour by removing vehicles which obstruct traffic lanes. Without these services, traffic snarls could be worse than they already are.

Your Committee also finds that the new section of this bill which describes towing, storage, and settlement procedures make clear to everyone the steps a towing company will take for notifying a lien holder or a registered owner of a towed vehicle. These procedures will now be standardized and uniform across all towing companies in the State which should benefit the car-owning public and towing companies alike.

Your Committee amended this bill by specifying that the towing company's notice will include the telephone number of the "county finance department that arranged for or authorized the tow" instead of the more vague description, "appropriate county office", and the same amendment has been made for the language on the towing company's receipt.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2361, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2361, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Ihara, McCartney, Tam, Anderson).

SCRep. 3166 Ways and Means on H.B. No. 3489

The purpose of this bill is allow cruise boats that hold a sublease at Kewalo Basin to load and unload passengers at Honolulu Harbor when weather or other conditions do not permit the same at Kewalo Basin.

This bill will allow the Department of Transportation to approve on a space available basis the use of Honolulu Harbor by cruise boats when weather and other conditions do not allow the loading and unloading of passengers at Kewalo Basin. The Department may set fees according to the use of facilities.

Providing this type of flexibility will enhance the cruise boat industry's ability to provide better and safer service to its customers. Limiting this expanded use of the facilities in Honolulu Harbor to those who already have a sublease at Kewalo Basin will minimize the impact upon traffic in the harbor.

Your Committee has amended this bill as follows:

- (1) Limiting other conditions cruise boats are permitted to use Honolulu Harbor to road closures due to special events and road repairs;
- (2) Making a conforming amendment to section 266-19, Hawaii Revised Statutes, to correct a cross reference; and
- (3) Renumbering the remaining sections of the bill.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3489, H.D. 2, S.D. 1, and recommends that it pass Third Reading, in the form attached hereto as H.B. No. 3489, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Ige, M., Anderson).

SCRep. 3167 Government Operations and Housing on H.B. No. 3281

The purpose of this bill is to prohibit anyone contracted by an association of apartment owners (AOAO) to collect delinquent assessments against any owner's apartment from being compensated with any portion of any penalties or late charges collected.

Your Committee heard this bill on March 24, 1998. The Real Estate Commission, Representative of the 22nd District, and two attorneys submitted testimony in support of this bill.

Testimony indicated that under current law, an AOAO may contract to split late fees and penalties with a person hired to collect them. However, there have been alleged abuses occurring where the hired collector intentionally delays collection efforts in order to increase the base amount of late fees and penalties. As a result of the delayed collection and further delinquency of the maintenance fees being collected, the maintenance fees in general are increased to compensate.

Upon consideration of all pertinent issues and testimony presented, your Committee found that this bill prevents abuses with respect to the collection of maintenance fees and recommended that this bill pass, unamended on March 24, 1998.

Upon further consideration, your Committee reconsidered its action on this bill on April 7, 1998, and determined that the language of the bill needed further clarification to prevent misinterpretation. Thus, your Committee has amended this bill by clarifying that anyone contracted by an AOA to collect delinquent assessments is prohibited from sharing in any portion of the amounts collected.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3281, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3281, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 3168 Ways and Means on H.B. No. 2486

The purpose of this bill is to regulate the profession of marriage and family therapists.

Your Committee agrees with the intent of this bill, and finds that persons who seek mental health services are often extremely vulnerable and in great emotional pain, and therefore may not be able to readily discern unskilled and ill-prepared mental health professionals. Without state regulation, citizens may be at a disadvantage in determining who is qualified to treat mental and emotional disorders.

Your Committee finds that the regulation of marriage and family therapists is therefore necessary to protect the public from persons who profess to be marriage and family therapists but lack the necessary skills and training. Your Committee further finds that regulating the profession of marriage and family therapists will also make therapy insurance reimbursable, thereby giving more persons who are in need of therapy the opportunity to seek therapy.

While your Committee recognizes that the practice of marriage and family therapy involves some overlap with other mental health professions, the intent of your Committee is that licensed marriage and family therapists do not provide services that are within the practice of psychology or psychiatry as regulated by the State.

Upon further consideration, your Committee has amended this bill by:

- (1) Amending section -3(5) in the new chapter added by section 2 of the bill by replacing the word "licensed" with the word "practicing";
- (2) Deleting references to "description" or "describe", and related language, in sections -1 (definition of "use of a title or description"), -3(1), -5, and -6(b) of section 2 of the bill, to allow licensed marriage and family therapists to describe themselves as such without being unnecessarily investigated by the Regulated Industries Complaints Office;
- (3) Adding the new regulatory program to the sunset schedule in section 26H-4(b), Hawaii Revised Statutes. This provision repeals the program on December 31, 2002, a standard six-year term of existence under the sunset law, and requires the Auditor to perform a sunset evaluation prior to repeal to determine whether the program should be reenacted, modified, or permitted to expire; and
- (4) Making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2486, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2486, H.D. 3, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Fernandes Salling, Ihara, McCartney).

SCRep. 3169 Ways and Means on H.B. No. 2660

The purpose of this bill is to allow bad debts to be deducted from gross income for purposes of the public service company tax, treat motor carriers similarly to tour packagers in terms of accounting for gross income, and to clarify the definitions of "carrier" and "motor carrier" in the public service company tax law.

Specifically, this bill:

- (1) Excludes tour packagers from the definition of "carrier";
- (2) Allows the gross income to be divided between motor carriers with respect to each motor carrier's portion of the proceeds when motor carriers provide transportation through arrangements between motor carriers;
- (3) Allows accounts that are worthless or charged off to be deducted from gross income; and
- (4) Clarifies that the definition of "motor carrier" includes the transportation of passengers or property.

Your Committee finds that the Legislature needs to consider every possible avenue to alleviate the stress on the economy. Allowing a deduction from gross income for all accounts that have been actually charged off or found to be worthless more accurately reflects a public service company's financial situation to which the tax should apply.

Your Committee also finds that motor carriers are in a position similar to tour packagers and their service providers and should be treated accordingly. Allowing motor carriers to divide gross income received between the motor carriers that actually provided the transportation is a fair and equitable method of treatment which your Committee endorses.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2660, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Fernandes Salling, McCartney).

SCRep. 3170 Ways and Means on H.B. No. 2702

The purpose of this bill is to amend the law relating to the Public Utilities Commission.

Specifically, Part I of the bill relates to the universal service fund. Part I specifies that the universal service fund shall exist as a special fund within the state treasury, but shall be held separate from other funds and shall be exempt from legislative or executive budgetary control. Part I also clarifies the sources of contributions to the universal service fund and appropriates an unspecified sum from the universal service fund to be expended by the Public Utilities Commission for purposes related to the universal services program.

Part II of the bill substantially amends the net energy metering law to require that electric service providers develop and make available, to eligible customer-generators, contracts or tariffs for net energy metering. Part II also specifies the rate structure requirements for all contracts or tariffs and sets the specifications for net energy metering implementation and 3 calculations.

Your Committee finds that the universal service fund was established to ensure affordable universal telephone service was made available to all residents. Your Committee finds that the amendments in Part I are necessary to ensure that those who benefit from the telecommunications infrastructure who compete with a telecommunications service provided in the State contribute their fair share for the support of universal service and that the fund is used only for the purpose of providing and ensuring universal service.

Your Committee also finds that the amendments contained in Part II will encourage private investment in renewable energy resources, stimulate in-state economic growth, enhance the continued diversification of Hawaii's energy resource mix, and reduce the interconnection and administrative costs for electric service providers.

Your Committee has amended the bill to ensure that the amendments being made to sections 36-27 and 36-30, Hawaii Revised Statutes, will be permanent and not be repealed when those sections are reenacted on July 1, 2000, pursuant to section 13 of Act 216, Session Laws of Hawaii 1997.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2702, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2702, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Fernandes Salling, McCartney).

SCRep. 3171 Ways and Means on H.B. No. 2547

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist Palama Meat Company to establish a slaughterhouse, meat processing plant, and waste treatment facility on Oahu.

Your Committee finds that the lease for Oahu's only United States Department of Agriculture approved slaughterhouse in Honouliuli will expire in 2004. The State cannot afford to lose a slaughterhouse serving livestock producers and the consumers in Hawaii. Your Committee finds that with a six-year lead time, this is the best opportunity to plan for the construction of a new slaughterhouse. The estimated number of jobs that can be created is between two hundred sixty to three hundred jobs related to slaughtering and processing livestock.

Your Committee also finds that the planned location of the slaughterhouse in the Campbell Industrial Park is appropriate to the nature of the businesses in that area. Further, the plans for construction include not only areas for meat processing but a waste treatment plant as well so that environmental considerations are included in the design of the slaughterhouse.

The issuance of special purpose revenues bonds to assist in the financing of this processing enterprise will lower the cost of the financing and thereby increase the viability of the business.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2547, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Ige, M., McCartney).

SCRep. 3172 Ways and Means on H.B. No. 3443

The purpose of this bill is to facilitate the provision of loans for diversified agriculture and business ventures.

In particular, this bill:

- (1) Facilitates the development of diversified agriculture in economically depressed counties by authorizing the Department of Agriculture to make loans from the agriculture loan revolving fund to qualified farmers in those areas; and

- (2) Allows the Department of Business, Economic Development, and Tourism to contract with any financial institution for services, including administering commercial and personal loans for disaster relief and rehabilitation, and loans to small business concerns under the capital loan program.

Your Committee agrees with the intent of this bill, and finds that allowing the Department of Agriculture to initiate a pilot loan program for farmers in economically depressed areas will help to expand diversified agriculture, reduce unemployment rates in these areas, and create new economic development opportunities in these areas. Similarly, your Committee finds that allowing the Department of Business, Economic Development, and Tourism to contract with financial institutions for the administration of loans in the capital loan program and for disaster relief and rehabilitation will facilitate the making of those loans and will help to reduce the administrative burden on that Department.

Upon further consideration, your Committee has amended this bill by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3443, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3443, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Fernandes Salling).

SCRep. 3173 Ways and Means on H.B. No. 3527

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist Hui 'Enekinia Hawai'i in establishing cogeneration and water production facilities and to assist related manufacturing and processing activities.

Your Committee has amended this measure as follows:

- (1) By deleting the authorization to issue special purpose revenue bonds under parts III and IV, chapter 39A, Hawaii Revised Statutes;
- (2) By deleting the new authorization to issue \$20,000,000 in special purpose revenue bonds under part V, chapter 39A, Hawaii Revised Statutes;
- (3) By deleting the extension of the authorization to issue special purpose revenue bonds under Act 262, Session Laws of Hawaii 1993; and
- (4) By amending Act 263, Session Laws of Hawaii 1993, to increase from \$10,000,000 to \$20,000,000 the previous authorization to issue special purpose revenue bonds under part V, chapter 39A, Hawaii Revised Statutes.

This bill assists not only Hui 'Enekinia Hawai'i to generate electrical energy, but it also assists entrepreneurs who can utilize the thermal output from such energy for manufacturing and processing purposes. Your Committee finds that this bill will provide the impetus to help the Big Island establish new industries and create jobs for residents displaced and suffering from a weakening economy.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3527, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3527, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Fernandes Salling).

SCRep. 3174 Ways and Means on H.B. No. 3367

The purpose of this bill is to promote health-related tourism by establishing an international exchange program for University of Hawaii medical and nursing school students that focuses on Hawaii's role in international medical and nursing education, training, research, and information sharing.

In addition, this bill:

- (1) Requires the Schools of Medicine and Nursing, in cooperation with the Schools of Public Health and Travel Industry Management, to plan for the development and promotion of Hawaii's healthcare expertise in conjunction with health-related tourism;
- (2) Establishes the international exchange health care tourism revolving fund to pay for student aid, training projects, teaching, supplies, services, and activities related to the development and promotion of a health-related tourism education program;
- (3) Requires the revolving fund to consist of donations, gifts, contributions, legislative appropriations, and moneys generated by the health-related tourism education program through education, training, and research contracts and grants;
- (4) Requires all unexpended and unencumbered moneys appropriated by the Legislature and remaining in the revolving fund at the close of each fiscal year, which are deemed to be in excess of the moneys needed during the next fiscal year, to lapse to the general fund; and
- (5) Appropriates \$2 to the international exchange health care tourism revolving fund for fiscal year 1998-1999.

Your Committee believes that the State should diversify its tourism base and develop its potential for special markets, such as health tourism. Health-related tourism provides a means of promoting Hawaii's healthcare services, facilities, and education along with tourism-related amenities to attract patients, especially those from the Asia-Pacific region. Many of Hawaii's healthcare providers already have contractual arrangements with Asia-Pacific nations, which provides a base for the further development of health-related tourism.

An important part of this effort are the University of Hawaii Schools of Medicine and Nursing. The School of Medicine accepts graduates of foreign medical schools into its residency program. The School of Nursing accepts foreign students into its Bachelor of Science and Master of Science graduate programs, and conducts continuing education offerings for short-term foreign visitors to Hawaii. Both the School of Medicine and the School of Nursing and the tourism industry would benefit from the establishment of a permanent exchange program between Hawaii and healthcare communities in Asia and around the world. The exchange program would be an important factor in enhancing the reputation of the School of Medicine and the School of Nursing and the success of the State's health tourism promotion efforts.

Your Committee has amended this bill by deleting the appropriation to the international exchange health care tourism revolving fund, and adding a ramseyer provision to denote new statutory material.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3367, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3367, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Fernandes Salling).

SCRep. 3175 Ways and Means on H.B. No. 2852

The purpose of this bill is to reduce the barriers to and expand the use of telehealth by removing the necessity of a face-to-face examination as a prerequisite for payments from health care plans.

Specifically, this bill prohibits all accident and sickness insurance plans, all mutual benefit society plans, and all health maintenance organization plans issued, amended, or renewed after July 1, 1998, from requiring face-to-face contact with the patient as a prerequisite for payment for telehealth services appropriately provided in accordance with generally accepted medical practice and standards prevailing in the applicable professional community at the time the services are provided.

Your Committee finds that telehealth has the potential to reduce costs, improve quality, and improve access to health care for our citizens in rural and other medically underserved areas. Your Committee further finds that everyone is a potential telehealth beneficiary for health care expertise available not only within the State, but nationally and worldwide.

Your Committee has amended this bill by changing the definition of "telehealth" to incorporate the definition contained in the H.D. 2 version of the bill.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2852, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2852, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Fernandes Salling, Ige, M., Tam, Anderson).

SCRep. 3176 Ways and Means on H.B. No. 2862

The purpose of this bill is to extend to June 30, 1999, the deadline for the State to establish necessary community-based programs for the proper transition of former residents of Waimano Training School and Hospital into the community, and to require control by developmentally disabled individuals in designing their individual service plans.

Specifically, this bill extends the deadline one year to June 30, 1999, expands and clarifies the definition of "individualized service plan", and requires the Department of Health to provide available supports and services based on a client-centered plan and to provide or administer essential services to ensure the proper transition of Waimano Training School and Hospital residents into the community. The bill also allows the Department of Health to operate behavioral crisis intervention, adult day treatment, respite, residential training, and training programs for service and care providers.

Your Committee believes, due to limited resources, that the Department of Health needs additional time to provide the services and programs necessary for the proper transition of former Waimano residents into the community. Providing the additional year for that transition will benefit all parties interested in this matter by ensuring that inappropriate and inadequate supports for the former Waimano residents will not be hastily established as a compromise for meeting the existing deadline.

Your Committee has amended this bill by:

- (1) Clarifying that the amount of dollars available to the individual is for a broader and more inclusive purpose -- to "effectuate the individualized service plan" rather than to "purchase supports" on page 4, line 1, and a corresponding revision on page 5, line 22;
- (2) Specifying that the Department of Health may operate behavioral crisis intervention, adult day treatment, and respite services when acting as a provider of last resort; and
- (3) Changing the effective date from June 30, 1998 to June 29, 1998 to remove any possible ambiguity regarding the extension of the Department's guardianship of Waimano residents for one year.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2862, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2862, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Fernandes Salling, Ige, M., Tam, Anderson).

SCRep. 3177 Ways and Means on H.B. No. 2758

The purpose of this bill is to consolidate procurement provisions in the public contracts law, chapter 103, Hawaii Revised Statutes, into the public procurement code, chapter 103D, Hawaii Revised Statutes.

Your Committee finds that the contents of this bill are based on Senate Bill No. 2774, S.D. 3, which, in addition to consolidating procurement functions, permitted the county boards or departments of water supply to designate their chief procurement officers, provided that the application of preferences for qualified community rehabilitation programs are limited to service contracts, and made various technical and housekeeping changes.

Upon further consideration, your Committee has replaced the contents of this bill with those of House Bill No. 2765, H.D. 1, S.D. 1. As so amended, this bill authorizes the Procurement Policy Board to issue interim rules on the new purchase of service law governing the planning, procuring and contracting of health and human services (chapter 103F, Hawaii Revised Statutes) by procurement directives, and further provides that the interim rules will remain in effect no longer than June 30, 1999.

Your Committee finds that this bill will accommodate the appointment of two new procurement policy board members effective July 1, 1998, as required under Act 190, Session Laws of Hawaii 1997, and allow for initial input into the rules process prior to fulfilling the requirements of chapter 91, Hawaii Revised Statutes. During the interim period, the State Procurement Office will conduct statewide public informational meetings on the proposed rules to highlight the various sections, provide handouts, and discuss the various processes and requirements contained in the draft rules. The feedback from the various parties will be incorporated into the draft rules. On July 1, 1998, the new policy board members will be in place to review and adopt rules in accordance with chapter 91.

Your Committee finds that by allowing the policy board to adopt interim rules it will allow the public significant input in the development of these rules. It is anticipated that this inclusive process will result in meaningful procurement rules for health and human services by fulfilling the needs of purchasing agencies, service providers, and the community. Your Committee agrees that the interim rules shall remain in effect no longer than June 30, 1999.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2758, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2758, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Ige, M., Anderson).

SCRep. 3178 Ways and Means on H.B. No. 2801

The purpose of this bill is to exempt the Villages of Kapolei project from the right of first refusal requirements otherwise applicable to sizable projects sponsored by the Housing and Community Development Corporation of Hawaii.

Your Committee finds that under current law regarding the development of single-family projects sponsored by the Corporation, the Corporation must first offer to owner-builders and non-profit organizations assisting those builders at least ten per cent of the total number of units in those projects that consist of at least fifty units.

Your Committee further finds that the Villages of Kapolei project, situated on eight hundred eighty-eight acres of land, would otherwise be subject to the first refusal requirement, unless exempted. The exemption is necessary because the requirement is unfeasible for this specific project.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2801, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Fernandes Salling, McCartney).

SCRep. 3179 Ways and Means on H.B. No. 2958

The purpose of this bill is to prohibit those contractors who fail to comply with the law requiring prompt payment to their subcontractors from bidding on any future public contracts.

The bill also allows an exception to the foregoing prohibition for any contractor who has submitted and is complying with a subcontractor payment plan that has been approved by the comptroller.

Your Committee finds that present law relating to prompt payment of subcontractors lacks adequate penalty provisions to be effective and that this bill will provide a strong incentive for contractors to pay subcontractors in a prompt manner.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2958, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Fernandes Salling).

SCRep. 3180 Ways and Means on H.B. No. 2842

The purpose of this bill is to clarify certain duties of the Director of Health. Specifically, this bill:

- (1) Repeals the requirement that the Director of Health convene a panel biennially concerning the viability of existing state law on determination of death; and
- (2) Makes permissive, instead of mandatory, some of the Director's responsibilities concerning litter control.

Your Committee finds that the Director of Health has been required to convene the biennial panel for twenty years, and that the statute has withstood the test of time, and no further assessment of its value is necessary. Your Committee similarly also finds that the litter requirements have been mandatory for over twenty years, and that it is appropriate that after this time, when so much has been accomplished in the area of litter control, that some of them become permissive rather than mandatory.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2842, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Fernandes Salling, McCartney).

SCRep. 3181 Ways and Means on H.B. No. 3024

The purpose of this bill is to remove the June 30, 1998 sunset dates on Act 300, Session Laws of Hawaii 1996, and Act 200, Session Laws of Hawaii 1997, and thereby make permanent, certain changes to public assistance and general assistance laws.

Furthermore, this bill also authorizes the Department of Human Services to:

- (1) Set the standard of need at the current federal poverty level;
- (2) Establish a food stamp program for persons ineligible for federal food stamps; and
- (3) Restructures the General Assistance Advisory Council as the Financial Assistance Advisory Committee.

Your Committee finds that this bill is necessary to conform state law to federal law, ensuring the continued influx of federal funding, or to supplement federal programs to cover persons who fall into gaps that are not covered by federal public assistance programs.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3024, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Fernandes Salling).

SCRep. 3182 Ways and Means on H.B. No. 3028

The purpose of this bill is to authorize and substitute medicaid home and community-based waiver programs for the community long-term care/nursing home without walls program.

The bill also provides for the phasing-in of medicaid reimbursement equity, which requires that medicaid reimbursement be based upon the level of care rather than the place of care.

Your Committee finds that this bill is essentially a housekeeping measure of the administration's to ensure that Hawaii law remains consistent with applicable federal law.

Your Committee has amended the bill by making a technical nonsubstantive change to conform the text of the bill in section 346D-3(a)(2), Hawaii Revised Statutes (on page 5), to the printed version of the Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3028, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3028, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Fernandes Salling).

SCRep. 3183 Ways and Means on H.B. No. 3361

The purpose of this bill is to reform the child protective services system.

This bill seeks to save the lives of innocent children by ensuring that children placed in foster care receive adequate medical treatment by requiring coverage by an established comprehensive health care plan; allowing foster parents, upon the first day of placement, to seek and obtain ordinary medical care, immunizations, and well-baby and well-child medical services; requiring the Department of Human Services to ensure the completion of a comprehensive physical assessment and mental or developmental assessment when medically necessary for each foster child within forty-five days after initial placement; and requiring the Department

to disclose to foster parents and the foster child's principal treating physician copies of the foster child's complete medical records in the Department's physical custody and relevant social history within thirty days of foster placement. In addition, this bill seeks to ensure that a child who is removed from dangerous or neglectful situations in the natural home is not placed in worse situations once the child is taken into state custody.

Your Committee finds that this bill is necessary to prevent increasing numbers of children from becoming innocent victims of child abuse. Your Committee notes that recent trends across the country in dealing with child abuse have been to provide alternatives to the traditional philosophy of returning the abused child to the natural family, which may not be in the best interests of the child's safety. Your Committee further notes that providing children with a safe home should be the ultimate concern, regardless of whether a safe home is the natural family, adoptive family, or foster family. Your Committee finds that this bill will help to ensure the safety of innocent children in Hawaii as well as ensure that the State's child protective services remain open, accessible, and communicative to affected persons.

Your Committee has further amended this bill by:

- (1) Deleting language on page 3, lines 13-17, in one of the new sections added to chapter 587, Hawaii Revised Statutes, by section 2 of the bill, that would have required the department to provide and ensure the completion of a comprehensive physical assessment and mental or developmental assessment when medically necessary for each foster child within forty-five days after initial placement, and substituting language requiring the department to ensure the provision of a comprehensive health assessment for each child in out-of-home placement forty-five days before or after an initial placement; and
- (2) Correcting an inaccurate cross-reference on page 4, line 19.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3361, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3361, H.D. 3, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., Tam, Anderson).

SCRep. 3184 Ways and Means on H.B. No. 2888

The purpose of this bill is to appropriate \$1,187,475 for the criminal injuries compensation fund.

Your Committee finds that victims receive an award from the criminal injuries compensation fund when the victim, or person injured or suffering property damage while attempting to prevent the commission of a crime, has no other avenue of financial recourse. Moneys from the fund are used not only for restitution, but for counseling and medical bills, all of which assist in the recovery process after being a victim of serious crime. Your Committee further finds that this compensation comports with the State's duty to protect the public health, safety, and welfare.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2888, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Fernandes Salling).

SCRep. 3185 Ways and Means on H.B. No. 2892

The purpose of this bill is to make certain modifications to the statutes regulating special facility revenue bonds for airports. Specifically, this bill:

- (1) Doubles the limit on special facility revenue bonds for airport facilities that may be issued from \$100,000,000 to \$200,000,000, provided that these funds are not expended for nonpublic air facilities;
- (2) Allows the issuance of refunding special facility revenue bonds to provide for the payment of outstanding special facility revenue bonds, provided that the bonds do not reduce the principal amount of the bonds; and
- (3) Sets out additional requirements for indemnification by lessees for special facility leases under the jurisdiction of the Department of Transportation.

Your Committee finds that assisting the furtherance of transportation facilities like the airport is an economic boon because the airports are the initial port of entry for most visitors. Hawaii's airports keep commerce alive and help our citizens come and go on business trips as well as vacations. Interisland transportation is also critical for a variety of reasons, not the least of which includes tourism. The State has continued to encourage neighbor island visits by tourists who visit Oahu. This helps to both strengthen the economies of the neighbor islands and disperse the number of tourists from a heavy concentration on Oahu, and particularly in Waikiki.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2892, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Fernandes Salling).

SCRep. 3186 Ways and Means on H.B. No. 3248

The purpose of this bill is to transfer lapsed warrants drawn on a county treasury into the lapsed warrants trust fund and reduce the time period for the payee or assignee to obtain the payment from the lapsed warrants trust fund.

Previously, lapsed warrants drawn on county treasuries were transferred into the general fund. This bill establishes the lapsed warrants trust fund. The trust fund balance is limited to \$500,000, with all excess lapsed warrants being deposited into the general fund. This bill also reduces the amount of time from ten years to four years that a payee or assignee can receive payment of a lapsed warrant from the lapsed warrants trust fund.

Your Committee finds that limiting the amount of time any lapsed warrant may be collected on is beneficial to the accounting for county funds and will be beneficial to the economy.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3248, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Fernandes Salling).

SCRep. 3187 Ways and Means on H.B. No. 2558

The purpose of this bill is to redefine the relationship of state and county jurisdictions in the area of land planning and utilization.

Specifically, this bill:

- (1) Changes the name of the "State Land Use Commission" to the "State Planning Commission";
- (2) Gives the State Planning Commission sole authority to adjust land use district boundaries in the conservation and agricultural districts;
- (3) Gives the counties sole authority to adjust land use district boundaries in the urban and rural districts, and sole authority over zoning matters;
- (4) Replaces the Land Study Bureau's soil classification system with a system based on the agricultural lands of importance to the State of Hawaii (ALISH) classification system, the land evaluation and site assessment (LESA) classification system, the Land Study Bureau's classification system, and the production of high-value and unique agricultural commodities;
- (5) Requires the counties to bring all county planning and zoning classifications into compliance with the new criteria for classifying agricultural, conservation, rural, and urban lands;
- (6) Requires the State Planning Commission to approve or disapprove the proposed land use district boundary amendments by an affirmative vote of two-thirds of the total membership of the Commission;
- (7) Requires petitions for the reclassification of agricultural land to be submitted to the State Planning Commission in order to determine whether or not the lands are important agricultural lands;
- (8) Establishes an ad hoc State of Hawaii important agricultural lands commission to develop criteria, standards, and procedures for designating important agricultural lands to the State, and for guiding land use decision making involving important agricultural lands; and
- (9) Requires the ad hoc Commission to identify and develop criteria and standards necessary to provide uniform, statewide policy guidance for the planning and regulation of the use and management of important agricultural lands.

Your Committee finds that this bill, which is identical to S.B. No. 2063, S.D. 2, will streamline and improve a land use process that has become increasingly burdensome and difficult to administer and coordinate. Although the state land use law continues to serve its intended purpose, state and county needs have changed dramatically in the past thirty years with the downsizing of sugarcane and pineapple cultivation and the imposition of mandatory residential leasehold-to-fee conversion. In the future, state and county land use agencies will have to deal more effectively and intelligently with urban encroachment on remaining agricultural and industrial operations, and with urban sprawl and its costly demands for state and county infrastructure and services. This bill reasserts the regulation of land use through intelligent, coordinated, long-range planning.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2558, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 5 (Fernandes Salling, Levin, McCartney, Tam, Anderson).

SCRep. 3188 Ways and Means on H.B. No. 2778

The purpose of this bill is to provide emergency funding of \$94,216 to allow the Department of the Attorney General to continue its legal representation of the Department of Hawaiian Home Lands for individual claims resolution under the Hawaiian Home Lands Trust until June 30, 1998.

Your Committee finds that funding for this purpose was completely expended by the end of February.

Your Committee has amended this bill to appropriate the emergency funds to the Department of Hawaiian Home Lands rather than to the Department of the Attorney General. As amended, this bill will allow the Department of Hawaiian Home Lands to continue to have its legal interests under chapter 674, Hawaii Revised Statutes, represented for the period from March 1, 1998 to June 30, 1998.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2778, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2778, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Fernandes Salling, Ige, M., Tam, Anderson).

SCRep. 3189 Ways and Means on H.B. No. 2528

The purpose of this bill is to exclude services of election officials and workers as covered employment under the unemployment compensation law.

Specifically, this bill eliminates periods of service related to election work from counting toward both an employee's base period of fourteen weeks of employment and the public employer's contribution amount into the unemployment compensation fund.

Your Committee finds that it is an unreasonable administrative burden for public employers to maintain books and records and disburse contributions for election-related services, which are intermittent and are almost of a voluntary nature.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2528, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Fernandes Salling, McCartney).

SCRep. 3190 Ways and Means on H.B. No. 2845

The purpose of this bill is to amend the law relating to the early intervention special fund and the early intervention trust fund.

In particular, this bill amends Act 378, Session Laws of Hawaii 1997, which enacted those temporary funds, by providing for more timely expenditures from those funds by authorizing expenditures to be made through the procurement process under chapters 103D and 103F, Hawaii Revised Statutes, rather than the grant process under chapter 42D, and by making the special and trust funds permanent.

Your Committee agrees with the intent of this bill, and finds that the bill will help to further the purpose of the early intervention special fund and early intervention trust fund, which were created to expand and enhance early intervention services for infants and toddlers with special needs by providing a cooperative funding mechanism between the public and private sectors to work together to make and secure appropriations and donations to the funds.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2845, H.D. 2, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Fernandes Salling).

SCRep. 3191 Ways and Means on H.B. No. 2441

The purpose of this bill is to amend the state elections law. More specifically the bill:

- (1) Restricts campaign contributions of \$50,000 to a two-year election period instead of to any election year;
- (2) Provides that any expenditure made to a candidate for Governor or Lieutenant Governor supporting a co-candidate in the general election shall not be considered a campaign contribution;
- (3) Changes the due date for a candidate's first deficit report to the thirtieth instead of the thirty-first day of the election year;
- (4) Does not require return of residual private contributions by any elected official who does not seek reelection, yet files to become a candidate for election within four years after the end of the term from which they did not seek reelection;
- (5) Removes the requirement that to receive public funds, a state senator, state representative, county councilmember, or prosecuting attorney must have received at least ten per cent of the votes cast in the respective election for the office that the candidate is seeking;
- (6) Restricts the total amount of public funds for a primary, special primary, or general election to which a candidate is entitled, to fifty per cent of the maximum amount of public funds available for the candidate's respective office; and
- (7) Restricts to fifty per cent of the balance of public funds available, to a candidate who qualified for the maximum amount of public funding in any primary or special primary election and who is a candidate for a subsequent general election.

Your Committee finds that the Campaign Spending Commission performs an important public service by assuring that all candidates for public office comply with the campaign spending laws correctly and promptly. Public confidence in the entire campaign spending process is important to maintain so that citizen participation in elections is not jeopardized. Your Committee finds that these provisions will help the Campaign Spending Commission perform its duties more effectively and efficiently.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2441, H.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Fernandes Salling, Ihara, Levin, McCartney).

SCRep. 3192 Ways and Means on H.B. No. 3031

The purpose of this bill is to fund the Campaign Spending Commission's operating expenses with moneys in the trust fund in the state treasury for the Hawaii election campaign fund.

Your Committee finds that the Campaign Spending Commission's operating expenses are currently appropriated from the State's general funds. In these tight economic times, every avenue of self-sufficiency should be examined so that programs will not need general fund appropriations. Your Committee further finds that historical experience indicate that the trust fund can support the operational expenses of the Commission while still providing sufficient funding for eligible political candidates. This will allow the reallocation of the general funds to other purposes instead of to the Commission.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3031 and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Fernandes Salling).

SCRep. 3193 Ways and Means on H.B. No. 3466

The purpose of this bill is to require state warrants to be copied to an unalterable media or electronic storage form before being destroyed.

Currently, state warrants are microfilmed before they are destroyed. This bill would allow the use of other forms of document storage besides microfilming. Your Committee finds that this expanded use of technological document storage will allow the State to use the most modern and cost effective means of storing copies of warrants.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3466, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Fernandes Salling).

SCRep. 3194 Commerce, Consumer Protection, and Information Technology on H.B. No. 2816

The purpose of this bill is to delete the specific names and the specific minimum passing scores of The National Association of Board of Pharmacy Licensure Examinations (NABPLEX) and replace these provisions with language that will allow the Board of Pharmacy to continue utilizing the national examinations that periodically undergo changes in name and passing score formats; and to make nonsubstantive housekeeping amendments.

This measure allows candidates for pharmaceutical licensure to take all required exams in another state and then transfer their licenses from that state or transfer their scores. The new Multistate Pharmacy Jurisprudence Exam will offer candidates more opportunities to take the exam in states that offer it and saves our state the funds in developing examinations.

Your Committee received no testimony for H.B. No. 2816.

Your Committee finds that this bill is companion to S.B. No. 2827 which was heard by your Committee and passed third reading in the Senate on March 10, 1998.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2816 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Tanaka).

SCRep. 3195 Commerce, Consumer Protection, and Information Technology on H.B. No. 2490

The purpose of this bill is to allow the Public Utilities Commission (PUC) to decertify an incumbent telecommunications carrier if the PUC determines that an alternate telecommunications provider could provide service to an area of the State that has less than adequate telecommunications service.

The bill also specifies that the decertified carrier may reapply for the right to again serve that particular area of the State.

Your Committee received testimony in support of the measure from the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs, Oceanic Communications. Testimony in opposition to the measure was received from GTE Hawaiian Tel. Testimony commenting on the need for legislation was received from TelHawaii, Inc. and an attorney representing TelHawaii, Inc.

Your Committee finds that in the past, some rural areas of the State received less than adequate telephone service to residences and businesses. These areas shared a party line which makes the use of facsimile machines and answering machines impossible. GTE Hawaiian Tel completed a program to upgrade service in these areas in 1997.

Your Committee finds that in 1994, Act 80 was enacted which was later codified as section 269-16.9(h), Hawaii Revised Statutes. This section authorized the PUC to require incumbent telecommunications carriers to show cause as to why the PUC should not authorize an alternative telecommunications provider for an area that the PUC determined had less than adequate telecommunications service.

Your Committee further finds that clarification is needed to allow the PUC to implement its authority to allow alternate telecommunications providers to serve areas with less than adequate service.

Your Committee has amended the bill by further clarifying the authority of the PUC to suspend, restrict, or revoke the registration, charter, or certificate of the existing telecommunications provider when an alternative telecommunications provider is authorized, and making technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2490, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2490, H.D. 3, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Tanaka).

SCRep. 3196 Ways and Means on H.B. No. 2671

The purpose of this bill is to authorize the issuance of special purpose revenue bonds in the amount of \$75,000,000 for Hawaiian Electric Company Inc. and \$25,000,000 for Hawaii Electric Light Company, Inc.

The bill also authorizes the issuance of refunding special purpose revenue bonds.

Your Committee finds that this bill will assist utilities providing electric service to the general public in obtaining lower cost bond financing for capital improvement projects. Your Committee notes that this savings in cost will benefit ratepayers, to whom these costs are passed, as the savings will be reflected in the electric rates established by the Public Utilities Commission in rate case proceedings.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2671, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Fernandes Salling, McCartney).

SCRep. 3197 Ways and Means on H.B. No. 3437

The purpose of this bill is to modify the assessment formula under which the Hawaii hurricane relief fund assesses insurers that acted as servicing facilities during the year immediately preceding that year of the covered event.

Specifically, this bill changes the assessment to an annual fixed percentage of the total coverage written by the fund under its hurricane property insurance policies during the month preceding the month in which a covered event occurs. The fixed percentage starts at 0.75 per cent in calendar year 1999 and increases 0.25 per cent each year until it reaches 1.50 per cent in 2002, after which the fixed percentage remains at 1.50.

Furthermore, this bill authorizes the fund to create loss mitigation incentives, enter into claims financing transactions, and establish entities and organizations for the purposes of the Hawaii hurricane relief fund law.

Your Committee finds that under the present law the total assessment is based on coverage written by the carriers. Specifically, the total assessment is based on a proportion relating the premiums written by servicing facilities for hurricane property insurance to the premiums written by all licensed property and casualty insurers for property insurance.

Your Committee further finds that these adjustments to the assessment formula are necessary in order to increase the fund's claims paying capacity. An increased claims paying capacity is necessary for the fund to meet proposed federal requirements for state-funded catastrophe programs. The fund has already shouldered some of the financial responsibility in increasing the fund's claims paying capacity, by utilizing increased reinsurance, credit facility capacity, and catastrophe bonds. Your Committee finds that the adjustments to the assessment formula will increase the servicing carriers' contributions to the fund, thereby allowing the carriers to share in the responsibility of increasing the fund's claims paying capacity.

Your Committee has amended this measure by correcting an error relating to assessments following the occurrence of a covered event. As amended by your Committee, the assessments will apply to carriers that acted as servicing facilities one month prior to the month in which the covered event occurs.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3437, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3437, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Ige, M., Anderson).

SCRep. 3198 Ways and Means on H.B. No. 3613

The purpose of this bill is to establish a health insurance revolving fund for the purposes of health insurance regulation including examination, compliance, investigation, and rate and policy analysis.

The bill allows the Insurance Commissioner to expend moneys from the fund to hire necessary professional, technical, and support staff to regulate the health insurance industry. The fund is financed by insurers who are required to pay an annual assessment and make a one-time deposit into the fund that is set in the bill. The bill also requires annual reports to the legislature and provides a \$350,000 fund ceiling.

Your Committee has amended the bill by clarifying that the aggregate annual total assessment on insurers (not including the one-time deposit) shall not exceed \$350,000. Your Committee has also amended the bill by inserting the amount of \$350,000 which is the aggregate amount that may be collected from one-time deposits.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3613, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3613, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 5 (Ihara, Levin, McCartney, Tam, Anderson).

SCRep. 3199 Ways and Means on H.B. No. 2909

The purpose of this bill is to make an appropriation for agricultural research and development to the Hawaii Agriculture Research Center (HARC).

Your Committee finds that HARC, formerly known as the Hawaiian Sugar Planters' Association, is in a public-private partnership with the University of Hawaii College of Tropical Agriculture and Human Resources. HARC has been directing its resources to help increase commercial production through crop improvement programs focusing on improving cultural practices and producing superior planting material through plant breeding and selection. Your Committee further finds that agricultural research through HARC will continue to be a key resource in state efforts to boost our economy by strengthening the agriculture industry.

Your Committee has amended the bill by removing the \$1 appropriation and leaving it blank.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2909, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2909, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Fernandes Salling).

SCRep. 3200 Ways and Means on H.B. No. 2563

The purpose of this bill is to provide additional guidelines to ensure implementation of school-based budgeting beginning with the fiscal biennium 1999-2001.

Specifically, this bill requires the generation of information about the efficiency of individual schools by requiring the Governor to submit to the Legislature a budget that specifies the amount of funding allocated to each individual school.

The bill also defines "program" in section 37-71(c), Hawaii Revised Statutes, for the display of financial requirements as including but not limited to the after school program, cafeteria management, computer education, counseling, custodial services, ESEA chapter I, project I, gifted and talented, Hawaiian studies, reimbursement for lost textbooks and equipment, school administration, and school libraries. The bill further requires principals to establish budget priorities in partnerships with students, parents, teacher groups, and staff.

Your Committee finds that the Legislature approved Act 272, Session Laws of Hawaii 1994, which required the Department of Education to implement school-based budget flexibility. School-based budget flexibility is an operating budget preparation and allocation process that provides substantial flexibility for individual schools to prepare and execute their operating budgets. Among other things, the intent of this legislation was to empower individual schools to be directly accountable for student achievement.

Your Committee received information from the Departments of Education and Budget and Finance suggesting additional language that provides for school budgets to be displayed for information purposes only, and not act as operational ceilings for each school.

Accordingly, your Committee has amended this bill to incorporate the suggested amendment jointly made by the Departments of Education and Budget and Finance.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2563, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2563, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 5 (Fernandes Salling, Ige, M., Levin, Tam, Anderson).

SCRep. 3201 Ways and Means on H.B. No. 2567

The purpose of this bill is to develop a plan to eliminate duplication of government services at the state and county levels with respect to highway and road maintenance and parks services.

Specifically, this bill requires the Governor and the Mayors of the respective counties to:

- (1) Identify specific functions, programs, services, and personnel that are duplicative and unnecessary;
- (2) Develop a viable process to eliminate duplication of government services;
- (3) Select a specific approach including, but not limited to:
 - (A) Wholesale transfer of all jurisdiction, responsibility, programs, services, personnel, and funding to one government level only;
 - (B) Rational consolidation of functions, programs, services, and personnel if a wholesale transfer is not feasible;
 - (C) Wholesale transfer supplemented by privatization of services;
 - (D) Rational consolidation supplemented by privatization of services; and
 - (E) Elimination of government jurisdiction and replacement with privatization of services.

This bill also requires any duplicative but filled positions that are identified to be terminated by attrition or other means; and requires all unfilled positions relating to the provision of highway and road maintenance and parks services to remain unfilled and to be abolished.

The Governor and the Mayors of the respective counties are required to submit a final plan in writing, including any necessary proposed legislation, to the Legislature not later than November 30, 1998. The final plan is required to eliminate duplicative services without diminishing, abridging, or eliminating any of the currently existing services relating to highways, public and private roads, and parks, whether provided by the State or the counties.

Your Committee notes that this bill is essentially identical in substance to Senate Bill No. 3201, S.D. 1.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2567, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 9. Noes, none. Excused, 4 (Ihara, McCartney, Tam, Anderson).

SCRep. 3202 (Majority) Ways and Means on H.B. No. 2765

The purpose of this bill is to authorize the Procurement Policy Board to issue interim rules by procurement directives to remain in effect no longer than June 30, 1999.

Your Committee finds that the State's procedures for procuring services and the methods for monitoring projects, all of which are designed to protect the public interest and wisely account for the expenditure of public funds, needs to be reviewed occasionally to help streamline methods and procedures in order to help industries important to the economic health of the State.

Your Committee amended this bill by replacing its contents with those of S.B. No. 2496, S.D. 2. This change provides more direct assistance to the construction industry which is currently in severe decline in Hawaii. As amended, this bill establishes standards and criteria for project labor agreements that are consistent with the memorandum of the President of the United States, and encourages the use of project labor agreements when appropriate and feasible for any new federal defense projects in which the State is authorized to participate. Your Committee finds that having a project labor agreement for defense projects will ensure stability for the project by providing that for the duration of a federal defense project, the State may use a project labor agreement if the agreement:

- (1) Advances the project's procurement interest in cost, efficiency and quality;
- (2) Promotes labor stability; and
- (3) Is not precluded by other laws to be applicable to that project.

Your Committee finds that by having a project labor agreement, all of the contractors, subcontractors, and employees will have a stable work environment. This will be accomplished by having the project labor agreement serve all contractors and subcontractors equally, as to rules, regulations, bid proposals, and contract documents, strikes, and other work disruptions, and ways of settling labor disputes, and other matters concerning workers' productivity, health, and safety.

Your Committee further finds that the Procurement Policy Board, in consultation with state departments, would establish written procedures by rules pursuant to chapter 91, Hawaii Revised Statutes, and that no state department would be required to use a project labor agreement on any federal defense project. Instead, departments are encouraged to use project labor agreements when the parties, both the state and federal government, can work together. The bill, as amended, also requires the Department of Accounting and General Services to submit a report to the Legislature before the 2003 Regular Session. This will give the Legislature an opportunity to assess the success of this program. A sunset provision is included for June 30, 2003 on the results of the use of project labor agreements. Your Committee finds that in the long run this type of project labor agreement, especially with the help of the federal government, could help to stabilize the construction industry in this State.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2765, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2765, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, 1 (Fernandes Salling). Excused, 2 (Ige, M., Anderson).

SCRep. 3203 (Majority) Ways and Means on H.B. No. 2648

The purpose of this bill is to prohibit workers' compensation benefits for mental injuries caused by stress that are a direct consequence of a disciplinary action for just cause.

Your Committee agrees with your Committee on Human Resources that this measure addresses the concerns that have been raised by the state Supreme Court's decision in Mitchell v. State Department of Education, 85 Haw. 250, 942 P.2d 513 (1997). Your Committee finds that by prohibiting only those mental injuries caused by stress as the direct consequence of disciplinary action for just cause, this measure adequately protects workers with other mental injuries related to stress that should be compensated under the law.

Your Committee finds that it is essential for the economy to provide an environment where business is not threatened for making legitimate business decisions that may include disciplinary action for just cause. This measure strikes a good balance between the concerns of Hawaii's workforce and the issues raised by the business community.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2648, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, 1 (Iwase). Excused, 3 (Ige, M., Tam, Anderson).

SCRep. 3204 Ways and Means on H.B. No. 2870

The purpose of this bill is to clarify the computation of workers' compensation benefits and employers' liability of an employee having concurrent employers.

This bill clarifies an employer's liability to an employee who has concurrent employment by changing the calculation of benefits from those benefits that would be due in comparable full-time employment to not less than thirty-five times the employee's hourly wage.

Your Committee is aware that this issue is particularly prevalent in the restaurant industry and finds that protecting employees where workers' earnings may be irregular is important. Your Committee finds that this measure aligns full-time benefits with not less than thirty-five hours a week and is consistent with current workers' compensation policy.

Your Committee has amended this bill by adding a new section that requires the Insurance Commissioner to conduct a closed claims study that will review workers' compensation claims made to coordinated care organizations, that will include a comparison of the effectiveness of treatment and quality of care provided by coordinated care organizations with the traditional provision of medical and rehabilitative services. Your Committee finds that this type of study is the most definitive type of study that can be conducted on issues of this nature.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2870, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2870, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Ige, M., Anderson).

SCRep. 3205 Ways and Means on H.B. No. 2366

The purpose of this bill is to authorize the Department of Transportation to implement a water ferry transportation system.

In addition, this bill authorizes the Departments of Transportation and Land and Natural Resources to waive or assess nominal fees for the use of public infrastructures and terminals by the operator of the system and lease public lands at a nominal cost to the operator of the system; authorizes the Department of Transportation to conduct a water ferry system demonstration project; and establishes a ferry project special fund, into which are to be deposited all commercial revenues and fares collected by the operators of the system.

Your Committee finds that a water ferry transportation system will help to address traffic congestion and other transportation-related problems in Hawaii, may delay the need for the expansion of the H-1 freeway and other routes, and will help to promote tourism. Your Committee further finds that necessary infrastructure, such as harbor and docking facilities, already exist at the terminal points for the system.

Moreover, your Committee notes that a private entity could operate the system at no cost or nominal cost to the State in consideration for reduced user fees and land lease.

Upon further consideration, your Committee has amended this bill by changing the word "shall" on page 3, line 7, to "may", to provide that the system may include landings at various locations along the southern coast of Oahu. Your Committee finds that as currently drafted, requiring landings at various locations along the southern coast of Oahu may adversely impact recreational uses or revenue-generating activities needed to support various state programs, and the only existing terminal facilities that can now accommodate ferry landings are located within commercial harbor facilities. If Magic Island or Ala Wai Boat Harbor are to be considered as possible ferry landing sites, then section 200-9, Hawaii Revised Statutes, would have to be amended to eliminate the present restriction against commercial vessel activities.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2366, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2366, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Ihara, McCartney, Tam, Anderson).

SCRep. 3206 Ways and Means on H.B. No. 3247

The purpose of this bill is to allow the counties to make short-term investments in agencies of the federal government such as the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, and repurchase agreements such as AAA-rated student loan securities.

Your Committee finds that the current economic crisis has affected a broad spectrum of organizations and the counties are no exception. There are many services and programs that will be affected as the counties feel the effects of the economic downturn. Many county services affect citizens directly, such as police and fire protection, garbage collection, wastewater treatment, and so on. When these services are cut back, the negative impacts on public health and safety of all citizens can be immediately felt.

Your Committee further finds that provisions for short-term investments are currently allowed for state moneys. Accordingly, this measure, by giving the counties the same type of flexibility, can help to boost investment earnings for the counties and perhaps prevent wholesale reductions in county government services.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3247, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Fernandes Salling).

SCRep. 3207 Judiciary on H.B. No. 2498

The purpose of this bill is to require the sale and acquisition of nonprofit hospitals to be subject to review and approval by the State Health Planning and Development Agency and the Attorney General.

Your Committee finds that recent purchases of nonprofit hospitals across the nation by large hospital management corporations have resulted in short-term financial gains to the states, and an overall reduction in the health services available to rural and underserved communities. Your Committee believes this measure is needed to ensure that those kinds of adverse health care consequences to the rural communities are prevented or minimized from the sale of any nonprofit hospital in Hawaii.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2498, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, McCartney).

SCRep. 3208 Judiciary on H.B. No. 2598

The purpose of this bill is to provide immunity from liability to any person who uses an automatic external defibrillator (AED) in emergency situations after having successfully completed an appropriate training program administered by a Hawaii licensed physician, and for persons, including employers, who establish AED programs.

Your Committee finds that allowing properly trained persons to use AEDs will enhance Hawaii's cardiac care system and increase patient survival rates. Your Committee further finds that this measure is needed because AED use may be considered the practice of medicine and may expose unlicensed AED users to liability for the unauthorized practice of medicine as well as expose them to liability under a tort theory.

Testimony in support of this bill was submitted by: the Department of Health; the Board of Medical Examiners, Department of Commerce and Consumer Affairs; Maui County Police Department; Hawaii Medical Association; American Heart Association; Hawaii Nurses' Association; Consumer Lawyers of Hawaii; a practicing physician and a private citizen.

Your Committee has amended the bill by making non-substantive technical changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2598, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2598, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, Anderson).

SCRep. 3209 Judiciary on H.B. No. 2847

The purpose of this bill is to amend the State's solid waste management laws by:

- (1) Redefining "open dump";
- (2) Replacing the term "solid waste disposal system" with the term "solid waste management system";

- (3) Including the processing of solid waste in the definition of "solid waste management system"; and
- (4) Expanding the penalties for violations of these laws by including a possible 30 day prison term for each offense and revocation of a general contractor's license to operate or certificate of authorization from the Public Utilities Commission (PUC).

Your Committee finds that increased penalties for illegal dumping and the operation of illegal dumps are needed to curb those activities and facilitate enforcement actions against persons committing those acts.

However, your Committee is concerned that paragraph (3) of the prohibition section which specifically addresses general contractors is too narrow in scope. Your Committee recognizes that persons other than general contractors may violate the solid waste management laws.

Testimony in support of the bill was submitted by: the Department of Health; Contractors License Board, Department of Commerce and Consumer Affairs Professional and Vocational Licensing Division; Department of Public Works of the City and County of Honolulu; Sierra Club, Hawaii Chapter; and Waste Management of Hawaii, Inc.

Testimony in opposition to the bill was submitted by Hilltop Equestrian Centre.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the specific reference to general contractors in paragraph (3) of the prohibition section and adding language to make the revocation applicable to all professional licenses;
- (2) Deleting the word "criminal" in the penalties subsection since civil, administrative, and criminal penalties are involved; and
- (3) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2847, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2847, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, Anderson).

SCRep. 3210 Judiciary on H.B. No. 2423

The purpose of this bill is to give insurance agents tort immunity, for two years, for actions arising out of the agents' simple negligence in placing or renewing policyholder applications for motor vehicle insurance.

Your Committee finds that with the enactment in 1997 of Act 251, which reformed the State's motor vehicle insurance system, consumers are faced with pages and pages of forms and options.

Your Committee further finds that insurance agents and insurance brokers are faced with the responsibility of explaining the many options available to a consumer who often does not read or understand the multitude of forms and options available. Many consumers rely on the agent's recommendations in purchasing motor vehicle insurance coverage.

Your Committee notes that many agents represent various insurance carriers and currently there are no forms that are standard to all carriers.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2423, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, McCartney).

SCRep. 3211 Judiciary on H.B. No. 2774

The purpose of this bill is to require persons filing a civil action that is related to the Uniform Information Practices Act (Modified) to notify the Office of Information Practices (OIP) so that the OIP may intervene.

Your Committee finds that any person may file a lawsuit when an agency has denied that person access to a government record or when an agency has failed to comply with provisions dealing with disclosure of personal records.

Your Committee further finds that the OIP is the State agency responsible for administering the Uniform Information Practices Act (Modified) (UIPA), and may intervene in related lawsuits to protect the provisions of the UIPA.

Your Committee further finds that the OIP cannot respond in a timely manner, if at all, if it is not notified of the lawsuit.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2774, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, McCartney).

SCRep. 3212 Judiciary on H.B. No. 3568

The purpose of this bill is to make the unlawful possession of a credit card issued in the names of two or more persons, prima facie evidence of the intent to use, sell, or transfer the card. The bill also adds a definition of "information" concerning credit cards to the offenses against property rights chapter of the Hawaii Revised Statutes.

Your Committee finds that the provisions of this bill will enhance the ability of law enforcement to successfully investigate and prosecute individuals who commit credit card fraud. Your Committee further finds that the new definition of "information" applies to a broader range of data bases which now include computer and magnetic media.

Testimony in support of the bill was submitted by the Honolulu Police Department. Testimony in opposition to the bill was submitted by the Office of the Public Defender.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3568, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3213 Judiciary on H.B. No. 2780

The purpose of this bill is to improve and clarify the state statutes enacted pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 ("Welfare Reform Act").

Your Committee finds that this bill will further the objectives of the Federal Welfare Reform Act, which makes federal funds available to the states for the purpose of enforcing the child and custodial parent support obligations of noncustodial parents. This measure will also bring the agency in compliance with the Welfare Reform Act, thus avoiding the loss of federal funding and the assessment of financial penalties for noncompliance.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2780, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, McCartney).

SCRep. 3214 Judiciary on H.B. No. 3257

The purpose of this bill is to authorize the counties to establish procedures to conduct criminal history record checks of its employees. This bill also specifies that such check shall not be used on persons who were employed continuously on salaried basis prior to June 1, 1998.

Your Committee finds that this bill will allow the various counties to meet specific requirements established by the Federal Bureau of Investigation to receive national criminal history record information. Your Committee further finds that the counties should have the ability to investigate potential employees who work in close proximity to children especially since there are many part-time, temporary staff hired to care for children in after-school and summer care programs.

Testimony in support of this bill was submitted by the Attorney General, the Hawaii State Commission on the Status of Women, the Department of Parks and Recreation of the City and County of Honolulu, the Hawaii Civil Rights Commission, and the Honolulu Police Department.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3257, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3215 Judiciary on H.B. No. 2357

The purpose of this bill is to authorize heads of state departments to obtain aid and cooperation from counties for joint projects and to protect counties from liability for their participation in any state project, program, or operation.

Your Committee finds that it is in the public interest for the State and counties to cooperate in providing much needed services to the public through joint intergovernmental projects. These joint intergovernmental projects benefit the general public since they avoid unnecessary duplication of services and allow the services to be provided in a faster and more efficient method.

Your Committee further finds that the counties are hesitant to enter into these joint projects since it would expose them to greater liability, especially in situations where their participation is limited. To address this concern, the counties have requested the sponsoring state department to indemnify and defend them in the event a lawsuit arises out of a state project. Your Committee agrees that this measure will provide the counties the requested protection.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2357, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, McCartney).

SCRep. 3216 Judiciary on H.B. No. 3082

The purpose of this bill is to require that persons charged with a Class C felony for habitual driving under the influence be subjected to Administrative Driver's License Revocation procedures.

Your Committee finds that this bill is necessary to correct an oversight in the current law which allows habitual DUI offenders to drive while awaiting prosecution.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3082, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, McCartney).

SCRep. 3217 Judiciary on H.B. No. 3185

The purpose of this bill is to permit administrative revocation of the driver's license of a person tested for evidence of driving under the influence of intoxicating liquor after having been involved in a motor vehicle accident.

Your Committee finds that this measure will augment Act 101, Session Laws of Hawaii 1997, which allowed emergency medical service providers to release blood alcohol content to law enforcement officers when the patient was involved in a motor vehicle accident.

Your Committee notes that this measure makes reference to "intoxication control roadblock" established and operated pursuant to sections 286-162.5 and 286-162.6, Hawaii Revised Statutes. These sections were amended by Act 103, Session Laws of Hawaii 1997, sections 6 and 7, to include drug control roadblocks, effective January 1, 1998. Therefore, your Committee has amended the bill by making non-substantive technical changes to include drug control roadblocks.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3185, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3185, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, McCartney).

SCRep. 3218 Judiciary on H.B. No. 3252

The purpose of this bill is to increase the property damage threshold of motor vehicle accidents from \$1,000 to \$3,000 when determining if a moving violation has occurred for which proof of financial responsibility is required.

Your Committee finds that Act 216, Session Laws of Hawaii 1995, amended the property damage threshold for reportable vehicle accidents from \$1,000 to \$3,000. This bill corrects inconsistencies in both the Hawaii Revised Statutes and Session Laws of Hawaii 1995.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3252, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, McCartney).

SCRep. 3219 Judiciary on H.B. No. 3581

The purpose of this bill is to create penalties for operating a moped on a roadway without a valid driver's license.

Your Committee finds that the penalties imposed under this measure will enable enforcement of this law.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3581, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, McCartney).

SCRep. 3220 Judiciary on H.B. No. 2443

The purpose of this bill is to amend Act 131, Session Laws of Hawaii (SLH) 1997, the de minimus structure position discrepancies law, by adding industrial properties and clarifying who is responsible for an encroachment when the builder is not readily identifiable.

Your Committee finds that there have been problems in identifying owners who have constructed improvements which are encroaching onto another piece of real property. The fact of ownership needs to be resolved to address repair, maintenance, and liability issues. Your Committee further finds that the de minimus structure position discrepancies law should not allow individuals to intentionally, knowingly, and willfully encroach onto another person's real property.

Testimony in support of the bill was submitted by the Hawaii Association of Realtors and the Real Estate Update, Inc. Testimony in opposition to the bill was submitted by a private citizen.

Upon further consideration, your Committee has amended the bill by:

SENATE JOURNAL - STANDING COMMITTEE REPORTS

1304

- (1) Deleting section 3 which would allow Act 131 to apply to discrepancies prior to its effective date;
- (2) Making the effective date of this measure retroactive to the effective date of Act 131 (June 16, 1997); and
- (3) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2443, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2443, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3221 Judiciary on H.B. No. 2524

The purpose of this bill is to extend up to one hundred twenty days, the period in which to call a general, special general, or special election.

Your Committee finds that conducting an election for a single representative district, a single senatorial district, or a statewide contest within sixty days is possible if the court decides the case within thirty days after a general election. This is possible because the infrastructure to conduct and hold such an election is still more or less intact. Your Committee further finds, however, that if a court decision to hold another election occurs more than thirty days after the general election and involves a statewide contest, it would take the Office of Elections at least one hundred twenty days to conduct the election.

Testimony in support of the bill was submitted by the Office of Elections.

Upon further consideration, your Committee has amended the bill by deleting the requirement that new elections for state Senate and House of Representative candidates are to be held within 90 days of the court decision.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2524, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2524, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3222 Judiciary on H.B. No. 2667

The purpose of this bill is to protect pet animals in Hawaii from neglect by defining minimum standards of care.

Your Committee notes that the existing statute defining cruelty to animals identifies only those acts which are the most heinous and extreme, such as beating, torture, starvation, mutilation, and poisoning. On a daily basis, however, other less overt acts such as daily neglect also result in the inhumane treatment of animals. Thus, your Committee agrees that pet animals deserve a minimum level of care including adequate food, water, and shelter.

Testimony in support of the bill was submitted by the Hawaiian Humane Society, the Hawaii Island Humane Society, and the Kauai Humane Society. Testimony in opposition to the bill was submitted by two private citizens.

Upon further consideration, your Committee has amended the bill by deleting the provision that includes access to a structure sufficient to protect the animal from wind, rain, or sun from the definition of "necessary sustenance."

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2667, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2667, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3223 Judiciary on H.B. No. 2779

The purpose of this bill, as received by your Committee, is to conform the Hawaii Uniform Interstate Family Support Act, Chapter 576B, Hawaii Revised Statutes (HRS), with the July 1996 amendments made to the Uniform Interstate Family Support Act recommended by the National Conference of Commissioners on Uniform State Laws.

Your Committee finds that conforming Hawaii's Uniform Interstate Family Support Act with the Uniform Interstate Family Support Act by the National Conference is preferred, however there are situations where a slight variance may be needed to conform to the Hawaii Revised Statutes. Your Committee further finds that this bill makes the necessary conforming amendments regarding service of notice in the affected sections of Chapter 576B, HRS.

Testimony in support of this bill was submitted by the Attorney General and the Office of the Corporation Counsel of the County of Hawaii.

Upon further consideration, your Committee has amended the bill by making conforming amendments to section 576B-606, HRS, to clarify that the service of notice requirements shall also apply to procedures to contest validity or enforcement of a registered order.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2779, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2779, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3224 Judiciary on H.B. No. 2932

The purpose of this bill is to reduce the visibility of prostitution in certain areas of Waikiki.

Your Committee finds that the high visibility of prostitution is offensive to both visitors and residents alike. And, since most lasting impressions of locations are the negative ones, it is likely that many tourists will not return to Hawaii due to these negative impressions. Your Committee further finds that tourists not returning will have a negative impact on our visitor industry, and an adverse impact on our economy.

Testimony in support of the bill was submitted by the Department of the Prosecuting Attorney of the City and County of Honolulu, the Honolulu Police Department, the Office of the Managing Director of the City and County of Honolulu, the Hawaii Hotel Association, the Marine Surf Waikiki Hotel, the Waikiki Improvement Association, and a private citizen.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the provision that prohibits any action from being brought against the State or any political sub-division; and
- (2) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2932, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2932, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3225 Judiciary on H.B. No. 2935

The purpose of this bill is to reduce the maximum penalties for various offenses and reduce to petty misdemeanors certain offenses under the penal code, in order to provide that these cases may be tried before a judge rather than a jury.

Your Committee acknowledges that when the maximum term of imprisonment for an offense is no more than thirty days, there is a presumption that the right to a jury trial does not attach. Your Committee notes that persons convicted of these offenses rarely have more than thirty days of imprisonment imposed, thus your Committee finds that it would be more judicially efficient to have these cases tried before a judge rather than a jury.

Testimony in support of the bill was submitted by the Department of the Prosecuting Attorney of the City and County of Honolulu and the Office of the Public Defender.

Upon further consideration, your Committee has amended the bill by deleting the offenses of resisting arrest and resisting an order to stop a motor vehicle, due to the potential for harm resulting therefrom.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2935, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2935, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3226 Judiciary on H.B. No. 2941

The purpose of this bill is to prohibit the use of deferred pleas in cases where the defendant is charged with violation of a protective or temporary restraining order issued by the court.

Your Committee finds that domestic violence is a pattern of abuse that occurs over time and is not just an isolated incident. Your Committee further notes that victims will obtain protective orders to ensure their safety in situations where an arrest is not often made on the abuse charges. Furthermore, your Committee notes that a violation of such an order is a blatant disregard of the court's authority and a conviction for this violation should be a part of the record so that a history of these offenses can be established.

Testimony in support of this bill was submitted by the Hawaii State Commission on the Status of Women, the Department of the Prosecuting Attorney of the City and County of Honolulu, Child and Family Service, Domestic Violence Clearinghouse and Legal Hotline, and the Hawaii State Coalition Against Domestic Violence. Testimony in opposition to the bill was submitted by the Office of the Public Defender.

Upon further consideration, your Committee has amended the bill by adding that violations of restraining orders in annulment, divorce, or separation proceedings will be excluded from deferred acceptance of guilty (DAG) or deferred acceptance of no contest (DANC) pleas.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2941, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2941, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3227 Judiciary on H.B. No. 2522

The purpose of this bill is to allow the Chief Election Officer to extend the time period for the raising of objections to a group of persons desiring to qualify as a political party.

Your Committee finds that absent the unique descriptor for individuals such as their social security numbers, the verification process to be undertaken by the Chief Election Officer is more labor intensive and requires additional time to process party qualification petitions. Thus, your Committee agrees that the Chief Election Officer should have the discretion to extend the objection period, up to an additional ten business days, to provide additional time to verify party petitions.

Testimony in support of this bill was submitted by the Office of Elections.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2522, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3228 Judiciary on H.B. No. 2708

The purpose of this bill is to provide greater flexibility and increase efficiency by allowing the courts to determine the form of warrants, mittimus, indictments, and executions.

Your Committee finds that because these forms are established by statute, the courts are unable to accept forms that do not conform to the statutory requirement. Your Committee further finds that this bill eliminates such restrictiveness and allows for greater efficiency and increased flexibility by removing the forms set out in chapters 651 and 805 of the Hawaii Revised Statutes, while allowing the Supreme Court to exercise its proper supervisory role in court matters.

Testimony in support of this bill was submitted by the Judiciary.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2708 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3229 Judiciary on H.B. No. 2850

The purpose of this measure is to increase the amount of the estate value in cases where the clerk of the circuit court may act as the guardian of property for small estates.

Your Committee finds that presently the Small Estates and Guardianship Office in the Judiciary assists many individuals, especially elders on fixed incomes, with the settlement of estates of \$8,000 or less. Your Committee further finds that the present estate value limit of \$8,000 does not realistically reflect today's estate values. Your Committee agrees that increasing this limit will more accurately reflect current estate values and provide less costly legal options for persons settling small estates.

Testimony in support of this bill was submitted by the Executive Office on Aging and the University of Hawaii William S. Richardson School of Law. The Judiciary submitted testimony in support of this bill with reservations.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2850, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3230 Judiciary on H.B. No. 2942

The purpose of this bill to clarify that the valuation of property taken in the commission of a theft should be determined by the value of the property "taken" rather than the value of the property "damaged".

Your Committee finds that under section 708-801, Hawaii Revised Statutes, the law provides that valuation amounts are to be determined by the property "damaged" whereas it should logically be determined by the value of the property "taken." Your Committee further finds that the law needs to be changed to assure that a victim's losses are fairly assessed and adequately compensated.

Testimony in support of this bill was submitted by the Department of the Prosecuting Attorney of the City and County of Honolulu.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2942 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3231 Judiciary on H.B. No. 2709

The purpose of this bill is to clarify the nonconsensual common law liens law to provide that liens filed against employees of the Judiciary and court-appointed commissioners shall be invalid unless otherwise specified by court order or statute.

Your Committee finds that current law does not include court-appointed commissioners and employees of the Judiciary as public officers and employees under the nonconsensual common law liens law. Your Committee further finds that because of the current language of the law, several judges and court-appointed commissioners have had liens placed upon their property by disgruntled foreclosure litigants without notice. Thus, your Committee finds that it is important to include employees of the Judiciary and court-appointed commissioners in the definition of "state or local officer" so that liens against these individuals based upon their duties are invalid unless there is a court order.

Testimony in support of this bill was submitted by the Judiciary. The Board of Land and Natural Resources supports the intent of the bill but expressed concerns about the additional workload that may be placed upon the Bureau of Conveyances.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2709, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 3232 Judiciary on H.B. No. 2358

The purpose of this bill is to amend the law relating to the utilization of child passenger restraints while operating a motor vehicle. Specifically, this bill requires first time violators of the child passenger restraint law to attend a child passenger safety class. This bill also requires payment of a driver's education assessment of \$50 for first time violators.

Your Committee believes that a mandated class will more effectively communicate the message of the necessity of child passenger restraints in motor vehicles rather than imposing a monetary fine upon a violator.

Testimony in support of the bill was submitted by the Department of Health, the Department of Transportation, Hawaii Nurses' Association, Healthy Mothers Healthy Babies Coalition of Hawaii, and the Keiki Injury Prevention Coalition.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2358, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 3233 Judiciary on H.B. No. 2537

The purpose of this bill is to preserve insurance coverage for individuals who have been, or are at risk of being abused in a domestic relationship.

Your Committee finds that domestic violence is one of the most critical issues impacting women today, affecting their health, economic viability, and often endangering their lives and the lives of their children. Your Committee further finds that in the City and County of Honolulu alone, about 4,000 domestic abuse cases are referred each year to the prosecutor's office. Thus, your Committee agrees that insurance companies should not use domestic abuse as a rating factor for insurance risk as it may discourage the victims from obtaining needed health and social services for fear of losing their insurance coverage.

Testimony in support of this bill was submitted by the Department of Commerce and Consumer Affairs; Hawaii State Commission on the Status of Women; Hawaii Nurses' Association; State Farm Insurance Companies; Hawaii State Coalition Against Domestic Violence; Kaiser Permanente; Domestic Violence Clearinghouse and Legal Hotline; Democratic Party of Hawaii; and two private attorneys.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2537, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3234 Judiciary on H.B. No. 3289

The purpose of this bill is to limit hotelkeepers liability from tort actions arising from injury, death, or property damage occurring from specified recreational equipment.

Your Committee finds that hotels often offer guests the use of a variety of recreational equipment that is characteristically used without instruction or supervision. However, due to the wide range of characteristics and possible uses of some equipment, such as a mask and swim fins, it is difficult for hotelkeepers to anticipate the types of activities in which the guests may use the equipment. Thus, it is difficult for the hotels to train and advise the guests about the inherent risks for all the types of activities in which the equipment may be used. Thus, your Committee agrees that limits of hotel liability need to be clarified to prevent unnecessary litigation which may raise costs and threaten the economic viability of hotel operators.

Testimony in support of this bill was submitted by the Consumer Lawyers of Hawaii and the Hilton Hawaiian Village. Testimony in support of the intent of the bill was submitted by Hawaii Hotel Association, Outrigger Enterprises and Maui Hotel Association.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3289, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 3235 Judiciary on H.B. No. 2355

The purpose of this bill is to allow a police officer or the owner or lessee of property to issue written orders requiring trespassers not to return to any commercial premises or other private property for a period not to exceed one year.

Your Committee finds that under current law, as long as a trespasser leaves the premises immediately upon being ordered to do so, the trespasser can return that same day with no consequence. In *State v. Sadler*, 80 Haw. 372, 910 P.2d 143 (1996), the Hawaii Intermediate Court of Appeals ruled that a contemporaneous warning or request to leave must be given and the person must then refuse to leave before the person can be arrested for trespass on commercial property.

Your Committee further finds that under this ruling, if a property owner warns a trespasser to leave the premises, the property owner cannot have the trespasser arrested without giving the trespasser another warning and having the trespasser refuse to leave after the subsequent warning. Your Committee agrees that this places an undue burden upon commercial establishments to continue to warn a trespasser who should already know that they do not have permission to be on the property.

Testimony in support of the bill was submitted by: the Department of the Prosecuting Attorney of the City and County of Honolulu; the Honolulu Police Department; Legislative Information Services of Hawaii; Hawaii Hotel Association; Hawaii Visitor Industry Security Association; Retail Merchants of Hawaii; Marine Surf Waikiki Hotel; and Hawaii Hotel Security Association. Testimony in opposition to the bill was submitted by the Office of the Public Defender.

Upon further consideration, your Committee has amended the bill by:

- (1) Providing that the enumerated factors in the warning requirement are only suggestions so that a written warning that does not comply with the exact language provided in the statute will not be invalidated;
- (2) Changing the language of subsection (c)(ii) to include a photograph or physical description of the trespasser and the aliases of the person being warned;
- (3) Changing the language of subsection (c)(iv) so that a trespasser's signature is not required since in some cases the person may refuse to sign the warning; and
- (4) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2355, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2355, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3236 Judiciary on H.B. No. 2381

The purposes of this bill, as received by your Committee, are to create a new misdemeanor offense of street solicitation and provide for increased penalties for prostitution activities in Waikiki.

Your Committee recognizes the negative impacts of street solicitation for the purposes of prostitution, and the related criminal activities that inevitably accompany prostitution, on tourism in our State; particularly in heavily concentrated visitor areas such as Waikiki. Your Committee is also cognizant of the fierce competition in the global travel market and the critical role that tourism plays in our State's economy.

In addition, your Committee notes that prostitution is a multi-faceted problem and that the current criminal justice system has not been effective in mitigating the problem. Your Committee believes that the civil justice system, in addition to the criminal justice system, can be an effective weapon against prostitution and the promotion of prostitution. The civil justice system can provide an avenue of compensation for those victims who have suffered as a result of the promotion of prostitution, and the added threat of civil liability is a deterrent to the promotion of prostitution.

Testimony in support of the bill was submitted by: the Department of Business, Economic Development, and Tourism; the Department of the Prosecuting Attorney of the City and County of Honolulu; the Office of the Managing Director of the City and

County of Honolulu; the Honolulu Police Department; Hawaii Activities and Tours Association; Waikiki Improvement Association; First Hawaiian Bank, Waikiki Branch; Hacienda Hauoli; Hawaii Hotel Association; and Marine Surf Waikiki Hotel.

Testimony in opposition to the bill was submitted by: Hawaii State Commission on the Status of Women; the Office of the Public Defender; and Domestic Violence Clearinghouse and Legal Hotline.

Your Committee strongly agrees that addressing the problem of prostitution is critical to ensuring a safe and secure environment for residents of and visitors to Hawaii alike. Nevertheless, your Committee believes that changes to the bill are necessary and appropriate in order to effectuate a comprehensive approach to eradicate prostitution. Therefore, upon further consideration, your Committee has amended the bill by deleting its substance and inserting the general language reflected in S.B. No. 2253, S.D. 1 and S.B. No. 2398, S.D. 1 which were passed by your Committee. Furthermore, your Committee has amended the contents of the bill by making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2381, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2381, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 3237 Human Resources on H.B. No. 3059

The purpose of this bill is to extend the coverage of the law relating to the State policy concerning the utilization of volunteer services, to any agency within the executive and legislative branches of the counties.

Your Committee received testimony in support of this measure from the Conference of Personnel Directors and the County of Hawaii Department of Civil Service.

Your Committee finds that this measure would give county volunteers the same exemptions from civil service now extended to State volunteers. County governments rely on volunteer services in areas as diverse as firefighters and local community programs, and this bill will ensure the continuation of such valuable services.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3059, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 3238 Human Resources on H.B. No. 2866

The purpose of this bill is to clarify the wage and hour documentation requirements of contractors who perform public works contracts.

Your Committee received testimony in support of this bill from the Department of Labor and Industrial Relations (DLIR), Hawaii Operating Engineers Industry Stabilization Fund, and the Pacific Resource Partnership.

Current law requires that the specifications for each public works contract contain a provision requiring the contractor performing work on a public works construction project to submit a certified copy of all payrolls weekly to the state or county contracting agency. According to testimony of the DLIR, this bill is intended as a last resort to address the situation where a contractor fails to comply after numerous and repeated requests from the DLIR. The DLIR testified that many local contractors have an amicable working relationship with the DLIR and will supply the required documentation upon oral request. However, a few construction firms will not comply, and the DLIR needs a strict penalty as a last resort.

Your Committee prefers that the DLIR continue to strive toward obtaining the documentation in an informal, cooperative manner. Your Committee wishes to make clear that the DLIR may still make informal requests of the contractor for records and that penalties may be assessed only after a written request. Nevertheless, your Committee believes that this bill is necessary to confer needed powers on the DLIR in case informal requests are rebuffed and a written request becomes necessary.

Your Committee has amended this bill by deleting its contents and inserting provisions of companion measure S.B. No. 2884, S.D. 1, which makes the following amendments:

- (1) Requiring that the request for records to the contractor be in writing in order for the penalties to be assessed after ten days from the written request; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2866, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2866, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 3239 Human Resources on H.B. No. 2867

The purpose of this bill is to authorize hearings officers appointed by the Director of Labor and Industrial Relations (Director) to render final decisions on appeals in cases involving violations of the wages and hours law on public works projects.

Your Committee received testimony in support of this bill from the Department of Labor and Industrial Relations, Hawaii Operating Engineers Stabilization Fund, and The Pacific Resource Partnership.

Your Committee finds that the current law of requiring the Director to render decisions prolongs the time in which the appeal can be decided. The delay is attributable to an administrative hearings requirement of presenting the parties with a proposed decision and giving them an additional ten days to respond with exceptions to the proposed decision language before it is signed by the Director. In the meantime, the employer continues work on the project, giving the appearance that contractors can violate the law. This bill ameliorates this problem by conferring authority upon the hearings officer to render the final decisions, which essentially eliminates one level of bureaucracy.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2867 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 3240 Human Resources on H.B. No. 2869

The purpose of this bill is to allow the Department of Industrial Relations (DLIR) to regulate bungee jumping and define amusement rides.

Your Committee received testimony in support of this bill from the DLIR, Hawaii Government Employees Association, and E.K. Fernandez Shows.

Your Committee finds that bungee jumping is a popular attraction at amusement facilities and carnivals. Your Committee further finds that bungee jumping is an inherently dangerous activity that is currently unregulated. Your Committee believes that this bill is necessary for the protection and safety of the public. The DLIR currently regulates amusement rides, so regulating bungee jumping is not significantly different.

According to the DLIR, the problem with regulating bungee jumps, which is a relatively new amusement, is that there is no one on their staff who is sufficiently knowledgeable about the equipment and operation of bungee jumps to enable it to adequately inspect and determine safety. The DLIR has approached a carnival operator about the possibility of paying for training DLIR inspectors, but the operator indicated that he could not afford it. The DLIR gave a rough estimate of about \$3,000 to train one inspector, which would encompass a trip of several days to the mainland to receive instructions from the manufacturer. Your Committee believes that training for one or two inspectors to specialize in bungee jumps is necessary. However, your Committee desires that the DLIR continue to work with bungee jump operators to obtain funds for training rather than relying on state funds.

Your Committee has amended this bill by deleting its contents and inserting provision of companion measure S.B. No. 2887, S.D. 1, which was formulated by your Committee with the advice and concurrence of the DLIR after a hearing on the Senate bill. After further consideration, your Committee has deleted references in the amended bill to "or qualified inspector," preferring to allow the DLIR to determine how best to conduct the inspections.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2869, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2869, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 3241 Human Resources on H.B. No. 2871

The purpose of this bill is to repeal the Advisory Committee on Labor and Industrial Relations (ACLIR) and to repeal reference to the industrial accident boards.

Your Committee received testimony in support of this bill from the Department of Labor and Industrial Relations (DLIR).

This bill streamlines state government by eliminating the ACLIR, which is nonessential, and by repealing an outdated reference to the industrial accident boards. There are presently a number of other active and essential boards through which the Director of Labor and Industrial Relations may obtain information and feedback, and that serve the same purposes of the ACLIR. The industrial accident boards were repealed in 1969, but the reference remains in section 26-20, Hawaii Revised Statutes.

Your Committee has amended this bill by deleting its contents and inserting provisions of companion measure S.B. No. 2889, S.D. 1, which amends the bill by deleting the amendment to the nomenclature of the "Hawaii Employment Relations Board," which should not be amended because it serves as a historic reference only. Although the Board's current name is the "Hawaii Labor Relations Board," the reference is to the board that was transferred in 1959.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2871, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2871, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 3242 Human Resources on H.B. No. 2887

The purpose of this bill is to clarify the composition and voting of the Hawaii State Commission on the Status of Women (Commission).

Your Committee received testimony in support of this bill from the Attorney General, the Commission, and a member of the Commission.

This bill provides that:

- (1) Ex officio members shall be nonvoting members;
- (2) Ex officio members may be represented by their respective designees; and
- (3) A quorum for doing business shall be a majority of the seven members.

Your Committee finds that ex officio members serve in an advisory and informational capacity, and not for voting purposes. Your Committee also finds that there is need to clarify the quorum requirement for the Commission to ensure that it is based on appointed members only.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2887 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 3243 Human Resources on H.B. No. 3053

The purpose of this bill is to clarify that only requested and necessary personnel action forms must be filed with the Director of Human Resources Development.

Testimony in support of this bill was received from the Conference of Personnel Directors and the County of Hawaii Department of Civil Service.

Your Committee finds that enactment of this bill will reduce paper flow and improve efficiency in government services.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3053 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 3244 Human Resources on H.B. No. 3054

The purpose of this bill is to require each executive department to transmit the final ratings of an employee to the Director of Human Resources Development upon request of the Director, and to file the original in the employee's official file.

Your Committee received testimony in support of this bill from the Department of Human Resources Development (DHRD) and the Department of Civil Service of the County of Hawaii.

This bill also deletes the obsolete reference to "step increases," which are now covered by collective bargaining.

According to testimony of DHRD, this bill reflects the existing common practice in the respective jurisdictions of handling personnel performance ratings.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3054, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 3245 Human Resources on H.B. No. 3055

The purpose of this bill is to eliminate the requirement that county civil service commissions (CCSC) make an annual report which reviews departmental operations and personnel administration to their mayors and county councils.

The Department of Human Resources Development and the Department of Civil Service for the county of Hawaii submitted testimony in support of this bill.

Testimony indicated that the CCSC annual reporting requirements imposed by state statute are wasteful and unnecessary.

Upon consideration of all pertinent issues and testimony presented, your Committee finds that this bill eliminates duplicative and unnecessary government work.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3055 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 3246 Human Resources on H.B. No. 3132

The purpose of this bill is to clarify the maximum hours law for overtime work for employees of air carriers.

Your Committee received testimony in support of this bill from United Airlines and several of its individual employees, and several employees of Hawaiian Airlines. Testimony in opposition to this bill was received from the Department of Labor and Industrial Relations.

Your Committee has amended this bill by deleting its contents and inserting provisions of companion measure S.B. No. 2495, S.D. 1, which creates a limited exemption to the maximum hours law to allow airline employees the ability to exchange hours of work with another employee for the sole purpose of family and medical leaves and consistent with public policy.

Your Committee believes that it is necessary to specify the grounds for allowing an exemption to prevent abuse by the employer and employees, and to avoid setting a precedent for carte blanche exemptions for other industries.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3132, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3132, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Fukunaga).

SCRep. 3247 Commerce, Consumer Protection, and Information Technology on H.B. No. 2810

The purpose of this bill is to add provisions for mergers or consolidations of an in-state nondepository financial services loan company with an out-of-state company, and state-chartered financial institution acquisitions of assets or liabilities of a non-state-chartered financial institution, into the Code of Financial Institutions (Code).

Your Committee received testimony from the Department of Commerce and Consumer Affairs explaining the amendments.

Your Committee finds that 1996 amendments to the Code no longer require nondepository financial services loan companies to be incorporated in the State.

Your Committee further finds that the currently, the Code does not address the possibility that a Hawaii state-chartered financial institution may desire to acquire the assets or business of an institution which is a non-state-chartered financial institution.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2810, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Kanno, Levin).

SCRep. 3248 Commerce, Consumer Protection, and Information Technology on H.B. No. 3302

The purpose of this bill is to prohibit unaccredited institutions from issuing post-secondary degrees unless the institutions comply with certain standards.

Your Committee received testimony in support of the bill from the University of Phoenix. Testimony supporting the intent of this measure was received from the Department of Commerce and Consumer Affairs, the University of Hawaii, Kennedy-Western University, and Pacific Western University. Testimony opposing the measure was received from International University of Professional Studies and two administrators of Greenwich University. Testimony offering information through attachments was received from an administrator of Greenwich University.

Your Committee finds that the current statutes regulating unaccredited degree granting institutions are inadequate to protect consumers and the reputation of Hawaii's legitimate institutions of higher education from the damage pure unaccredited mail drop diploma mills can inflict.

Your Committee further finds that since the Department of Commerce and Consumer Affairs (DCCA) is the regulating agency charged with the administration and enforcement of chapter 446E, Hawaii Revised Statutes (HRS), relating to unaccredited degree granting institutions, the statutory filing fee required of all unaccredited institutions must be increased to more accurately reflect the costs involved.

Finally, your Committee has concerns regarding the constitutionality of giving the DCCA the authority to levy the severe administrative fines or to order the unaccredited institution to cease its operations in this State without affording the institution its due process right to notice and a hearing.

Accordingly, your Committee amended the bill by:

- (1) Deleting certain language for consistency;
- (2) Raising the filing fee from \$100 to \$500;
- (3) Deleting the administrative penalties contained in subsections (e) and (f) of section 446E-5, HRS, relating to prohibited practices which apply to unaccredited institutions who fail to attain candidacy status or full accreditation within a specified timeframe, and inserting language that deems failures to be a violation of chapter 446E, HRS; and
- (4) Making technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3302, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3302, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Levin, Tanaka).

SCRep. 3249 Judiciary on H.B. No. 2332

The purpose of this bill is to increase highway safety by requiring motorists to remove waste materials which have fallen from their vehicles onto the highway, or to immediately report the fallen waste materials to the county police department.

Your Committee finds that waste material which has been spilled onto the highways and roadways creates a hazardous situation that needs to be addressed in a timely manner. Your Committee further finds that it is appropriate to hold the driver of a motor vehicle responsible for the removal or the reporting of fallen materials, and thereby increase the awareness of drivers to the inherent dangers of leaving fallen objects on the road.

Testimony in support of this bill was submitted by the Honolulu Police Department and a private citizen. The Judiciary submitted comments on this bill.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2332, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 3250 Judiciary on H.B. No. 2533

The purpose of this bill is to increase the fine for the importation of prohibited or restricted plants, animals, or microorganisms.

Your Committee finds that the importation of prohibited or restricted plants, animals, or microorganisms for propagation, sale, or release poses a serious threat to the State's environment and economy. Your Committee further finds that the passage of this measure will be a strong deterrent to those wanting to import illegal species into Hawaii.

Testimony in support of this bill was submitted by the Board of Agriculture; Hawaii Farm Bureau; Hawaii Hotel Association; Maui Chamber of Commerce; Maui Hotel Association; Maui Marriott; Aston Wailea Resort; Diamond Resort; Grand Wailea Resort; and the Estate of James Campbell.

Upon further consideration, your Committee has amended this bill by:

- (1) Deleting the reclassification of importation of prohibited animal or plant as a petty misdemeanor and retaining the existing classification as a misdemeanor;
- (2) Changing the maximum penalty to \$25,000 for the importation of a prohibited plant; and
- (3) Changing the minimum penalty to \$50,000 for the importation of a prohibited plant or animal with the intent to propagate or sell.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2533, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2533, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 3251 Judiciary on H.B. No. 3403

The purpose of this bill, as received by your Committee, is to deter the problems of theft and trespass on agricultural lands.

Specifically, the bill addresses these problems by:

- (1) Making it a criminal trespass in the first degree to knowingly enter or remain unlawfully in or upon cultivated, agricultural land that is fenced, enclosed, or secured in a manner to exclude intruders or on which is displayed the signage, "Private Property";
- (2) Making the offense of theft in the second degree of an aquaculture product or of agricultural equipment, supplies, or products subject to the requirement that the theft occur on:
 - (a) Premises that are fenced, enclosed, or secured in a manner designed to exclude intruders; or
 - (b) Premises upon which there is displayed a sign or signs sufficient to give notice;
 and
- (3) Changing the wording and spacing specifications of the signage for private property.

Your Committee finds that farmers and ranchers suffer significant losses as a result of trespassers and the subsequent theft of crops, livestock, and equipment. Hundreds of thousands of dollars are lost each year due to agricultural thefts. Many of these thefts go unreported each year because of the long history of cases not being solved, lack of satisfactory resolution in the courts, and lack of restitution to the victim. Your Committee believes that this bill will serve as an adequate deterrent to potential thieves and trespassers who victimize farmers and ranchers.

Testimony in support of the bill was submitted by: the Board of Agriculture; Big Island Farm Bureau; Brewer Environmental Industries, Inc.; Hawaii Aquaculture Association; Hawaii Farm Bureau; Kona County Farm Bureau; Jeffs Farm; and East Oahu County Farmers Association.

Testimony in opposition to the bill was submitted by: Office of Hawaiian Affairs; the Office of the Public Defender; and Sierra Club, Hawaii Chapter.

Upon further consideration your Committee has amended the bill by:

- (1) Prohibiting trespass upon aquacultural properties; and
- (2) Creating an affirmative defense for those persons engaged in lawful activity who are traversing such properties.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3403, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3403, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 3252 Judiciary on H.B. No. 2666

The purpose of this bill, as received by your Committee, is to amend the domestic violence laws by: requiring persons convicted of violations of temporary restraining orders to undergo domestic violence intervention; allowing the extension of a protective order not to exceed three years from the date of issuance; allowing the court to sentence a misdemeanor defendant to a term of probation up to two years; and changing the term "cooling off" to "period of separation".

The purpose of this bill, as amended by your Committee in Senate Draft 1, is to address domestic violence in a comprehensive approach and to include provisions that:

- (1) Allow the seizure of firearms in domestic abuse situations;
- (2) Establish a felony offense of domestic violence after two misdemeanor convictions;
- (3) Clarify the definition of family and household member;
- (4) Repeal the use of deferred acceptance of guilty (DAG) and deferred acceptance of nolo contendere (DANC) pleas for domestic violence offenses;
- (5) Allow the judges to extend the time for protective orders;
- (6) Delete the word "recent" when considering issuance of protective orders and determination of periods of separation; and
- (7) Impose fines for a violation for temporary restraining orders.

Your Committee recognizes that domestic violence is one of the most serious problems affecting our community. While it is a multi-faceted problem, involving more than merely punishing criminal behavior, your Committee further finds that we must focus on the criminal aspects of the problem. Stricter penalties are needed for persons convicted of domestic violence and violations of restraining orders. Furthermore, your Committee finds that fines should be assessed on persons convicted of domestic violence and that these monies should be deposited into the spouse and child abuse special account in order to support victim services.

Your Committee finds that persons who engage in domestic abuse must face consequences for their actions. Persons who are convicted of domestic abuse are likely to have assaulted the same person repeatedly over time. Therefore, your Committee further

finds that an enhanced grade of offense for repeat criminal behavior sends a message to the repeat offender that such behavior will not be tolerated and will be treated as a serious offense.

In addition, your Committee notes that victims will obtain protective orders to ensure their safety in situations where there often is not an arrest made on the abuse charges. Your Committee further notes that violations of these orders are a blatant disregard of the court's authority, and conviction for this violation should be a part of the record so that a history of these offenses can be established.

Your Committee further finds that courts presently can issue protective orders for a maximum of three years, which may not provide an adequate length of time to fully protect a battered woman and her children. Your Committee notes that under current court practices, if the victim wants the protective order extended, the victim must petition the court and present evidence to show good cause why the initial order should be extended. For the victim, this is often difficult because the standard for good cause is based, in part, on evidence of abuse and threats which occurred prior to the initial protective order.

Furthermore, your Committee finds that the term "recent" is vague and ambiguous and therefore subject to wide interpretation. This lack of clarity is an obstacle to the collection of essential evidence in domestic violence situations. Your Committee further finds that the presence of a firearm increases the probability of serious injuries or fatalities in domestic violence situations, particularly if the perpetrator has used or has threatened to use it against a victim in the past.

Finally, your Committee finds that changing the current definition of "family or household member" to include persons that have a child together or a dating relationship, regardless of their ever having lived together, will go a long way in identifying and prosecuting domestic violence offenders. Currently, abusers who clearly have a domestic relationship with their victims but do not or have never resided with them, escape prosecution and statutory penalties provided under domestic abuse laws as they can only be charged under assault in the third degree or other related offenses.

Testimony in support of this bill was submitted by the Hawaii State Commission on the Status of Women; the Honolulu Police Department; Domestic Violence Clearinghouse and Legal Hotline; Hawaii Lawyers Care; Child and Family Services; and Hawaii State Coalition Against Domestic Violence. The Department of the Prosecuting Attorney of the City and County of Honolulu submitted testimony supporting parts of the bill and opposing parts of the bill. The Judiciary and the Office of the Public Defender submitted comments regarding certain amendments that had been made to the bill.

Your Committee believes that a comprehensive approach towards domestic violence is needed. Therefore, your Committee has inserted provisions which reflect Senate bills that passed your Committee and include:

- (1) Deleting the requirement that the abuse be "recent" in order for a temporary restraining order to be granted;
- (2) Making it mandatory for a person convicted of a temporary restraining order violation to undergo domestic violence intervention;
- (3) Establishing a fine of \$500 for the first conviction of a violation of a temporary restraining order;
- (4) Establishing a fine of \$2,000 for the second or any subsequent conviction of a violation of a temporary restraining order and mandating immediate incarceration for the minimum sentence upon conviction;
- (5) Providing that all fines collected for a violation of a temporary restraining order be deposited into the spouse and child abuse special account;
- (6) Deleting the amendments made to section 586-5.5, Hawaii Revised Statutes, and inserting SB 2403 S.D.1, which amends the same section to allow judges to issue protective orders for less than thirty days but not to exceed a period of six years;
- (7) Changing the "cooling off period" to "period of safety";
- (8) Inserting the provisions from SB 2401 S.D.1, which allow the seizure of firearms in domestic abuse situations;
- (9) Inserting the provisions of SB 2404 S.D.1, which establish a felony offense of domestic violence after two misdemeanor convictions;
- (10) Inserting the provisions of SB 2465 S.D.1, which clarify that the definition of "family and household member" includes persons with a child in-common and persons with a dating relationship;
- (11) Inserting the provisions of SB 2712 S.D.1, which repeal the use of DAG/DANC pleas for domestic violence offenses; and
- (12) Making other non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2666, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2666, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3253 Judiciary on H.B. No. 2437

The purpose of this bill is to make it an offense for a practitioner or pharmacist to dispense a controlled substance to a person known to the practitioner or pharmacist without first obtaining proper identification and obtaining the person's signature in a log book. This bill also provides that if the person does not have proper identification, then the pharmacist is required to verify the validity of the prescription and the identity of the patient with the prescriber before the controlled substance is dispensed.

Your Committee finds that abuse of prescription drugs is a serious problem in our society. Your Committee further finds that requiring the person picking up the prescription to present proper identification, will act as a deterrent to the fraudulent obtaining of controlled substances.

Testimony in support of this bill was submitted by the Department of Public Safety, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Hawaii Nurses' Association, Kaiser Permanente, and Longs Drug Stores. Testimony in opposition was submitted by the Office of Information Practices.

Upon further consideration, your Committee has amended this bill by:

- (1) Amending the definition of "proper identification" to allow for the use of any identification with a photograph, name, and signature; and
- (2) Deleting the provision which gives the narcotics investigators the power to obtain records relating to controlled substance activities without a subpoena.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2437, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2437, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Ihara, Anderson).

SCRep. 3254 Judiciary on H.B. No. 2889

The purposes of this bill, as received by your Committee, are to:

- (1) Add a new definition for "ephedrine" in the Uniform Controlled Substances Act;
- (2) Correct an error in the spelling of Gamma Hydroxybutyrate (GHB "Date rape drug");
- (3) Make Flunitrazepam (Rohypnol) a Schedule II controlled substance;
- (4) Add a notification requirement to section 329-38, Hawaii Revised Statutes (HRS);
- (5) Require that a proper identification must include the birthdate indicating that the purchaser is twenty-one years of age or older;
- (6) Prescribe when the registration fee requirement for obtaining a permit is waived; and
- (7) Increase the penalties for those who distribute a regulated chemical without a permit.

Your Committee finds that under current federal law, the definition of "ephedrine" does not otherwise provide for health food and dietary supplements that contain this chemical. The Food and Drug Administration (FDA) has linked ephedrine to at least 400 cases of illness and 15 deaths since the early 1990's. According to the FDA, the possible adverse effects of ephedrine abuse range from clinically significant effects such as heart attack, stroke, seizures, psychosis and death, to clinically less significant effects that may indicate the potential for more serious effects such as dizziness, headache, gastrointestinal distress, irregular heartbeat, and heart palpitations.

During 1996 and 1997, the federal government enacted more stringent legislation regarding the manufacture and use of ephedrine. Your Committee notes that H.B. 2889 H.D. 1 would bring Hawaii law into conformity with federal requirements regarding ephedrine combination products.

Your Committee further notes that abuse of ephedrine and ephedrine containing products is a growing problem due to its use as a precursor chemical to make dangerous drugs such as Methamphetamine (ICE). Thus, your Committee believes that requiring reports of ordinary over-the-counter drug products containing ephedrine, pseudoephedrine, and phenylpropanolamine provides law enforcement with timely notification of suspicious transactions and plays an important role in the fight against drugs.

Flunitrazepam (Rohypnol) is increasing in popularity among drug abusers as the original "date rape" drug. However, this substance is neither manufactured nor sold legally in the United States, and there have been no documented cases of sexual assault involving flunitrazepam in Hawaii. Your Committee further notes that should this drug become an imminent threat to public safety in Hawaii, the Narcotics Enforcement Division of the Department of Public Safety presently has the authority to emergency reschedule this product pending subsequent legislative review.

Testimony in support of the bill was submitted by the Department of Public Safety, the Honolulu Police Department, Longs Drugs Stores, and a private physician.

Testimony in opposition to the bill was submitted by Hoffmann-La Roche Inc., Legislative Information Services of Hawaii, Nonprescription Drug Manufacturers Association, and Dietary Supplement Safety and Science Coalition. Bergen Brunswig Drug Company also submitted comments on the bill.

Upon further consideration, your Committee has amended this bill by:

- (1) Deleting the provision that moves the drug Flunitrazepam (Rohypnol) from Schedule IV to Schedule II;

- (2) Adding provisions that clarify exceptions for the use of Ephedrine in "ordinary over-the-counter drug product" and dietary supplements;
- (3) Deleting references to registration fee requirement permit waivers;
- (4) Adding a new penalty for possession of controlled substances with intent to illegally manufacture any controlled substance;
- (5) Adding provisions that require oral and written reports be made to the Department of Public Safety Narcotics Enforcement Division that are similar to the federal reporting requirements; and
- (6) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2889, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2889, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3255 Judiciary on H.B. No. 2921

The purpose of this bill, as received by your Committee, is to amend section 709-904.5, Hawaii Revised Statutes, to make it a crime for any person to compensate a juvenile for the commission of any criminal offense.

The purpose of this bill, as amended by your Committee in Senate Draft No. 1, is to create a new offense of assault against a police officer in the first degree. This new offense provides that a person could be charged with a class C felony if the person intentionally or knowingly causes bodily injury to a police officer while that officer is engaged in the performance of duty. Further, this bill also reclassifies the current offense of assault against a police officer, section 707-712.5, Hawaii Revised Statutes, to make this an assault against a police officer in the second degree.

Your Committee finds that current law provides that it is a class C felony to assault a correctional worker or educational worker who is engaged in the performance of the worker's duties. Your Committee further finds that the legislative intent of these laws was to deter the rising number of assaults committed against

Testimony in support of the proposed Senate Draft No. 1, was submitted by the Department of the Prosecuting Attorney of the City and County of Honolulu, the County of Hawaii Police Department, and Department of the Prosecuting Attorney of the County of Maui and the Honolulu Police Department. Testimony in opposition to this bill was submitted by the Office of the Public Defender.

Upon further consideration, your Committee finds that police officers are often called to place themselves in highly volatile and physically dangerous situations. Your Committee further finds that an enhanced offense for the assault of a police officer may act as a deterrent to suspects who might otherwise escalate encounters with police officers into physical confrontations. After consultation with the representatives of police officers and other testifiers, your Committee has decided to limit this new offense to assault against police officers, as other law enforcement officers and public officials have not requested an enhanced offense for assault while in the performance of duty.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2921, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2921, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 3256 Judiciary on H.B. No. 3553

The purpose of this bill is to authorize forfeiture of a person's property if the person is caught breaking into a motor vehicle.

Your Committee finds that forfeiture of property has proven to be a successful deterrent to criminal activity. Including unauthorized entry into a motor vehicle (UEMV) as one of the offenses under the forfeiture law will provide an effective deterrent to this class C felony. Additionally, your Committee finds that UEMV should be included as an offense subject to forfeiture laws as this offense includes elements of theft, criminal property damage, and burglary which are already covered by the forfeiture law.

The Honolulu Police Department testified in support of this bill.

Upon further consideration, your Committee has amended the bill by inserting and cross referencing section 708-836.5, relating to unauthorized entry into motor vehicle.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3553, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3553, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Anderson).

SCRep. 3257 Judiciary on H.B. No. 2843

The purpose of this bill, as received by your Committee, is to extend the sunset date for the Drug Demand Reduction Assessments Special Fund from June 30, 1998 to June 30, 2001. This bill also subjects certain traffic offenses involving liquor and drugs to the assessment and adds a \$250 assessment for those offenses.

Your Committee believes, based on the favorable testimony provided by the agencies who will be most acutely affected by the measure, that extending the sunset date for the special fund will benefit the public by aiding law enforcement efforts against drug abuse.

Your Committee also finds that there is an increasing correlation between substance abuse and criminal behavior in that drug and alcohol addiction contribute to criminal behavior by repeat offenders. Eighty per cent of parolees have a history of moderate to serious substance abuse problems.

Your Committee further notes that studies have shown that untreated addicts cost taxpayers around \$130,000,000,000 per year in both social and economic costs from increased medical treatment of birth defects and drug exposed infants; serious and fatal auto accidents; child and spousal abuse; and unemployment and absenteeism. Additionally, these same studies have shown that treatment saves the state government money, and for every dollar spent on treatment, taxpayers save seven dollars during the period of treatment, mostly due to reduction in crime.

Testimony in support of this bill was submitted by the Department of Health, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Honolulu Police Department, Hawaii Substance Abuse Coalition, and the Hawaii Advisory Commission on Drug Abuse and Controlled Substances. Testimony was also submitted by the Office of the Public Defender.

Upon further consideration, your Committee has amended the bill by:

- (1) Inserting the substance and general language of S.B. No. 3206 S.D.2 which was heard by your Committee and requires mandatory drug treatment of incarcerated repeat offenders; and
- (2) Making non-substantive technical changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2843, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2843, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Bunda, Sakamoto).

SCRep. 3258 (Joint) Judiciary and Ways and Means on H.B. No. 2362

The purpose of this bill, as received by your Committees, is to create a task force to study compensation for trustees of charitable trust.

Your Committees find that charitable trusts are established to benefit the public at-large, and, therefore, government oversight is appropriate with regard to monitoring their operations to ensure they are financially and institutionally sound. As such, there are a limited number of charitable trusts in which a broad sector of Hawaii's population has an interest as either a beneficiary or as a relative of a beneficiary. Therefore, your Committees agree that there is a compelling state interest to ensure that these charitable trusts are being managed in the beneficiaries' best interests.

Your Committees further find that as policy-makers, the Legislature needs to balance its responsibility between protecting the public interest and not unduly restricting the operations of a charitable trust. In this regard, your Committees note that the federal government provides some direction about trustees' compensation through the federal Intermediate Sanctions Law. Through this law, the Internal Revenue Service has established regulations to determine reasonableness of trustee compensation.

Upon further consideration, your Committees have amended this measure by deleting its substance and inserting the provisions of S.B. 3037 S.D.1, which was previously passed out by your Committee. This measure repeals the existing statutory schedule for trustee commissions, and inserts language that trustee compensation should be limited to an amount that is reasonable under the circumstances. This measure further adds a provision that this Act shall apply to both existing and new trusts, provided that any provision in existing trust agreements regarding trustee compensation shall supersede this Act.

As affirmed by the records of votes of the members of your Committees on Judiciary and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2362, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2362, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 13. Noes, none. Excused, 4 (Ihara, Sakamoto, Tam, Anderson).

SCRep. 3259 Ways and Means on H.B. No. 1966

The purpose of this bill is to establish extended care adult residential care homes and to allow registered nurses to delegate their nursing tasks to unlicensed persons with limited immunity from liability for that delegation.

Your Committee believes that the maximum number of residents allowed to occupy a Type II home should be determined at the discretion of the Department of Human Services. Your Committee also believes that delegation of responsibilities by registered nurses and providing limited immunity for that delegation is not in the best interests of the general public.

Your Committee amended this bill by:

- (1) Giving the Department of Human Services the discretion to increase the maximum number of residents allowed in a Type II home;
- (2) Deleting the language permitting the delegation of tasks by registered nurses and creating the limited immunity from liability for that delegation; and
- (3) Making technical changes as necessary.

These amendments reflect the collaborative efforts of care home providers, nurse organizations, and the Departments of Human Services, Health, and Commerce and Consumer Affairs.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1966, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1966, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, none. Excused, 4 (Fernandes Salling, Ige, M., Tam, Anderson).

SCRep. 3260 Human Resources on H.B. No. 2649

The purpose of this bill is to require that persons register with the Selective Service System to be eligible for state or county employment, to clarify bidding requirements for concessions for parking lots at state airports, and to require subcontractors to meet the same preference criteria for awarding of state contracts as the general contractors who hire them.

Your Committee received testimony in support of the Selective Service System provision of this bill from a member of Selective Service System Local Board No. 5, and testimony in opposition from the American Friends Service Committee. Informational testimony was received from the State Department of Transportation (DOT) as to the parking lot concessions provision of the bill. Testimony in opposition to the preference criteria provision of the bill was received from the Department of Accounting and General Services, Associated Builders and Contractors, General Contractors Association of Hawaii, and DOT.

Based upon the testimony, your Committee has amended this bill by deleting provisions relating to the Selective Service System. Your Committee has inserted provisions:

- (1) To allow the Ombudsman to facilitate or mediate disputes involving agencies or public policy at the request of the Legislature or the presiding officers of the House or Senate;
- (2) From Senate Bill No. 2923, S.D. 1, without an appropriation, to add functions to the Ombudsman relating to small business advocacy, including establishing a small business advisory council; and
- (3) From Senate Bill No. 2803, S.D. 2, relating to the Hawaii Small Business Regulatory Act.

Your Committee has also clarified the preference criteria for subcontractors.

Your Committee finds that resolution of many major controversial public issues which involve polarization of positions, adversity of parties, and alienation of stakeholders could be enhanced by mediation and facilitation to reach agreement on an acceptable outcome. It is in the interest of the State for these disputes to be settled rather than imposing legislation or resorting to litigation. However, there is a shortage of mediators and facilitators who would work pro bono on these issues and funding sources are difficult to find. Therefore, your Committee deems it fitting and proper that the Ombudsman take on the role of mediator or facilitator. Your Committee notes that the Ombudsman's primary function currently is to investigate complaints. That very same process of investigation is also applied in facilitation and mediation in ascertaining the facts and identifying the positions of the parties.

Your Committee further finds that small businesses should have an advocate in state government to advance and protect their interests. A small business advisory council would assist the Ombudsman to effectively carry out the duties of a small business advocate. Your Committee recognizes that small business is the backbone of Hawaii's economy and it may have been unintentionally ignored for too long. This bill gives an official voice to small businesses and helps small businesses to survive and thrive.

Your Committee believes that enactment of a Hawaii Small Business Regulatory Flexibility Act provides small businesses with a mechanism to address their concerns about regulatory excesses in Hawaii. This Act would allow affected small businesses a measure of relief from an agency's rule if the rule causes a direct and significant economic impact upon a small business or is directly related to the formation, operation, or expansion of a small business.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2649, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2649, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 3261 Judiciary on H.B. No. 3010

The purpose of this bill is to cede concurrent jurisdiction over land acquired by the United States for the construction of a federal detention center in Hawaii.

This bill was recommended to your Committee to address concerns about the nature of ceding current legislative jurisdiction to the United States and the specific lands or improvements that are covered by the cession. To address these concerns, your Committee has contacted and received additional information from the state Attorney General and from the United States Department of Justice.

Your Committee finds that ceding concurrent jurisdiction will enable the United States government to avail itself of both state and federal laws and resources to enforce law violations at the federal detention center, while preserving the concurrent jurisdiction of the State. Furthermore, your Committee finds that concurrent legislative jurisdiction will relieve the State of the burden of investigating and prosecuting criminal offenses that occur at the federal detention center. However, your Committee believes that providing concurrent jurisdiction over lands and improvements that are not yet acquired for a particular purpose is premature, and, therefore, are recommending amendments to narrow the scope of this measure.

Your Committee has amended the bill by:

- (1) Limiting the cession of concurrent jurisdiction to lands and improvements that have been and may be acquired for correctional purposes, including facilities in which related administrative and support functions are provided; and
- (2) Making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3010, S.D.1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3010, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 2 (Sakamoto, Anderson).

SCRep. 3262 Commerce, Consumer Protection, and Information Technology on H.B. No. 1099

The purpose of this bill is to establish an occupational therapist licensing program to be administered by the Department of Commerce and Consumer Affairs.

Your Committee received testimony in support of this measure from nine members of Straub Clinic & Hospital, Occupational Therapy Association of Hawaii, a member from North Hawaii Community Hospital, the American Association of Retired Persons, twenty-six occupational therapists, and twenty-three interested citizens. Testimony opposing the measure was received from the Department of Health, the Department of Human Resources Development, Hawaii Health Systems Corporation, and Rehabilitation Hospital of the Pacific. The Department of Commerce and Consumer Affairs (DCCA) did not object to the bill and offered comments.

Your Committee finds that there are no in-state occupational therapy (OT) training programs.

Your Committee further finds that nationwide there is an OT shortage, and for the past twenty years Hawaii has experienced an ongoing shortage of qualified OTs.

Your Committee further finds that currently, chapter 457G, Hawaii Revised Statutes (HRS), which regulates OTs, minimally requires that OTs possess a bachelor's degree in OT, are accredited by the Occupational Therapy Association Accreditation Council for Occupational Therapy Education, and are certified by the National Board for Certification in Occupational Therapy at the time of employment.

Your Committee believes that the post-degree clinical practice requirement of 960 hours or the equivalent of six months of OT service experience required by the licensing program may restrict the flow of OTs into Hawaii resulting in a larger shortage of qualified OTs.

Your Committee further believes that licensing is unwarranted at this time since the DCCA testified that it has not received complaints about OTs in a long time, and the Director of Health also testified that the Department of Health has not experienced problems with their OTs.

Accordingly, your Committee amended the bill by replacing its contents with the contents of Senate Bill No. 2640, S.D. 1, which repeals chapter 457G, HRS, and creates a new chapter that requires registration rather than regulation of OTs.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1099, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1099, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Kanno, Levin).

SCRep. 3263 Commerce, Consumer Protection, and Information Technology on H.B. No. 2626

The purpose of this bill is to correct the title of the board that certifies occupational therapists.

No testimony was received on this measure.

Your Committee finds that this is a housekeeping measure that replaces the American Occupational Therapy Association with the National Board for Certification in Occupational Therapy as the certifying board for occupational therapists.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2626, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 2 (Kanno, Levin).

SCRep. 3264 (Majority) Ways and Means on H.B. No. 1866

The purpose of this bill is to:

- (1) Provide low-income housing tax credits to insurance companies;
- (2) Amend the provisions governing the filing of premium tax statements; and
- (3) Amend the due date for premium tax payments and increase the fines for late filings.

Your Committee has amended this bill by deleting its contents and replacing them with amendments to chapter 431, Hawaii Revised Statutes, to promote fairness and equity among all insurance companies by repealing the one per cent insurance premium tax credit for insurance companies that:

- (1) Maintain in Hawaii, books and records required by the Insurance Commissioner;
- (2) Employ personnel in Hawaii who are authorized to represent the insurer in all matters pertaining to examination; and
- (3) Maintain a customer service center in Hawaii.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1866, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1866, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 9. Noes, 2 (Ige, M., Iwase). Excused, 2 (Kawamoto, Anderson).

SCRep. 3265 Ways and Means on H.B. No. 2560

The purpose of this bill is to provide greater autonomy to the University of Hawaii.

Specifically, this bill increases the university's decision-making authority in setting its own priorities and managing its own resources.

Your Committee finds that university autonomy is an essential element in building the University of Hawaii into a preeminent world-class institution capable of driving the local economy.

Your Committee has amended this measure as follows:

- (1) By adding a new section to chapter 304, Hawaii Revised Statutes, authorizing the Board of Regents to negotiate with employee unions to establish optional retirement plans for either its faculty members, or its administrative, professional, and technical personnel. This new section further entitles participants in the optional retirement plan to remain eligible for participation in the public employees' health fund;
- (2) By adding a new section to the bill entitling eligible faculty members and academic executive/managerial employees to a one-time early retirement option;
- (3) By adding a new section to the bill establishing a vacancy pool at the university;
- (4) By specifying the circumstances under which the university is authorized, but not required, to contract for services provided by the Research Corporation of the University of Hawaii; and
- (5) By making technical changes to correct prior drafting errors in the bill.

Your Committee finds that optional retirement plans serve as highly effective faculty recruitment and retention tools. The establishment of an optional retirement plan will allow the university to compete successfully with other major postsecondary institutions for the nation's most highly qualified professors, teachers, and scholars.

Your Committee finds that early retirement incentives give the university the opportunity to invigorate its ranks, and vacancy pools give the university the ability to expeditiously move position openings where needed most. Finally, the specifications regarding contracts with the Research Corporation of the University of Hawaii largely codify current administrative procedure and practice.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2560, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2560, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 11. Noes, none. Excused, 2 (Kawamoto, Anderson).

SCRep. 3266 Ways and Means on H.B. No. 2680

The purpose of this bill is to improve the functioning of student centered schools.

Your Committee finds that the purpose of student-centered schools is to provide increased flexibility and autonomy for those school communities committed to the responsibilities of local control. Your Committee is well aware of the difficulties such an approach holds for both the schools and the Department of Education, as the administrative agency. However, your Committee believes student-centered schools are an important component in providing successful educational alternatives.

Your Committee has amended this bill by replacing its contents with provisions that begin to address the concerns of the Auditor as stated in the "Audit of the Decentralization Efforts of the Department of Education", Report No. 98-4, dated February 1998, which made a number of recommendations regarding the student-centered schools statute. Your Committee has amended this bill accordingly to:

- (1) Add two new sections to chapter 302A, HRS, mandating support of student-centered schools, and clarifying the administrative supervision of student-centered schools;
- (2) Amend section 302A-1123, HRS, on student-centered schools throughout to conform to the two new sections;
- (3) Amend section 302A-1123(d), HRS, specifying that the funding shall be based on operational and educational funding requirements of the schools, with a base per pupil expenditure of \$4,028.29 for fiscal year 1998-1999, and a formula for subsequent fiscal years;
- (4) Further detail the reporting requirements of student-centered schools and delay review of these schools in section 302A-1123(f), HRS; and
- (5) Amend section 302A-1302, HRS, to require the department to distribute appropriations due to student-centered schools directly to these schools beginning in fiscal year 1998-1999.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2680, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2680, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Ige, M., McCartney).

SCRep. 3267 (Majority) Ways and Means on H.B. No. 2998

The purpose of this bill is to create a temporary Maritime Authority Commission which will propose the exact form and details of the establishment of the Hawaii Maritime Authority to the Legislature for action in 1999.

Your Committee agrees with the intent of this bill, and finds that multiple agencies currently have authority and responsibilities for Hawaii's harbors, making for slow decision-making and implementation, making it difficult for the private sector to obtain efficient and effective results, and resulting in inefficiencies and conflicts over maritime and nonmaritime uses that are difficult to resolve between agencies. Your Committee finds that creating a temporary Hawaii Maritime Commission to evaluate and make recommendations to establish a Hawaii Maritime Authority will enable the planning and development of maritime lands and waters to be carried out more efficiently, improve services to users, facilitate timely decision-making, and assist in revitalizing Hawaii's economy.

Upon further consideration, your Committee has amended this bill to specify that:

- (1) The Department of Transportation is to provide necessary funding and the Office of Planning is to provide the necessary staff support services to facilitate the commission's work;
- (2) The chairperson of the commission is to be elected from among the nonstate members; and
- (3) A facilitated process is to be used to develop the necessary consensus and breadth of support required to help make the Authority a reality.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2998, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2998, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, 1 (Ige, M.). Excused, 1 (Fernandes Salling).

SCRep. 3268 Ways and Means on H.B. No. 3033

The purpose of this bill is to prevent and relieve prison overcrowding through the construction of privately-owned correctional facilities and the operation of pre-trial inmate release programs.

Specifically, this bill:

- (1) Makes the Department of Public Safety responsible for the administration and maintenance of private correctional facilities and services;
- (2) Allows the Governor to enter into and execute contracts with out-of-state persons for the use of private correctional facilities of the State on a space available basis;

- (3) Allows the Governor to enter into and execute contracts with private entities to construct and then lease or purchase correctional facilities on public or private lands for the benefit of the State;
- (4) Allows the Director of Public Safety or a designee to order the release of pre-trial inmates on recognizance to relieve overcrowding when a community correctional center has reached capacity;
- (5) Prohibits the release of pre-trial inmates on recognizance to prevent or relieve overcrowding when a community correctional center has reached capacity if the pre-trial inmate has been:
 - (A) Found to be mentally defective or mentally incapacitated;
 - (B) Convicted of three or more counts of contempt of court within the twelve-month period immediately preceding the inmate's present detention;
 - (C) Arrested three or more times within the twelve-month period immediately preceding the inmate's present detention; or
 - (D) Charged with a class C felony or misdemeanor offense involving risk to public safety;
- (6) Allows a hearing on an alleged violation to be conducted for the purpose of ascertaining whether or not there is sufficient cause to warrant the revocation of a pre-trial inmate's release without having to retake the inmate into custody;
- (7) Requires the Director of Public Safety to report to the Legislature on the progress of the pre-trial inmate release program in preventing and relieving overcrowding; and on the recidivism rate of pre-trial inmates released under this program, for one additional year or through 1999; and
- (8) Extends the pre-trial inmate release program for one additional year or until June 30, 1999.

Your Committee has amended this bill by:

- (1) Deleting the provision repealing the title of part I (general provisions), chapter 323 (hospitals and medical facilities), Hawaii Revised Statutes;
- (2) Making changes to sections 6 and 8 of this bill to conform the underlying text of Act 305, Session Laws of Hawaii 1993, as amended and Act 195, Session Laws of Hawaii 1994, as amended, respectively, to the text as printed in the Session Laws of Hawaii. These changes have no effect on the substance of this bill;
- (3) Allowing the Governor to negotiate for the development of private in-state correctional facilities or public in-state turnkey correctional facilities, to reduce prison overcrowding; and specifying the content of separate development proposals for the construction and operation of these facilities, including useful life costs analyses;
- (4) Establishing the Kau prison planning commission to represent the residents of the district of Kau and the island of Hawaii in negotiations with the State concerning the planning, design, and construction of a new correctional facility in the district of Kau; and specifying the composition of the commission and the appointment of its voting members;
- (5) Prohibiting public moneys from being expended or encumbered after August 31, 1998, for the further planning, design, and construction of the Kau correctional facility until the Governor appoints the members of the Kau prison planning commission; and requiring the Governor to appoint all commission members by September 1, 1998;
- (6) Prohibiting the State from entering into any public or private agreements to construct or lease the Kau correctional facility unless six or more members of the Kau prison planning commission give their written consent to the agreement and any other supplemental service agreements between the State and the residents of the district of Kau and the island of Hawaii;
- (7) Allowing the Governor to direct cabinet members to advise the Kau prison planning commission as the need arises; and appropriating an unspecified sum to the office of the Governor for fiscal year 1998-1999, to carry out the purposes of this Kau prison planning commission, including the funding of technical and staff support; and
- (8) Making technical, nonsubstantive changes for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3033, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3033, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Fernandes Salling, McCartney).

SCRep. 3269 Ways and Means on H.B. No. 3457

The purpose of this bill is to establish a West Hawaii regional fishery management area for effective management of fishery activities in this coastal area of the Big Island.

Your Committee notes that your Committee on Economic Development reported overwhelming testimony in support of this measure.

Your Committee finds that Hawaii's primary attraction and an important economic resource are the surrounding bounty in the ocean in the form of sea life that provide food for recreational fishers and attractive views of corals and colorful fish for scuba divers and snorkeling enthusiasts. Your Committee further finds that the creation of a regional fishery management area raises awareness

among all users of the coastal area affected to be careful protectors, conservative takers, and cooperative users of a finite resource. The twin pressures of increased human activity in the coastal waters and the increased development of the coastal land areas can have negative impacts on the fish population, coral growth, and water quality. Uncontrolled taking of sea life and pollution can result in a rapid decline of a former pristine ocean environment.

With the establishment of a regional fishery management area, however, these ocean uses can be regulated, controlled, and studied. Fish stock need not be depleted beyond recovery; coral stands can be protected from the damage caused by heavy anchors and divers' hands and feet. The important thing is to start soon and offer direction and authority to the appropriate government agencies to accomplish this. This bill is intended to do just that.

Your Committee has amended this bill by adding the word "reef" to:

(a) Line 14, page 7 so that the sentence will read:

"(3) Establishes a portion of the fish replenishment areas as fish reserves where no reef fishing is allowed; and"

(b) Line 18, page 8 so that the sentence will read:

"(3) By October 1, 1999, establish a portion of the fish replenishment areas as fish reserves where no reef fishing is allowed."

This will clarify that the kapu applies only to reef fishing, not deep sea fishing.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3457, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3457, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (McCartney, Tam).

SCRep. 3270 Ways and Means on H.B. No. 1824

The purpose of this bill is to enhance the ability of the Hawaii Health Systems Corporation to build a strong and effective management team to operate State health care facilities.

Specifically, this bill exempts hospital administrators, assistant administrators, directors of nursing, medical directors, and staff physicians from civil service status. The bill also extends the civil service status of directors of nursing appointed before July 1, 1997, by notifying the chief executive officer by September 30, 1997.

Your Committee received testimony from the Hawaii Health Systems Corporation supporting this bill but requesting extension of the appointment date of directors of nursing from July 1, 1997 to July 1, 1998, and of the notification date from September 30, 1997 to October 31, 1998.

Your Committee also received testimony from the Hawaii Government Employees Association in support of the bill but requesting the inclusion of the statutory changes proposed in H.B. No. 2856, H.D. 2.

Upon further consideration, your Committee has amended this bill by:

- (1) Extending the appointment date of directors of nursing from July 1, 1997 to July 1, 1998, and the notification date from September 30, 1997 to October 31, 1998;
- (2) Adding the contents of H.B. No. 2856, H.D. 2 which:
 - (A) Exempts meetings of the Corporation from the open meetings law for peer review and credentialing matters;
 - (B) Confers on the chief executive officer of the Corporation the powers relating to payment of incentive and service awards;
 - (C) Statutorily authorizes the Corporation to authorize and establish positions;
 - (D) Allows the Corporation to negotiate specific terms and conditions of employment with the applicable exclusive bargaining representative through a memorandum of agreement; and
 - (E) Requires the Corporation to establish a working group to identify and establish the liabilities assumed by the Corporation as of the transfer date and to report to the Legislature no later than twenty days prior to the convening of the Regular Session of 1999;
- (3) Requiring the Corporation to refer to the collections unit of the Department of the Attorney General for collection and enforcement all outstanding accounts receivable prior to January 1, 1997, that have been deemed uncollectible, written off, or returned from a private collection agency and giving the Corporation the responsibility for collection of accounts receivable on or after January 1, 1997;
- (4) Stipulating that the proceeds of any collections by the collections unit of the Department of the Attorney General be used to fund the operations of the collections unit and that any excess collections become a realization of the general fund;
- (5) Stipulating that the proceeds of any collections by the Corporation shall become assets of the Corporation;

- (6) Requiring the Corporation to further report to the Legislature regarding the identification of all delinquent accounts owed to the Corporation that were handled by the Corporation on or after January 1, 1997, and the disposition of those accounts;
- (7) Requiring the Attorney General to report to the Legislature identifying all delinquent accounts that were handled by the Attorney General up through December 31, 1996, and the disposition of those accounts; and
- (8) Changing the effective date from upon approval to July 1, 1998.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1824, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1824, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Fernandes Salling).

SCRep. 3271 Ways and Means on H.B. No. 2803

The purpose of this bill is to revise the annual salary assumption for actuarial valuations of the Employees' Retirement System (ERS).

The bill provides for:

- (1) A variable salary growth assumption rate;
- (2) A separate salary growth assumption for teachers; police officers, firefighters, and bandmen; and all other employees; and
- (3) Salary growth assumptions to be the arithmetic average of compensation increases for the year of calculation and the previous two years.

Your Committee has amended the bill by:

- (1) Adjusting the variable assumption growth rate to begin from Fiscal Year 1996 so that the State may realize savings in Fiscal Year 1999;
- (2) Adding provisions to simplify and facilitate the administration, calculation, and processing of pension payments within the ERS;
- (3) Allowing the ERS to make investments in foreign debt instruments, certain title-holding corporations, and institutional blind pool limited partnerships;
- (4) Allowing elected officials and judges to terminate membership to the ERS anytime after attaining the maximum pension benefit ceiling of 75%; and
- (5) Merging the ERS's Minimum Pension Fund with the Pension Accumulation Fund.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2803, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2803, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Kawamoto, Anderson).

SCRep. 3272 Ways and Means on H.B. No. 3065

The purposes of this bill are to:

- (1) Create a system for collecting the cigarette tax by requiring packages of cigarettes sold in the State to be identified with a tax stamp or meter impression;
- (2) Create the Hawaii early education and care special fund (HEECSF); and
- (3) Increase the cigarette tax increase scheduled for June 30, 1998 by .05 cents per cigarette and earmark that increase for HEECSF.

Your Committee was informed that the equipment and support for meter register impressions is no longer available for the purposes contemplated by this measure. Additionally, your Committee believes that the creation of special funds for the exclusive benefit of small segments of the State's population during these austere economic times is not prudent. Your Committee, however, also believes that providing incentives for enforcement of laws which increase revenues and ensure the collection of fines and penalties is an effective and desirable means to implement a new system of taxation. Your Committee further believes that greater compliance with the new system will be achieved if more severe penalties are included in the measure.

Your Committee also finds this bill to be an appropriate vehicle for amending the income tax credit for motion picture and television film production.

Consequently, your Committee amended this bill by:

- (1) Setting forth the new provisions within a new part to Chapter 245, Hawaii Revised Statutes;
- (2) Deleting all references to meter register impressions;
- (3) Permitting the Department of Taxation (DOT) to allow designated financial institutions to sell stamps and to adopt rules if necessary;
- (4) Making the DOT responsible for furnishing stamps to wholesalers and dealers;
- (5) Restoring the deferred-payment procedures for purchase of stamps which includes flexible financial security requirements;
- (6) Increasing the penalties for violations;
- (7) Providing for confiscation, forfeiture, and sale of cigarettes found under circumstances which violate the new part;
- (8) Permitting the county police department that conducts the investigations which lead to conviction or confiscation and sale of contraband cigarettes, to receive 30 percent of the proceeds, fines, and penalties collected;
- (9) Eliminating the Hawaii early education and care special fund;
- (10) Eliminating the proposed .05 cents per cigarette increase in the cigarette tax;
- (11) Adding violations for sale or purchase of unstamped cigarettes by wholesalers, dealers, and vending machine operators after September 1, 1998, and January 1, 1999, respectively;
- (12) Amending the income tax credit for motion picture and television film production to clarify where the credit applies to transient accommodations costs and to add definitions for "benefits", "labor costs", and "production costs"; and
- (13) Making other technical amendments as necessary.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3065, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3065, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Kawamoto, Anderson).

SCRep. 3273 Ways and Means on H.B. No. 3446

The purpose of this bill is to authorize the issuance of special purpose revenue bonds in the sum of \$20,000,000 to assist Kupuna Park, Inc., in the development of a senior housing community.

Your Committee finds that Kupuna Park, Inc. is now in the process of incorporating as a not-for-profit Hawaii corporation and that a senior housing community constitutes a health care facility for the general public. It is your Committee's expectation that incorporation shall be completed prior to the Senate's voting on the measure. Accordingly, the Kupuna Park, Inc. senior housing community is eligible for financial assistance through the issuance of special purpose revenue bonds under part II, chapter 39A, Hawaii Revised Statutes.

Your Committee has amended this measure by making some technical amendments to tailor the language of the bill into the standard format for bills authorizing special purpose revenue bonds to assist not-for-profit corporations that provide health care facilities to the general public.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3446, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3446, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 10. Noes, none. Excused, 3 (Ige, M., Tam, Anderson).

SCRep. 3274 Ways and Means on H.B. No. 1533

The purpose of this bill is to transfer excess moneys from the dwelling unit revolving fund, the homes revolving fund, the Hawaii agricultural loan revolving fund, the Hawaii capital loan revolving fund, and the special land and development fund, to the general fund.

Your Committee finds that there is a substantial amount of state funds contained in various special and revolving funds, far in excess of the intended purposes of these funds. In times of economic hardship, these funds should be tapped and the excess transferred into the general fund to assist the State in the provision of essential services.

Your Committee agrees with the intent of the bill, but does not believe it goes far enough. Your Committee, therefore, has expanded the scope of this bill by removing its contents and replacing it with the contents of S.B. No. 2292, S.D. 1, which tapped and removed the excess funds in one hundred eighty-six special and revolving funds. In addition, to assist Hawaii's struggling small businesses, your Committee has extended the moratorium on assessments to the employment and training fund established under section 383-128, Hawaii Revised Statutes, for two additional years, until the year 2000, and lapses the balance into the unemployment compensation fund.

In addition, your Committee has amended this bill by inserting the substance of S.B. No. 3029, S.D. 1, which provides alternative funding for the state identification program through the establishment of a revolving fund for the deposit of all fees received by the Attorney General through the processing and issuance of certificates of identification under part II of chapter 846, Hawaii Revised Statutes. Your Committee has made changes to the substance of S.B. No. 3029, S.D. 1, to clarify that moneys in the revolving fund are to be used solely for the state identification program. Your Committee has also appropriated \$75,000 in general funds to the Department of the Attorney General to cover personnel and operating costs relating to the state identification program.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1533, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1533, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Kawamoto, Anderson).

SCRep. 3275 Ways and Means on H.B. No. 2750

The purpose of this bill is to meet the requirements of article VII, section 13, of the Constitution of the State of Hawaii.

This bill sets out the estimated amounts of principal and interest for all general obligation bonds authorized and addresses other instruments of indebtedness under which the State incurs a contingent liability as guarantor authorized in this Act. This bill also sets out the debt limits at time of issuance as mandated by article VII, section 13, of the Constitution of the State of Hawaii. Your Committee supports the determination that this Act will not cause the debt limits to be exceeded at the time of issuance and believes these findings are based on reasonable assumptions.

Your Committee has amended this bill by changing the effective date.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2750, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2750, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Kawamoto, Anderson).

SCRep. 3276 (Joint) Commerce, Consumer Protection, and Information Technology and Judiciary on H.B. No. 2506

The purpose of this bill is to provide an alternate, nonjudicial power of sale foreclosure process.

Your Committees received testimony in support of this measure from Community Associations Institute, Hawaii Credit Union League, Hawaii League of Savings Institutions, Title Guaranty of Hawaii, Realty Finance, Inc., Maui Finance Co., First American Long & Melone Title Co., Ltd., Hawaii Council of Associations of Apartment Owners, Hawaii Land Title Association, Hawaii Association of Realtors, and eight interested citizens. Testimony was received from Hawaii Financial Services supporting the bill and offering amendments. The City and County of Honolulu, the County of Kauai, and the County of Maui supported the intent of the bill and offered amendments. Testimony was received from Case, Bigelow & Lombardi supporting the bill and offering comments. Testimony opposing the bill was received from the Department of Commerce and Consumer Affairs and the American Association of Retired Persons.

Your Committees find that the majority of mortgage foreclosures are uncontested.

Your Committees further find that currently, Hawaii has a power of sale foreclosure law which allows mortgagees to foreclose a mortgage without court action if a power of sale is contained in a mortgage contract and the mortgagee gives published notice to the mortgagee.

Your Committees further find that an alternate nonjudicial foreclosure process that offers more protection to the borrower will help to reduce the case load of an already heavily burdened judicial system, expedite the foreclosure process, and reduce the costs associated with a foreclosure.

Your Committees believe requiring mortgagees to retain attorneys is an unnecessary expense which is not required under the existing power of sale foreclosure, and reduces the amount that junior creditors and the borrower might receive from the sale proceeds.

Accordingly, your Committees amended the bill by:

- (1) Deleting the definition for "attorney" and all references to the attorney for the mortgagee;
- (2) Adding guarantor to the definition of "borrower" and deleting further references to guarantors throughout the bill;
- (3) Deleting mortgage brokers from the definition of "foreclosing mortgagee";
- (4) Broadening the definition of "served" to encompass service of process conforming to any applicable statutory provision;
- (5) Adding a paragraph to the notice of default requirement that cautions the borrower that certain legal rights or defenses may be available and attorney consultation is advised, and removing the provision that the owners' uncooperativeness with the lender will be assumed if an open house letter of agreement is not received by the deadline date;
- (6) Requiring, if reasonably available, the amount of each creditor's indebtedness on the public sale notice;

- (7) Adding the words "unless otherwise agreed to between the foreclosing mortgagee and the borrower" to the cure language on the public notice, and to the section of the bill dealing with cancellation of sale due to cure;
- (8) Deleting the language that only mortgagees are authorized to bid for the property at the public sale, and inserting language authorizing any person including the foreclosing mortgagee to bid for the property;
- (9) Clarifying the distribution of sale proceeds order of priority;
- (10) Qualifying the conclusive presumption section with the words "unless an appeal is taken", and adding provisions to conclusively presume the purchaser of the property is a bona fide purchaser, take statements in the recorded affidavit as conclusive evidence of the facts stated therein, and include liens in encumbrancers for value;
- (11) Replacing the contents of section 667-O with language giving the borrower, mortgagor, and recorded lienors the right to file a court appeal no later than thirty days after the recordation of the affidavit, and to contest the presumptions and statements contained in the affidavit;
- (12) Deleting the thirty-day timeframe proviso attached to section 667-S relating to the right to enforce this part, and the requirement that the court must order the nonprevailing party to pay the prevailing party's reasonable attorney's fees and costs;
- (13) Giving the borrower as well as the foreclosing mortgagee or other recorded lienors the ability to file an action for judicial foreclosure of the mortgaged property;
- (14) Repealing the paragraph giving mortgagors or other persons in interest impeachment power over any foreclosure proceeding affecting registered land prior to the entry of a new certificate of title; and
- (15) Making technical, nonsubstantive changes for clarity and style.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2506, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2506, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 11. Noes, none. Excused, 4 (Kanno, Sakamoto, Tanaka, Anderson).

SCRep. 3277 Judiciary on H.B. No. 2837

The purpose of this bill, as received by this Committee, is to provide more flexibility to the Department of Education administrators in disciplining students who are in possession of dangerous weapons, switchblade knives, liquor, or drugs.

Your Committee finds that providing a safe learning environment for our students is an important goal. School administrators need to be able to respond in a timely manner when handling disciplinary problems in order to ensure the safety of all students.

However, your Committee notes that giving the superintendent's designee, i.e. all school principals, discretion in disciplining students might result in arbitrary decisions and disproportionate numbers of students being expelled from certain schools.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the provision whereby the superintendent's designee could suspend, for up to ninety-two days, a student found to be in possession of a dangerous weapon; and
- (2) Including a provision whereby the Board of Education is given authority to promulgate rules for any cases of expulsion from school in excess of ten days.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2837, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2837, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 3278 Ways and Means on H.B. No. 2800

The purpose of this bill is to authorize the State to invest in commercial paper and bankers' acceptances, two widely used short-term securities, provided they have an A1/P1 or equivalent rating by any national securities rating service.

Your Committee has amended this bill by adding a new section to chapter 36, Hawaii Revised Statutes, to authorize the Director of Finance to invest no more than ten per cent of any moneys of the State available for deposit in linked investments through agreements with eligible lending institutions; defining linked investments, eligible borrowers, and eligible lending institutions; and providing for the application of the linked investment provisions.

Your Committee finds that linked investments are certificates of deposit placed with lenders at below market interest rates. The lenders in turn loan the value of the deposits to local borrowers at rates that are capped at a level significantly above the rates on the certificates of deposit but only slightly above the market rates of interest. These borrowers are local businesses engaged in the manufacturing or marketing of local products.

Your Committee further finds that authorizing the Director of Finance to invest a limited amount of available state funds into linked investments serves to revitalize the economy. The influx of state funds to lenders encourages lenders to generate loans that otherwise might not be made available to local manufacturers and their marketers. These businesses are important to the State's economy because they serve to increase the size of the State's gross product. However, due to the high risk of failure of these enterprises, loans to them are generally made at interest rates that are well above the average market rate of interest and, accordingly, cost-prohibitive to these businesses. Linked investments serve to allow lenders to change rates to these businesses that are at most only slightly higher than the average market rate of interest. These lenders, however, are still able to earn a sound return on these loans because the interest rates on the certificates of deposit held by the State are much lower than the interest rates on the loans to the local businesses. In other words, linked investments allow the lenders to receive a re-investment rate that is at least as favorable to them as a market re-investment rate. Finally, linked investments allow the State to earn a return, through the certificates of deposit, on available funds that would otherwise remain idle in the state treasury.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2800, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2800, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Kawamoto, Anderson).

SCRep. 3279 (Joint) Human Resources and Government Operations and Housing and Ways and Means on H.B. No. 3199

The purpose of this bill is to permit state and county officials to contract with private entities to provide goods, services, and construction to be financed by public funds when they can be provided at lower costs and in equivalent or better quality than that which could be produced by a government entity.

The State Attorney General, Department of Human Resources Development, Superintendent of Education, Mayor of the city and county of Honolulu, Mayor of the county of Maui, Department of the Corporation Counsel for the county of Maui, Department of Public Works for the county of Hawaii, Office of the Corporation Counsel for the county of Hawaii, County Council for the county of Maui, County Council for the county of Hawaii, Office of the Attorney for the county of Kauai, Board of Water Supply for the city and county of Honolulu, Hawaiian Electric Company, Inc., Hawaii Operating Engineers Industry Stabilization Fund, and Pacific Resource Partnership submitted testimony in support of this bill. Further testimony in support of this bill was received from sixty-two businesses in Hawaii, four chambers of commerce, fifteen trade and business organizations and associations, seven social service providers, and seven concerned individuals.

The Judiciary submitted comments and took no position on this bill. The United Public workers, AFSCME, Local 646, AFL-CIO, and the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO submitted testimony in opposition to this bill.

Testimony indicated that permitting state and county governments to contract with private entities to provide goods and services will provide the government with an additional tool to provide competitive and cost-efficient services.

Upon consideration of all pertinent issues and testimony presented, your Committees find that permitting the contracting with a private entity where there is a reasonable basis to believe the goods, services, or construction can be provided at lower costs and in equivalent or better quality than that which could be provided by a government entity is not the best approach. The "reasonable basis" standard used in this bill is an indefinite fact-based standard that would invite challenge and subsequent litigation.

Therefore, your Committees have amended this bill by deleting its contents and replacing it with language from Senate Bill No. 2213, S.D. 2, with amendments.

The Board of Water Supply for the city and county of Honolulu, Opportunities for the Retarded Inc., HGEA-AFSCME, Local 152, AFL-CIO, United Public Workers, AFSCME, Local 646, AFL-CIO, and Building Industry Association of Hawaii submitted testimony in support of this bill as amended.

The Department of Personnel for the city and county of Honolulu, Department of Accounting and General Services, Department of Budget and Finance, Goodwill Industries of Hawaii, Inc., and the Department of Water for the county of Kauai submitted testimony supporting this bill as amended and expressed concerns and suggested amendments. The Office of the Corporation Counsel for the county of Hawaii submitted oral testimony in support of this bill and expressed concerns.

The National Federation of Independent Business, Hawaii Farm Bureau Federation, and the Chamber of Commerce of Hawaii submitted testimony in support of House Bill No. 3199, H.D.2, unamended. Mayor of the county of Maui submitted testimony commenting on this bill and expressed a preference for House Bill No. 3199, H.D. 2, unamended.

The State Attorney General, Consulting Engineers Council of Hawaii, American Society of Civil Engineers, The Haku Alliance, AIA Hawaii State Council, Pacific Geotechnical Engineers, Inc., and Gary Hang Bills & Associates, Inc. submitted testimony opposing this bill as amended. A representative for the Mayor of the county of Kauai submitted oral testimony opposing this bill.

Upon consideration of all pertinent issues and testimony presented, your Committees find that this bill, as amended by your Committees, provides a more expansive, detailed, and responsible approach to privatizing government services and requires the assessment and improvement of the accounting and budgeting system of the State to better gauge the benefits of privatization. More specifically, this bill, as amended:

- (1) Provides for the five-year development, implementation, and systematic transformation of the current budgeting system of the State to a performance-based budgeting system;

- (2) Creates a committee to develop a managed process that enables state and county governments to implement public-private competition for government services and provides a model for managers to determine whether a particular service can be provided more efficiently, effectively, and economically by a public agency or a private enterprise; and
- (3) Provides protection and assistance to covered civil service employees who may be adversely affected by privatization.

The inserted language of Senate Bill No. 2213, S.D. 1, addressed the privatization and civil service issues raised by the Supreme Court's decision in Konno v. County of Hawaii, 85 Haw. 61, 937 P.2d. 397 (1997), by amending civil service statutes to exempt services provided by organizations which are awarded grants, subsidies, and purchase of service contracts from the civil service law. Your Committees have replaced that language with language that:

- (1) Authorizes the State and counties to maintain their existing contracts and to enter into new contracts with private entities to provide goods and to perform public services by exempting all new and current contracts with private entities from merit principles and the civil service laws;
- (2) Protects covered civil service employees (hereinafter, "employee") by prohibiting contracts with private entities that result in the termination of an employee, or the transfer of an employee for subsequent termination;
- (3) Provides retraining and other assistance to employees who are transferred to a new or different position because of the contract to enable the transferred employee to maintain a similar, comparable, or better position in the civil service;
- (4) Provides for the implementation of a managed process and the review of any new contract under the managed process and authorizes the State or county to continue, cancel, or further negotiate any new or existing contract pursuant to the managed process;
- (5) Exempts contracts which are awarded grants, subsidies, or purchase of service contracts pursuant to chapters 42D and 42F, Hawaii Revised Statutes, from the managed process; and
- (6) Repeals the legislative authorization to contract with private entities on June 30, 2001.

As affirmed by the records of votes of the members of your Committees on Human Resources and Government Operations and Housing and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3199, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3199, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 13. Noes, none. Excused, 5 (Fernandes Salling, Kawamoto, Sakamoto, Taniguchi, Anderson).

SCRep. 3280 Judiciary on H.B. No. 503

The purpose of this bill, as received by your Committee, is to eliminate the requirement that state agencies, with the exception of the departments of health and taxation, purchase goods and services from the Hawaii correctional industries program.

Your Committee finds that private businesses are experiencing economic hard times, and the Hawaii correctional industries program provides services which compete with these private businesses. Therefore, your Committee believes that private businesses should be able to more fairly compete with the Hawaii correctional industries program to provide certain goods and services to the various state agencies.

Testimony in support of this bill was submitted by Service Printers, Inc.

Upon further consideration, your Committee has amended the bill by:

- (1) Providing that the director may consult with the administrator of the state procurement office to identify goods or services which the correctional industries program may produce or provide;
- (2) Providing that the state procurement office must provide a list of goods and services available from the correctional industries program and allow any state agency to purchase the goods or services from the correctional industries program without mandating it; and
- (3) Changing the effective date to July 1, 1998.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 503, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 503, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 1 (Anderson).

SCRep. 3281 Judiciary on H.B. No. 1160

The purpose of this bill, as received by your Committee, is to lower the amount a person or any other entity may contribute to a political party and to subject a political party and a national affiliate of a political party to the same limits as individuals or other entities regarding contributions to candidates. Further, this bill, as received would make such limitations effective prior to the 1998 primary and general election cycle.

Your Committee finds that the existing state laws governing campaign spending allow candidates to receive contributions through political parties and national affiliates which exceed state contribution limits. Your Committee believes that it is important to close this loophole and address the potentially disproportionate impact of national political parties on Hawaii elections.

Your Committee further finds that it is important to limit the amount an individual or entity other than a national affiliate can give to a political party. Your Committee believes that this approach is fair because it applies equally across the board to all candidates and all parties, and will curtail the ability of special interests to influence elections.

Finally, your Committee believes that disclosure provisions regarding large contributions, last minute contributions, and independent expenditures for the purposes of influencing election results should also be monitored and reported. Your Committee further believes that full and fair disclosure will not place an unfair burden on the affected entities covered by the provisions and endorses the precept that "sunshine is the best disinfectant".

Testimony in support of the bill was submitted by: the Campaign Spending Commission; Hawaii Clean Elections; the League of Women Voters of Hawaii; and Common Cause Hawaii. Testimony in opposition to the bill was submitted by: the Libertarian Party of Hawaii and the Republican Party of Hawaii.

Upon further consideration, your Committee has amended this bill by:

- (1) Adding a provision whereby a candidate, candidate committee, or noncandidate committee who receives aggregate contributions of \$2,000 or more must report within 15 days to the Campaign Spending Commission between January 1 of an election year and the filing of the preliminary report required under section 11-212, Hawaii Revised Statutes;
- (2) Adding a provision which requires a candidate to report to the Campaign Spending Commission late contributions of \$500 or more from a single source, within 48 hours of receiving such contributions;
- (3) Adding a provision which requires that every person other than a noncandidate committee who makes an independent expenditure in the amount of \$100 or more to file a periodic report;
- (4) Adding a provision which requires that any person who makes an independent expenditure in excess of \$1,000 or more, must deliver in writing to all candidates in the affected race, a notice including the name, description and purpose of the expenditure, and the amount;
- (4) Adding a provision under the duties of the commission to require a sworn statement be submitted to ensure that a contribution was made from a contributor's own funds and was not controlled or directed by another person or otherwise made in violation of the law;
- (5) Adding a severability clause; and
- (6) Changing the effective date on contribution limits to January 1, 1999, and making the effective date for the reporting provisions retroactive to January 1, 1998, provided that no reports shall be due until thirty days after the approval of the Act.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1160, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1160, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, none.

SCRep. 3282 Judiciary on H.B. No. 3528

The purpose of this bill, as received by your Committee, is to allow employers to consider a criminal conviction record of prospective or current employees without violating Hawaii's employment practices laws.

Your Committee finds that assessment of a prospective employee's future performance is a difficult task for an employer who may have to rely on employment background information to make a hiring decision. Your Committee further finds that employers are reluctant to reveal that type of information for fear of possible lawsuits.

The intent of this bill is to provide a balanced disclosure taking into account the interest of the employee and the employer.

Testimony in support of the bill was submitted by the Hawaii Paroling Authority and the Hawaii Civil Rights Commission. Testimony in support of the intent but with strong reservations was submitted by the Hawaii State Commission on the Status of Women, the American Civil Liberties Union of Hawaii, and Retail Merchants of Hawaii.

Testimony in opposition to the bill was submitted by the Department of Education and Hawaii State AFL-CIO. Your Committee also received testimony expressing a preference for H.B. No. 3528, H.D. 1 from: the Department of Human Resources Development; American International Group, Hawaii Region; Cades Schutte Fleming & Wright; the Chamber of Commerce of Hawaii; Hawaiian Electric Company; Hawaii Restaurant Association; Legislative Information Services of Hawaii; Liberty House; National Federation of Independent Business; The Legislative Center; and the Hawaii Business League.

Upon further consideration, your Committee has amended the bill by deleting its substance and replacing it with the general language of S.B. 3088 S.D. 1 which was passed by your Committees on Human Resources and Judiciary that clarifies the rights of employees and the liabilities of employers in regards to job references.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3528, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3528, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 3283 Judiciary on H.B. No. 3130

The purpose of this bill is to place on the 1998 election ballot the question of whether there shall be a convention to propose a revision or amendments to the Constitution.

Your Committee finds that there has been an immense amount of controversy surrounding the results of the vote on the constitutional convention question that was placed on the 1996 general election ballot. Your Committee further finds that the controversy was focussed on whether blank and spoiled ballots should be counted in determining a majority on the convention question.

Therefore, because of this controversy and the ensuing debate regarding placing the question before the voters at the next general election, your Committee is choosing to exercise the power granted in Article XVII, section 2 of our state constitution, which allows the legislature to submit to the electorate at any general election the question regarding the convening of a constitutional convention. Your Committee further finds that by exercising this power, the legislature will restore the peoples' trust in the electoral process and resolve any remaining issues regarding the peoples' right to a fair election that some citizens feel was compromised in the 1996 election.

Testimony in support of this bill was submitted by: Let the People Decide; the National Federation of Independent Business; the Citizens for a Constitutional Convention; and ten private citizens.

Testimony in opposition to this bill was submitted by: the Office of Hawaiian Affairs; American Civil Liberties Union of Hawaii; Hawaii Women's Political Caucus; Native Hawaiian Legal Corporation; Hawaii Women Lawyers; Hawaii State Teachers Association; University of Hawaii Professional Assembly; International Longshoremen's and Warehousemen's Union Local 142; United Food and Commercial Workers Union, Japanese American Citizens League; American Friends Service Committee; Marriage Project - Hawaii; Hawaii Government Employees Association; Hawaii State AFL-CIO; and fourteen private citizens.

The Office of Elections, Sierra Club, and League of Women Voters of Hawaii submitted comments on this bill.

Upon further consideration, your Committee has amended the bill by making non-substantive changes to conform with proper drafting style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3130, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3130, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, none.

SCRep. 3284 Ways and Means on H.B. No. 3192

The purpose of this bill is to conform state statutes with the Federal Personal Responsibility and Work Opportunity Act of 1996 and the Welfare Reform Technical Corrections Act of 1997.

The bill also:

- (1) Incorporates the definition of child support from section 576D-1, Hawaii Revised Statutes, into sections 231-51, 231-52, and 383-163.5, Hawaii Revised Statutes;
- (2) Includes in the definition of "debt" that the amount of delinquent support be equal to, and not just exceed the sum of payments which would become due over a one-month period; and
- (3) Changes the definition of "child support" in section 576D-1, Hawaii Revised Statutes, to include spousal and medical support.

Your Committee finds that under present state law, the Director of Taxation lacks the explicit authority to collect spousal and medical support through the retention of state income tax refunds. Your Committee further finds that since the court may issue more than one order of support, broader language is needed to ensure all necessary orders relative to child, spousal, or medical support are effected. While there are a number of issues requiring further review and deliberation, your Committee believes that they can be more thoroughly addressed in the conference process.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3192, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Ige, M., McCartney).

SCRep. 3285 Ways and Means on H.B. No. 2564

The purpose of this bill is to appropriate funds for a historic Chinese center as a means of educating Hawaii residents and visitors about the role of the Chinese in Hawaii and the world.

Your Committee has deleted the contents of this bill and amended it to begin the process of bringing accountability and additional flexibility to our public school system. As amended, the bill will:

- (1) Establish a Temporary Commission on Educational Accountability, which shall be responsible for developing a process and protocols for a comprehensive evaluation of all public schools that shall be conducted every four years. The evaluation process shall include the inspection of records and on-site review of every aspect of the school's operation. The Commission shall be administratively attached to the Office of the Auditor, in keeping with the responsibility of the State Auditor to conduct postaudits of all state programs and to undertake fiscal accountability analyses of educational expenditures;
- (2) Authorize the department to employ retired teachers and educational officers at part-time or less than one hundred per cent full-time equivalents for one school year; and
- (3) Authorize the board to assess a deposit fee for all school books, which shall be returned upon return of the school book, and applying the deposit fees to costs in the case of restitution or replacement.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2564, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2564, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 12. Noes, none. Excused, 1 (Kawamoto).

SCRep. 3286 (Majority) Ways and Means on H.B. No. 1332

The purpose of this bill is to require the Department of Agriculture to prepare a state agricultural water use and development plan for agricultural uses in the State and subsequently modify and update the plan as necessary.

In addition, this bill:

- (1) Requires the Commission on Water Resource Management to coordinate the incorporation of the state agricultural water use and development plan into the state water projects;
- (2) Defines "agricultural use" to mean the use of water for the growing, processing, and treating of crops, livestock, aquatic plants and animals, and ornamental flowers and similar foliage;
- (3) Defines "existing agricultural use" to mean replacing or replanting with similar or the same grouping of crops; and
- (4) Requires the Commission on Water Resource Management to render decisions regarding the regulation of water use within ninety days after the Chairperson of the Commission makes a recommendation to the Commission.

Your Committee has amended this bill to reflect the consensus proposal recommended by the Commission on Water Resource Management, the Hawaii Farm Bureau Federation, and the Department of Agriculture.

Those amendments are as follows:

- (1) Require the Department of Agriculture to prepare the state agricultural water use and development plan in accordance with the State Water Code and the law relating to irrigation water development;
- (2) Insert the provision requiring the Department of Agriculture to prepare the state agricultural water use and development plan into section 174C-31(c), Hawaii Revised Statutes, which relates to the Hawaii water plan and its four parts;
- (3) Clarify that the state agricultural water use and development plan is to be incorporated into the state water projects plan, which is one of the four parts of the Hawaii water plan;
- (4) Change the definition of "existing agricultural use" to mean the "alternating", rather than the "replanting", of crops; deleting the provision requiring the replacing and alternating of these crops to be done with similar or the same grouping of crops; and prohibiting the replacing and alternating of these crops from being construed as a change in use; and
- (5) Make changes to the underlying text of section 174C-46, Hawaii Revised Statutes, to reflect the passage of Act 2, Session Laws of Hawaii 1998, which has no direct effect on the substance of this bill.

Your Committee notes that a number of significant concerns regarding the types of assets being purchased, feasibility of sale of the bond, preservation of agricultural uses, as well as long-term plans for use of the ditch remain unresolved. Nevertheless, your Committee is confident that all stakeholders on this issue will redouble their efforts to build a consensus in the weeks ahead.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1332, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1332, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, 1 (Ige, M.). Excused, 5 (Ihara, Levin, McCartney, Tam, Anderson).

SCRep. 3287 Ways and Means on H.B. No. 2655

The purpose of this bill is to require the Director of Business, Economic Development, and Tourism to conduct infrastructure project finance seminars in Hawaii.

Your Committee amended the bill by deleting its contents and inserting an amended version of Senate Bill No. 3258, S.D. 2, which encourages technological growth in Hawaii.

Your Committee received testimony in support of this bill from the University of Hawaii.

Your Committee finds that establishing Hawaii as the technical support center of the Pacific will provide well paying, quality jobs for residents.

Your Committee further finds that a single technical support call center may employ as little as 200 and as many as 700 people. By the year 2010, technical support call centers could provide 5,000 to 7,000 jobs.

Additionally, your Committee finds that Hawaii's congressional delegation has very successfully secured more than \$3.8 billion for defense related projects in Hawaii over the past five years which included the Maui High Performance Computing Center on Maui.

Your Committee believes that aggressive action must be taken to ensure that our residents are qualified to take advantage of technical job opportunities.

As stated, this bill was amended by replacing its contents of an amended version of Senate Bill No. 3258, S.D. 2, which:

- (1) Offers a tax credit for technology training or job creation;
- (2) Allows resident individual taxpayers to claim a hope or lifetime learning credit for the taxable year in which a federal credit is claimed, but not exceeding the federal limit, in addition the taxpayer may claim a credit not to exceed \$ for computer and laboratory costs, and at the K-12 level for tuition costs for Asian-pacific language courses from DOE or private language schools that meet DOE accreditation standards;
- (3) Amends the tax code to effectuate the hope and lifetime learning credit;
- (4) Establishes the Hawaii Internet Exchange within the Office of Technology Transfer and Economic Development to develop internet-focused businesses in Hawaii;
- (5) Amends section 226-103, HRS, which sets the State's economic priority guidelines to encourage the development of an internet exchange;
- (6) Appropriates an unspecified sum for the support of the Hawaii Internet Exchange, to be deposited into the discoveries and inventions revolving fund to be expended by the University of Hawaii;
- (7) Accelerates work force development programs to ensure a pool of information technology professionals;
- (8) Appropriates an unspecified sum to be expended by the University of Hawaii to establish an information and telecommunications training program; and
- (9) Amends section 226-107, HRS, which sets forth guidelines to promote quality education by equipping the University of Hawaii and the public schools with access to electronic telecommunication and the internet.

In addition, your Committee has added the contents of Senate Bill No. 2201, S.D. 2, to the bill. In making this addition, your Committee has reordered the bill so that all tax sections are together in Part IX of the bill and the portions relating to the tourism authority are found in part VIII of the bill. Senate Bill No. 2201, S.D.2, had its purpose sections in two separate parts and in order to have better continuity, your Committee has placed both purpose sections in Part VII of the bill. In addition, your Committee has added an amendment to section 237-18(f), Hawaii Revised Statutes, to clarify the division of income between a transient accommodations operator and a tour packager or travel agent for general excise tax purposes. Your Committee has generally smoothed out the readability of the bill.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2655, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2655, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Kawamoto, Anderson).

SCRep. 3288 (Majority) Ways and Means on H.B. No. 2990

The purpose of this bill is to allow the State, through the Agribusiness Development Corporation, to acquire, improve, and operate the Waiahole water system.

Your Committee finds that the Agribusiness Development Corporation is the appropriate entity to acquire, improve, and operate the Waiahole water system in order to ensure the continuation and expansion of diversified agriculture, boost the State's economy, assure adequate water to leeward Oahu's farmers, and protect the Pearl Harbor aquifer.

Your Committee has amended the bill by adding a provision that requires all water allocations to lands benefitting from the Waiahole water system to remain in force as was agreed upon in the Commission on Water Resource Management's final Waiahole

water system decision and order until the retirement of the general obligation bond debt, or for twenty years, whichever is greater. Your Committee has made the effective date on July 1, 2020, in order to continue discussion on this bill.

Your Committee believes that further discussion on this matter is warranted due in part to concerns over whether a stock or asset purchase of the Waiahole water system would be an appropriate method of acquisition.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2990, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2990, H.D. 2, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 9. Noes, 2 (Fernandes Salling, Anderson). Excused, 2 (Ige, M., McCartney).

SCRep. 3289 Ways and Means on H.B. No. 3625

The purpose of this bill is to reorganize the Department of Agriculture.

The bill accomplishes this by making various administrative amendments and by transferring the State's Aquaculture Program from the Department of Land and Natural Resources to the Department of Agriculture.

Your Committee has amended the bill by adding provisions that effectuate widespread government reorganization through:

- (1) The transfer and elimination of various programs;
- (2) The elimination of positions; and
- (3) The shifting of the method of funding for various programs from general funds to special funds.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3625, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3625, H.D. 3, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Kawamoto, Anderson).

SCRep. 3290 Ways and Means on H.B. No. 3200

The purpose of this bill is to amend the laws relating to the Public Employees Health Fund (PEHF).

Specifically, the bill:

- (1) Changes the composition of PEHF's Board of Trustees by adding a retired member to the Board;
- (2) Authorizes PEHF to offer different benefit plans for active and retired employees;
- (3) Authorizes PEHF to contract with different plans on a county-by-county basis as opposed to a statewide basis;
- (4) Authorizes PEHF to offer different options including a prepaid option, preferred provider option, point-of-service option, or such other managed care product or combination thereof, as may be appropriate;
- (5) Authorizes PEHF to make refunds to current or former employees;
- (6) Transfers moneys from PEHF to the State general fund which represents insurance carrier refunds, rate credits and interest; and
- (7) Requires PEHF to report to the Legislature prior to the Regular Session of 1999 on the estimated cost impact to active employees and the employers if the existing two-tier system was replaced with a three-tier system.

Your Committee has amended the bill by adding provisions that:

- (1) Make the authorization to make refunds to current or former employees effective beginning fiscal year 2000-2001;
- (2) Require retired members of PEHF who are eligible to receive Medicare Part B insurance to sign up for the insurance unless a valid reason exists for nonparticipation;
- (3) Expand the composition and scope of the Employer-Union Trust Concept Committee established pursuant to Act 309, Session Laws of Hawaii 1996, and sunsets the Committee on June 30, 2000; and
- (4) Require PEHF to return all moneys to the state and county general funds that are in excess of the \$8.7 million necessary for PEHF to stabilize health insurance rates for the 1998-1999 fiscal year.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3200, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3200, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 11. Noes, none. Excused, 2 (Kawamoto, Anderson).

SCRep. 3291 Ways and Means on H.B. No. 2426

The purpose of this bill is allow individuals who opened an individual housing account prior January 1, 1999, to elect within one year after the date of purchase of a principal residence to be subject to the gross income deferral and tax liability provisions of the individual housing account tax law.

Your Committee received testimony in support of this bill from Department of Taxation and an individual.

Your Committee finds that individuals affected by this bill were inadvertently subjected by Act 99, Session Laws of Hawaii 1990, to gross income inclusion and tax liability if they had not purchased their first principal residence at the time of the enactment of section 235-5.5(f)(2), Hawaii Revised Statutes. This unfairly causes them to immediately pay higher taxes as a result. This bill corrects that inequity.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2426, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Ige, M., Anderson).

SCRep. 3292 Ways and Means on H.B. No. 867

The purpose of this bill is to amend the laws relating to the Employees' Retirement System (ERS).

Specifically, the bill requires:

- (1) All new ERS members to become either class A or B members, effective July 1, 1998;
- (2) The ERS to conduct a study to determine the fiscal ramifications of converting all present ERS members to contributory membership and to report to the Legislature before the commencement of the 1998 session; and
- (3) The ERS to include in its annual reports an audit of its financial and management practices.

Your Committee has amended the bill by deleting its substance and inserting provisions that:

- (1) Establish severance benefits for state employees that are subject to a reduction in workforce action by the State; and
- (2) Establish an early retirement option in lieu of accepting any severance benefits for qualified state employees who are subject to a reduction in workforce action by the State.

Your Committee finds that a state of fiscal emergency exists in the State, requiring all sectors of government to consider drastic budgetary measures to reduce the operating costs and expenses of government. The fiscal crisis facing the State affects all residents of Hawaii and can be overcome only with the cooperation and sacrifice by everyone. Government officers and employees, and the public sector collective bargaining representatives must demonstrate the fortitude to carry a portion of and share the economic burden facing the State, and provide an example to the citizens of Hawaii.

Your Committee further finds that due to a seven-year downward spiral of the State's economy, and a poor outlook for relief in the near future, the State is facing a severe fiscal crisis which threatens the State's ability to function effectively as a sovereign entity.

Under the amended measure and with the exception of employees of the University of Hawaii and the department of education, on the date of a state employee's involuntary separation from state government due to a reduction in workforce, the employee, if eligible, will be entitled to receive a transitional severance benefit equivalent to:

- (1) Four weeks of salary if the employee has two years of service or less; and
- (2) Four weeks plus one additional week of salary for every year of service over two years if the employee has at least three years or more of consecutive service; provided that the transitional severance benefit shall not exceed a maximum of thirteen weeks.

The bill also establishes that, in lieu of the transitional severance benefit and notwithstanding the age and length of service requirements under section 88-73, Hawaii Revised Statutes, any employee, who is the subject of a reduction in workforce action by the State and who on the date of involuntary separation is a vested member of the ERS, will be eligible for a one-time, early retirement bonus of one additional year of service credit under Chapter 88, Hawaii Revised Statutes, provided that:

- (1) The member is:
 - (A) Not employed by the Department of Education, the University of Hawaii, or the Department of Public Safety, formally notifies the employing agency by November 1, 1998, files a formal application for retirement not less than thirty days nor more than ninety days prior to the effective date of retirement, and retires on or prior to December 31, 1998;
 - (B) Employed by the Department of Education and formally notifies the employing agency by November 1, 1998, files a formal application for retirement not less than thirty days nor more than ninety days prior to the effective date of retirement, and retires on June 30, 1999; or

- (C) Employed by the Department of Public Safety and is not considered by the Director of Public Safety to occupy an adult correction officer position or any shortage category position of the department, formally notifies the employing agency by November 1, 1998, files a formal application for retirement not less than thirty days nor more than ninety days prior to the effective date of retirement, and retires on or prior to December 31, 1998; and
- (2) The member qualifies under one of the following:
- (A) The member is at least fifty years of age and has at least ten years of credited service as a contributory class A or B member as of December 31, 1998, exclusive of the bonus provided in the bill;
- (B) Irrespective of age, the member has at least twenty years of credited service as a contributory class A or B member as of December 31, 1998, exclusive of the bonus provided in the bill;
- (C) The member is at least fifty-seven years of age and has at least ten years of credited service as a noncontributory class C member as of December 31, 1998, exclusive of the bonus provided in the bill; or
- (D) Irrespective of age, the member has at least twenty-five years of credited service as a noncontributory class C member as of December 31, 1998, exclusive of the bonus provided in the bill.

Your Committee feels that the restrictions limiting early retirement to certain ERS members of the Department of Public Safety are necessary to avoid increased recruitment costs and to ensure that public safety remains a priority. Additionally, your Committee was concerned over the possible loss of qualified educational officers and instructional resource personnel that any reduction in workforce or early retirement program may cause. In light of this concern, your Committee has authorized the Department of Education, upon the recommendation of an individual school or school complex, to rehire such personnel on a contractual basis; provided that they are rehired at not more than forty percent of a full-time equivalent.

Sensitive to the concerns of those public employees who have at least nine years but less than ten years of credited service, your Committee has also added a provision that would provide those separated employees with a one-time, one year service credit to allow them to vest with the ERS.

Recognizing that the State Budget will eliminate all vacant positions, the bill allows the Governor to fill a total of fifty full-time equivalent positions and the Chief Justice to fill a total of ten full-time equivalent positions statewide to ensure that the provision of necessary government services are not impaired.

Your Committee believes that by establishing severance benefits and an early retirement option for eligible state employees who would otherwise be laid off, the amended bill provides the transitional benefits necessary to ease the initial financial burden and help those employees reestablish themselves in either another vocation or retirement.

It is your Committee's hope that prior to any reduction in workforce action initiated by the State, public employers will consult with the affected employees' unions in order to mollify any adverse situation that may arise from the workforce reduction.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 867, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 867, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Kawamoto, Anderson).

SCRep. 3293 Ways and Means on H.B. No. 2552

The purpose of this bill is to make the State Civil Rights Commission more fiscally autonomous.

The bill accomplishes this by:

- (1) Creating a Civil Rights Commission special fund; and
- (2) Providing powers to the Civil Rights Commission to collect certain costs to be deposited into the special fund.

Your Committee has amended the bill by adding provisions that:

- (1) Establish a lead abatement program within the Department of Health's existing asbestos program and allow the Department of Health to assess fees for the issuance of variances (Sections 1-21);
- (2) Prohibit the establishing, raising, or lowering of state fees by a department or agency through rulemaking without prior legislative approval, and to increase fees for certain state functions (Sections 22-23, 31, and 32);
- (3) Authorize a \$1 fee for parking at state parks and camping at state parks (Section 24);
- (4) Authorize the department of taxation to establish delinquent account fees and establish a delinquent returns special fund (Section 25);
- (5) Authorize fees in an unspecified amount for public school daily bus transportation and for student athletic activities (Section 26);
- (6) Permit the Historic Preservation Division of the Department of Land and Natural Resources to charge fees to at least partially defray the costs of administering chapter 6E, Hawaii Revised Statutes (Sections 27 and 28);

- (7) Require certain fees collected from foreign mortgage lenders, financial institutions, and escrow depositories to be deposited into the compliance resolution fund (Sections 29, 39, and 46-51);
- (8) Add to the list of funds exempt from the central services expense transfer requirement, all DCCA special funds (Section 30);
- (9) Allow the Works of Art Special Fund to be used to defray operating and personnel costs of the State Foundation of Culture and the Arts (Section 33)
- (10) Increase the ceiling of the environmental response revolving fund (Section 34);
- (11) Remove the authority of the Department of Land and Natural Resources to establish fees for fishing licenses and statutorily setting license fees at \$5. (Section 35);
- (12) Establish a fifty percent of actual cost hunting license replacement fee for hunting licenses issued by the Department of Land and Natural Resources (Section 36);
- (13) Allow aina hoomalu special fund moneys to be used for administrative costs of the state parks division (Section 37);
- (14) Remove the authority of the Department of Land and Natural Resources to establish moorage fees and statutorily setting them at unspecified amounts for residents and nonresidents (Section 38);
- (15) Remove the authority of the Department of Education to set school lunch fees and statutorily setting them at an unspecified amount (Section 40);
- (16) Remove the authority of agencies to set fees for after-school and weekend programs and establishing them at an unspecified amount (Section 41);
- (17) Expand the use of the Department of Health's Clean Air Special Fund and the Environmental Health Program Enhancement and Education Fund (Sections 42, 43, 45, 54, and 55);
- (18) Add divorce decrees to the types of documents for which the Department of Health shall charge fees for issuing certified copies (Section 44);
- (19) Increase certain fees for services provided by the Criminal Justice Data Center, the Civil Identification Division, and state and county criminal justice agencies (Sections 52-53);
- (20) Authorize the Commission on Persons With Disabilities to assess fees (Sections 56-58);
- (21) Repeal the employment and training fund and transfer any unexpended moneys to the unemployment compensation fund (Sections 63-66);
- (22) Allow fees to be assessed for the cost of processing an arrestee's request for an administrative hearing on the administrative revocation of a driver's license (Sections 67-68); and
- (23) Increase the bond limit authorization of the Hawaii Community Development Authority so the Authority may plan, design, and construct a public parking garage in the Kakaako Community Development District (Sections 69-71).

Your Committee finds that state fees established by statute remain fixed while the costs of administering the programs rise. From time to time, adjustments need to be made to keep fees at a reasonable level. The adjustments to state fees made in this bill will help enable the State to keep providing quality services.

Your Committee also finds that allowing state agencies to utilize special funds to offset operating costs would make each agency less reliant on general funds and more accountable to the constituency they serve.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2552, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2552, H.D. 1, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Kawamoto, Anderson).

SCRep. 3294 Ways and Means on H.B. No. 2512

The purpose of this bill is to conform Hawaii's tax law to various provisions of the federal Internal Revenue Code.

Upon consideration of all pertinent issues, your Committee has amended this bill by deleting its contents and inserting the language of Senate Bill No. 2258, S.D. 1, and new language. This bill, as amended by your Committee, establishes provisions that provide more favorable general excise tax and use tax treatment as relating to certain health care services, aviation training facilities and cargo facilities. More specifically, this bill:

- (1) Exempts from general excise tax the gross proceeds or gross income arising from the sale of health care services to or on the premises of a foreign health care provider or to a nonresident patient of or referred by a foreign health care/plan provider;

- (2) Excludes from general excise tax, amounts received from a Hawaii health care provider by certain service providers equal to and which are disbursed by the service provider for personnel expenses with respect to services provided to the Hawaii health care provider;
- (3) Assesses a privilege tax equal to one-half of one per cent of the gross income or gross proceeds received by persons providing patient billing services and physicians and nurses engaged in the business of providing health care services pursuant to a written contract or agreement with a health care intermediary;
- (4) Allows a deduction from gross income or gross proceeds in an amount calculated by multiplying the gross proceeds or gross income from the lease of medical equipment by .875 and an amount equal to the payment to a Hawaii health care provider under the health care plan by a health plan provider;
- (5) Exempts from general excise and use tax amounts:
 - (A) Received by an aviation training facility or a cargo facility;
 - (B) For the construction of those facilities; and
 - (C) From the sale of material, parts, or tools which are used by those facilities;
- (6) Excludes from general excise tax amounts received from the sale of prescription drugs or prosthetic devices to a health care facility by a licensed taxpayer and amounts received from the sale of tangible personal property to a health care facility;
- (7) Amends the definition of "use" in the use tax law to exclude the use of tangible personal property by a health care facility and the use of material, parts, or tools used by an aviation training facility or cargo facility, or the construction of those facilities; and
- (8) Exempts the use of prescription drugs or prosthetic devices by a health care facility from the use tax.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2512, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2512, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Kawamoto, Anderson).

SCRep. 3295 Ways and Means on H.B. No. 2912

The purpose of this bill is to:

- (1) Establish a one-time amnesty period for delinquent state general excise taxpayers to allow taxpayers to pay the delinquent amount of the tax without interest, collection costs, or penalty; and
- (2) Impose a penalty on general excise tax liabilities eligible to be satisfied during the amnesty period but not satisfied during that period.

Upon consideration of all pertinent issues, your Committee has amended this bill by deleting all its contents and inserting and consolidating existing language from Senate bills relating to general excise tax and new language to comprehensively reform the general excise tax law. This bill, as amended by this Committee:

- (1) Exempts from general excise tax all of the gross proceeds or gross income from the sale of tangible personal property imported to Hawaii from a foreign or domestic source to a licensed taxpayer for subsequent resale for the purpose of wholesale (Senate Bill No. 2065 S.D. 1);
- (2) Deems amounts received by and for the sponsorship of an event of an organization or association that provides social and community services as amounts not received from an activity the primary purpose of which is to produce income; provided that the event promotes the State in a television production that has substantial television coverage (new language); and
- (3) Eliminates the authorization for the department of taxation to transfer a sum, not to exceed \$5,000,000, from all general excise tax revenues to the state treasury in each fiscal year to the credit of the compound interest bond reserve fund. Requires all moneys in the compound interest bond reserve fund that are unexpended or unencumbered on July 1, 1998, to lapse into the general fund (Senate Bill No. 616 S.D. 1).

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2912, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2912, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Kawamoto, Anderson).

SCRep. 3296 Ways and Means on H.B. No. 2749

The purpose of this bill is to adjust the general excise tax owed by certain travel agents, taxicab drivers, and real estate agents.

DISCUSSION

Your Committee has deleted the contents of this bill and inserted provisions that will provide individual income tax relief in a manner similar to that suggested by the Economic Revitalization Task Force. Your Committee also has inserted provisions that allow composite income tax returns to be filed by certain entities, clarify the treatment of the deduction of dividends by corporations, increase the entertainment expense deduction, extend energy credits, exempt exported services from the general excise tax, impose the use tax on imported services, and clarify the treatment of chapter 420, Hawaii Revised Statutes, relating to corporations.

Your Committee finds that the Economic Revitalization Task Force presented a bold plan for change in the tax area.

Among the objectives which the Task Force sought to achieve was to reduce the cost of living and doing business in Hawaii. Its considerations focused on the tax structure and how changes in the structure could stimulate the economy and attract new investment in the future. Your Committee agrees with the objectives, and it also concurs that changes in the income tax structure, which have not undergone any significant change since 1965, could be vital to revitalizing the economy.

Much of the discussion over the Task Force's recommendations has centered on the proposal to increase the general excise tax. The proposal has generated widespread opposition, especially from the small business community, retired persons, and others. The arguments are well-known: the tax is regressive, falling heavily on those with fixed and lower incomes; it is a burden on businesses, especially those that are new and have not yet turned a profit and those that find it difficult to pass on the tax to consumers; and any increase will add to the cost of living and the cost of doing business. Your Committee notes that much has been made about the export of the general excise tax to tourists. Your Committee also notes that even with the best export numbers, residents and resident businesses will pay seventy per cent of the general excise tax.

For these reasons and the concern that a tax package which mixes tax reductions and tax increases would have uncertain results and might lessen the effectiveness of stimulating the economy, your Committee believes that the focus of this bill should be on tax restructuring and the corresponding reductions in order to encourage economic growth.

Without an increase in the general excise tax or the introduction of some other source of revenues, the question remains how the tax reductions proposed in this bill can be accommodated. The answer is that they can only be accommodated through a reduction of state government expenditures. Your Committee has addressed this issue through its actions on the state budget as well as in separate measures designed to bring down the costs of state government or by transferring moneys to the general fund. Clearly, there can be no gain without pain, and sacrifices must be made now in order to bring about the greater good of a broad, economic recovery for all of Hawaii.

The continuing reports of significant job layoffs and bankruptcies in some of Hawaii's most stalwart companies and institutions show how perilous the situation has become with no ending in sight. Some of the circumstances are beyond the State's control, as they are tied to larger, global conditions and events. But state taxes are the responsibility of the legislature, completely within its jurisdictional control, and your Committee urges prompt and decisive legislative action to enact tax restructuring and reductions to revitalize the economy.

ANALYSIS

Income Taxes.

Your Committee has analyzed the individual income tax brackets and rates of the initial Task Force recommendations, the Governor's suggestions in February, included in Senate Bill No. 2215, S.D. 1, the brackets and rates in House Bill No. 2568, H.D. 1, and other suggested amendments to individual brackets and rates that have come before the legislature. All of these versions to a greater or lesser extent favor taxpayers in the upper-middle to upper-income range, i.e., these taxpayers receive the largest percentage tax reduction in relation to adjusted gross income. All versions attempt to take care of low-income individuals, but fall short.

However, good tax policy dictates that when tax reductions as a percentage of adjusted gross income are computed, the computations should maintain consistent progressivity in the tax law. The current brackets, even though amended in the late eighties, have not been modified sufficiently to address thirty years of inflation, and suffer from inconsistent progressivity.

The following analysis, particularly in the last column, clearly displays the inconsistent progressivity in the differences in tax reduction. For purposes of this comparison, the individual income tax brackets and rates for a joint return of two people in Senate Bill No. 2215, S.D. 1, (the Governor's suggestion in February) are used.

<u>AGI levels (000)</u>	<u>Average AGI</u>	<u>Current Law</u>	<u>Taxes as % of AGI SB2215 SD1</u>	<u>Difference</u>
Under \$5	4,464	-0.99%	0.16%	-1.14%
\$5 under \$10	7,572	-0.17%	0.37%	-0.54%
\$10 under \$15	12,659	1.26%	1.18%	0.08%
\$15 under \$20	17,600	2.37%	1.87%	0.50%
\$20 under \$25	22,392	3.28%	2.47%	0.81%
\$25 under \$30	27,477	3.97%	2.77%	1.20%
\$30 under \$35	32,636	4.34%	3.15%	1.19%
\$35 under \$50	42,742	4.90%	3.52%	1.38%
\$50 under \$75	61,711	5.55%	3.94%	1.61%
\$75 under \$100	85,670	6.02%	4.27%	1.76%
\$100 under \$150	117,255	6.61%	4.81%	1.80%
\$150 under \$200	171,482	7.15%	5.49%	1.67%
\$200 and over	384,228	7.96%	6.50%	1.46%

Note: Figures may not add up due to rounding.

As can be seen from the difference column, the differences (or tax reductions) show little, if any, progressivity and are inconsistent. The result for the other tax filer types is similar.

Your Committee has reviewed this situation, and believes a better plan has been found. Your Committee believes that the state income tax law must remain progressive, while at the same time providing tax reductions for all. Now is the time to make significant changes by amending the brackets, rates, and standard deduction to modernize our income tax law. Your Committee believes this opportunity should be seized, while keeping the tax reductions progressive.

Your Committee is amending this bill to insert income tax brackets and rates that provides a tax structure that will maintain consistent progressivity in tax reductions through the use of (1) amended brackets and rates, (2) increased standard deductions, (3) a new low-income tax credit, and (4) retention of the food tax credit. The result for a joint return of two people under your Committee's amended version of this bill will reflect the following:

<u>AGI levels (000)</u>	<u>Average AGI</u>	<u>Taxes as % of AGI</u>		<u>Difference</u>
		<u>Current Law</u>	<u>Proposed</u>	
Under \$5	4,464	-0.99%	-3.67%	2.69%
\$5 under \$10	7,572	-0.17%	-1.81%	1.63%
\$10 under \$15	12,659	1.26%	-0.22%	1.48%
\$15 under \$20	17,600	2.37%	0.93%	1.44%
\$20 under \$25	22,392	3.28%	2.00%	1.28%
\$25 under \$30	27,477	3.97%	2.70%	1.27%
\$30 under \$35	32,636	4.34%	3.34%	1.00%
\$35 under \$50	42,742	4.90%	3.93%	0.97%
\$50 under \$75	61,711	5.55%	4.64%	0.91%
\$75 under \$100	85,670	6.02%	5.13%	0.89%
\$100 under \$150	117,255	6.61%	5.77%	0.84%
\$150 under \$200	171,482	7.15%	6.45%	0.71%
\$200M and over	384,228	7.96%	7.40%	0.55%

Note: Figures may not add up due to rounding.

As can be seen from the difference column, the differences (or tax reductions) decrease as income increases, resulting in a more progressive tax structure. The result for other tax filer types is similar.

Your Committee believes that the amendments to the standard deduction will assist both low- and middle-income taxpayers. Many of these taxpayers will no longer have to file; or, if they file in the case of middle-income taxpayers, they will not have to determine their itemized deductions. Tax return filing for these taxpayers will be simplified.

In addition, your Committee has added a new refundable low-income tax credit which will alleviate some of the inconsistencies found in other tax proposals. It is unfortunate that a similar credit was repealed in 1995 since those in the low-income range, more than others, need this credit. Finally, unlike some of the other suggestions for a low-income tax credit, the credit your Committee is proposing has no complicated formula.

Exported and Imported Services.

Your Committee also has amended the bill by adding an exemption from the general excise tax for exported services. In adding this provision, your Committee has left out the certificate requirement regarding the collection of the general excise tax at the four per cent rate if the services come back into the State. This was necessary under the exemption of computer services when importing the services back into the State could have been a way to avoid paying the general excise tax. With the imposition of the use tax on imported services in this bill, this requirement is no longer necessary. Your Committee also has provided for imposition of the use tax on imported services.

Composite Returns.

Your Committee has added a provision allowing composite returns as a simplified method of filing income tax returns and reporting the income or distributed shares of income earned in Hawaii by the nonresident filing entity, such as S corporations, limited liability corporations, and limited liability partnerships. The tax liability is to be computed at the highest marginal rate applicable to single individuals.

Entertainment Expenses Deduction.

Your Committee has added an amendment to section 235-2.4, Hawaii Revised Statutes, to increase the entertainment expense deduction from fifty per cent to eighty per cent. This increase will assist this sector of the economy by encouraging expenditures in this area.

Corporate Dividend Deduction.

Your Committee has added a provision to clarify the corporate dividend deduction. Under this provision, all Hawaii based or nexus provisions required to deduct dividends have been deleted. Thus, under the amended provisions the dividend deduction may be claimed for dividends received from ninety-five per cent owned corporations and from banks and insurance companies. Language has also been added to clarify that both domestic and foreign corporations may claim this deduction.

Extension of Energy Credits.

Your Committee has added a provision to extend energy tax credits to July 1, 2003. Your Committee finds that this is not the appropriate time to allow these credits to expire. Not only is there a national initiative in this area, during this economic time it is appropriate to extend these credits. In addition a provision has been added to create a task force to explore the most cost-effective means for supporting increased energy efficiency and sustainability.

Business Development Corporations.

Your Committee has added a provision to the bill which:

- (1) Closes chapter 420, Hawaii Revised Statutes, for use by any new corporations as of July 1, 1998;
- (2) Repeals Chapter 420, Hawaii Revised Statutes, on December 31, 2001; and
- (3) Provides a declining schedule for allowable tax exemptions or credits for qualifying Business Development Corporations beginning January 1, 1998, until December 31, 2001.

Your Committee finds that the original purpose of chapter 420, Hawaii Revised Statutes (HRS), was to promote, stimulate, develop, and advance the business prosperity and economic welfare of the Pacific Islands and their citizens; and to encourage and assist through loans, investments, or other business transactions the location of new business and industry in the Pacific Islands. Over the years chapter 420, HRS, has been amended and is now being used by corporations to legally avoid paying the appropriate state taxes, not to assist other Pacific Islands.

Your Committee finds, however, that there has been some reliance by businesses on the tax exemptions and credits allowed under the chapter. Your Committee does not believe that there is any right to a tax credit or exemption and notes the expiration of the tax exemption for cruise ships and the forthcoming expiration of the energy tax credits. While your Committee is of the opinion that chapter 420, HRS, could be repealed immediately, your Committee believes that it is much fairer to provide for a phasing out of the tax credits and the exemptions found in chapter 420, over a four-year period with the repeal of chapter 420, HRS, at the end of the four-year period. This type of phasing out of tax credits is similar to enterprise zone provisions found in chapter 209E, HRS. In this manner those corporations which have relied upon chapter 420, HRS, will be given time to restructure themselves appropriately. Your Committee also finds that no further corporations should be allowed to form under chapter 420.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2749, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2749, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 11. Noes, none. Excused, 2 (Kawamoto, Anderson).

SCRep. 3297 Ways and Means on H.B. No. 2710

The purpose of this bill is to provide the necessary appropriations and authorizations for the operation of, and capital improvements for, the Judiciary during the 1998-1999 fiscal year.

Your Committee finds that the State's continuing economic woes require a reduction and restructuring of nonessential government services and programs. Consequently, some nonessential services and programs are being reduced to the bare minimum and others are being totally eliminated. In the process, new program and service priorities have been established.

Your Committee has approved a tax package to improve the local business climate, stimulate the economy, and boost consumer confidence. The economic stimulus package is intended to restore momentum to the State's economy by improving the local business climate and boosting consumer confidence, which in turn will further stimulate the economy.

To effect necessary cost savings without resorting to layoffs, your Committee has abolished 105.00 vacant, full-time equivalent (105.00 FTE), permanent positions in the Judiciary. Abolishing these vacant positions will save the State approximately \$2,000,000 during fiscal year 1998-1999 without resorting to layoffs.

Your Committee has approved increases in fees to make certain Judiciary programs more self-supporting, and to pass a greater portion of the operating costs of these programs on to their end users. In addition, your Committee has approved measures to allow the Judiciary to aggressively pursue scofflaws in order to collect delinquent accounts.

Your Committee has increased the expenditure ceiling for the spouse and child abuse special account in the Judiciary and funded a Domestic Violence Drop-in Center to provide additional program and personnel resources to address growing community and legislative concerns over several recent, high-profile domestic violence and child abuse cases.

While it is not certain whether the incidence of domestic violence and child abuse is actually increasing or if public tolerance of these crimes has finally reached a limit, it is clear that government must do more to prevent these crimes. The highest priorities must be on preventing domestic violence and child abuse and protecting the safety and welfare of the public.

Your Committee has established a public policy pilot project in the Center for Alternative Dispute Resolution to determine whether or not disagreements over government policies can be resolved amicably through compromise, without resorting to contentious litigation. Your Committee believes that state government should be premised on compromise, not litigation.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2710, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2710, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 11. Noes, none. Excused, 2 (Kawamoto, Anderson).

SCRep. 3298 Ways and Means on H.B. No. 2500

The purpose of this bill is to provide supplemental appropriations for the executive branch by amending the General Appropriations Act of 1997 (Act 328, Session Laws of Hawaii 1997).

OVERVIEW

During the 1997 legislative session, your Committee took the initiative of moving the State into a sound economic future through the development of a package of tax relief measures intended to improve the local business climate and through strategic adjustments to the executive budget.

While economic indicators continue to point towards fiscal decline, your Committee believes that there has never been a more opportune time to make positive changes, to drive the economy forward and to sustain the quality of life in this State.

Acknowledging that the financial upheaval in Asia, particularly in Japan, will continue to impact Hawaii, your Committee is further committed to diversifying the economic base through the support of technology industries, the health and wellness industry, diversified agriculture and the development of a qualified workforce. Your Committee is encouraged by the number of new businesses, from both the mainland and abroad, that are interested in establishing a presence in Hawaii. Your Committee finds these industries capable of creating hundreds of jobs in the State and pledges to pursue all possibilities for industry development and expansion and to fully support their interest in Hawaii and its potential.

As such, your Committee believes that the direction taken in 1997 was fiscally sound and has expanded that philosophy to include measures that broaden the economic base, initiate programs for job creation, instill accountability in education, maintain essential services to the public, and reduce the cost of government.

ECONOMIC STIMULATION/DIVERSIFICATION

TAX PROPOSAL

The Economic Revitalization Task Force developed a package of bills intended to stimulate Hawaii's economy. The focal point of the package was a tax proposal that increased the general excise tax while providing income tax relief.

While the Senate believes that this is not a prudent approach given the economic hardships a tax increase would place on individuals and businesses, your Committee firmly believes that income tax relief will have a positive effect on the economy.

Your Committee is proposing a tax measure that will provide income tax relief to Hawaii residents through the restructuring of existing income tax brackets. The results are a progressive tax structure that is fair and equitable and eases the tax burden on those with lower incomes. Understanding that the Senate did not support a general excise tax increase, your Committee has pared down its tax relief proposal to one which is affordable to the State while remaining fair to its people.

Without an increase in the general excise tax or the introduction of some other source of revenues, the question remains how the tax reductions can be accommodated. The answer is that it can only be accommodated through a reduction of state government expenditures, as reflected in this budget bill. Clearly, painful decisions and sacrifices must be made now in order to bring about the greater good of a broad, economic recovery for all of Hawaii.

TOURISM PROMOTION

To strengthen Hawaii's position in the global tourism market, your Committee passed S.B. 2201, the Economic Revitalization Task Force proposal, that ensures a dedicated source of funding for tourism promotion and marketing. Through this measure, approximately \$60 million will be dedicated to attract a greater number of visitors and to enhance Hawaii's position as a destination of choice. Your Committee has advocated the creation of a Tourism Authority that will be responsible for establishing statewide policies relating to tourism and will develop a comprehensive plan to ensure that tourism remains a viable industry.

SMALL BUSINESS RELIEF MEASURES

Although small businesses do not directly benefit from the above-mentioned tax proposal, your Committee has passed other measures to improve the business climate in Hawaii. These measures provide:

- 1) Regulatory relief and an ombudsman to help small businesses deal with government agencies;
- 2) Extend the moratorium on the business assessment paid into the Employment Training Fund;
- 3) Exempt imported goods from taxation, if resold at wholesale; and
- 4) Provide relocation costs to a majority of small businesses affected by the Victoria Ward development;

TECHNOLOGY AND INFORMATION

The high technology and information industries can and must be a major contributor in Hawaii's economy in the twenty-first century. The United States Advisory Council on the National Information Infrastructure estimates that sixty percent of jobs in the year 2000 will require a working knowledge of information technologies. The explosive growth of the Internet opens the global market to each and every business, large or small, in Hawaii.

The decision of Uniden, Square 1 U.S.A., and Buzzeo to make significant investments in software research and development activities in the State offers prospects for a thriving industry. Your Committee has appropriated \$1.7 million to the University of Hawaii to ensure that Buzzeo can complete its project.

Your Committee finds that bold and decisive action is required to ensure Hawaii's economic prosperity. Tax credits and incentives focused on the information industry will help to attract new businesses and to help existing Hawaii businesses succeed.

The Internet will be the heart of electronic commerce. A well educated, computer, and technology literate work force will be a key component to job creation. Your Committee believes that we must ensure high-speed, broadband access to the Internet for the University of Hawaii and public schools and has appropriated \$20 million accordingly. Additionally, the Hawaii Internet Exchange, established at the University of Hawaii, must be expanded to become a major Internet hub in the Pacific. Finally, your Committee has appropriated \$510,000 to support the Western Governors Virtual University which is breaking new ground in distance learning.

HEALTH AND WELLNESS

The health care industry has grown to be the second largest industry in the State comprised of both nonprofit and for-profit entities. In a separate measure, S.B. 2258, your Committee alleviates the pyramiding of the general excise tax on the health care industry and encourages out-of-state residents to come to Hawaii for health care by exempting the amounts received by Hawaii health care providers from the general excise tax. Telemedicine consultations with out-of-state health care providers will also be exempt from the general excise tax.

Other new initiatives include the University of Hawaii School of Medicine's establishment of an international exchange program between the University of Hawaii School of Medicine, nursing schools, and foreign educational institutions; and expanded use of telemedicine via reimbursement by current health care plans being authorized.

AGRICULTURE

Your Committee is encouraged by the initial success of the "Agriculture 2000" initiative that was designed to increase farm returns for diversified agriculture by using benchmarks to measure levels of success. Your Committee would like to recognize those involved in diversified agriculture for their vision, persistence and endurance in a difficult industry. Although sugar and pineapple production have continued to decline, the agricultural community has invested itself in the development of coffee, seed crops, macadamia nuts, and other commodities including aquaculture. Your Committee reaffirms its commitment to supporting the agriculture industry as it strives to compete in a sophisticated world market and understands that high technology, extensive research and development and a skilled workforce will be critical to maintaining and improving Hawaii's position in the global marketplace.

WORKFORCE DEVELOPMENT

The availability of a skilled workforce is a critical component to the success of the State's economic recovery. Consolidation of the State's workforce training programs was the first step in developing a strategic plan to support workforce development. As such, your Committee affirms its commitment to the coordination of a workforce development program that will provide the knowledge, capability and tools necessary to enable the people of this State to compete on a global basis. Such a system of training requires the involvement and cooperation of the local school system, the university system and adult training programs.

EDUCATIONAL ACCOUNTABILITY

Education has been and will continue to be the cornerstone of a qualified, skilled workforce and the basis for economic growth. In setting higher standards in education, the State can expect more and will receive more from its students. Accountability in education is the premise by which the Senate education omnibus bill was developed. This measure will establish an Office of Accountability within the Office of the Auditor to ensure school improvement. The office will be responsible for a comprehensive system of review, evaluation, and analysis of school performance and provide a system of intervention for nonperforming schools. Under this results-driven approach, schools placed on probationary status are given specific guidelines and timeframes for improvements. This goal oriented method of accountability is the only way to ensure that the children of this State are receiving the education they deserve.

AUTONOMY FOR THE UNIVERSITY OF HAWAII

Your Committee continues the Legislature's commitment to make the University of Hawaii a preeminent institution of higher learning. As such, your Committee has supported measures that will assist the University in achieving this goal by allowing the University to set its own priorities, manage its own resources, and develop a stronger entrepreneurial approach. It is the intent of your Committee to empower the Board of Regents and the University administration with increased decision-making authority and enhances the framework for decentralized decision-making to the lower levels of the University system. This structure is fitting for the dynamic environment in which the University finds itself and is the only way in which the University will be able to effectively create and implement programs which have economic and academic impact and benefits. With these tools, your Committee believes that the University can attain national and international recognition and a distinguished level of excellence in an increasingly competitive environment.

RESTRUCTURING GOVERNMENT

With respect to restructuring government, your Committee's priority has been to focus on providing and maintaining services at the most basic levels that directly affect the public, especially in the areas of welfare, health, public safety and education. For welfare, it means concentrating resources at the recipient level. For health, it means concentrating resources at the level where health care services, especially for the medically underserved, are provided by community hospitals, primary care centers and providers. For education, it means concentrating resources at their most basic level in the schools and classrooms.

With the departure of the Superintendent of Education and the State Librarian, your Committee believes that the Department of Education will be afforded the opportunity to revitalize the educational system. Additionally there are four to five hundred department of education administrators with more than twenty years of service. As a new management team emerges, a streamlined administrative structure becomes possible and the Department of Education may have the opportunity to utilize these administrators at the school and community levels. Your Committee has taken the necessary steps to provide early retirement incentives to these administrators and employ them as private contractors to serve as school consultants, business managers or some other position that is consistent with focusing services at the school and classroom level. This restructuring proposal will provide substantial cost savings to the State.

Administrative costs can also be reduced statewide by restructuring or eliminating public information, public relations, communications and information dissemination positions, executive assistant and administrative support positions including deputy directors of departments with more than two deputy directors.

GOVERNMENT FUNCTIONING WITHIN ITS MEANS

With respect to requiring government to function within its means, your Committee proposes to reduce government costs and spending by:

- (1) Consolidating programs that are duplicative, overlapping or provide similar functions that, when consolidated, promote efficiency or economies of scale. Specific examples of consolidation include:
 - (A) Incorporating the Office of Environmental Quality and Control and the State Health Planning and Development Agency within the Office of Planning in the Department of Business Economic Development and Tourism (DBEDT). This transfer consolidates agencies with planning functions under one umbrella enhancing their capabilities and providing a comprehensive and efficient planning environment;
 - (B) Transferring the duties and responsibilities of the Office of Tourism of DBEDT to the proposed Tourism Authority Board. With additional funding from a proposed increase in the Transient Accommodation Tax and the input of the visitor industry, the Board can better provide the expertise and commitment necessary to support the local industry and develop various tourism markets;
 - (C) Consolidating the Business Development and Marketing Division with the Business Support Division in DBEDT;
 - (D) Transferring the Business Action Center in DBEDT to the Director's Office of the Department of Commerce and Consumer Affairs. In the course of the next fiscal year, the Business Action Center and the Business Registration Division of the Department of Commerce and Consumer Affairs will establish an integrated action plan to be fully implemented by fiscal year 2000;
 - (E) Consolidating the Nutrition, Health Education and Bilingual Health Services in the Department of Health with the Preventive Health Services Program; and
 - (F) Consolidating the Injury Prevention and Control Program in the Department of Health with the Emergency Medical Services Program;
- (2) Shifting the cost of government, as warranted, to the users of specific government services. Increased fees to users would vary depending on the program and a user's ability to pay;

Specific programs include Adult Education Programs, the A+ Afterschool Program, and the School Lunch Program. Your Committee notes the costs savings available by the use of "smart cards" or debit cards for school lunches and maximizing federal reimbursements for School Lunch Programs.
- (3) Creating vacancy pools for the executive branch, the University of Hawaii and the Judiciary to provide flexibility in administering the workforce, to address personnel requirements and to allow for controlled growth in priority areas;

Your Committee deleted a total of 987 general funded positions that were vacant as of March 1, 1998 and it denied requests for new positions. This action saved a total of \$19.5 million in general funds in fiscal biennium 1997-1999;
- (4) Requiring departments to set priorities. This budget eliminated some 437 filled positions in an effort to better focus departmental programs.
- (5) Converting program funding sources to supplant general funds with special/revolving funds or other means. Specific proposals include:
 - (A) The Department of Commerce and Consumer Affairs that is primarily driven by user fees, from special funds;
 - (B) Plant quarantine inspectors from the Airport Special Fund;
 - (C) The Commission on Persons with Disabilities from Capital Improvement Projects funds. This conversion is logical since the Commission is directly involved with building compliance laws and regulations; and
 - (D) The Business Action Center from the Compliance Resolution Special Fund under the the Department of Commerce and Consumer Affairs.

In order to initiate true economic recovery, these proposals must be viewed in conjunction with a reduction in the cost of government operations and the authorization of a sound capital improvement program.

EXECUTIVE BUDGET

GENERAL OVERVIEW

Your Committee recognizes that the cost of government must be reduced in order to achieve a sound fiscal foundation. Your Committee has reviewed the executive budget to determine which program areas are considered "core" to government operations. Priority was given to those programs that provide health and safety, basic education, generate revenue, support economic development, provide for the indigent, or are mandated at the federal or state levels. Program areas that did not fall under these conditions were downsized, consolidated, or deleted accordingly. Your Committee took the necessary steps to generate immediate savings to balance the budget in the current fiscal year while striving to establish a permanent reduction to the budget base. Funding for direct services was preserved to the greatest extent possible.

ECONOMIC DEVELOPMENT

In reviewing economic development programs within the executive budget, your Committee's goal was to streamline functions and activities and as mentioned earlier, agency consolidations and transfers were recommended.

Your Committee finds that the film industry is a viable economic opportunity and supported incentives to encourage film production in Hawaii.

In the Department of Agriculture, your Committee transferred the Aquaculture Development Program from the Department of Land and Natural Resources and maintained the Agribusiness Development Corporation and innovations in diversified agriculture.

Your Committee has maintained funding for other efforts to strengthen our economic base including: neighbor island chapters of the Hawaii Visitors and Convention Bureau, sporting events such as the Pro Bowl and major golf tournaments, sports-marketing promotions including an Olympic-related proposal, the Hawaii International Film Festival, the King Kamehameha Celebration Commission and hosting the 1998 Miss Universe Pageant.

TRANSPORTATION

Your Committee supported the improvement of the quality of transportation facilities, the retention of airport and highway related positions, highway landscaping, the on-going study of the homeless and an initiative to develop an inter-island ferry system aimed at reducing traffic congestion.

In reviewing the Department of Transportation's capital improvement program, your Committee supported the construction of a Commercial Fishing Village at Honolulu Harbor to consolidate commercial fishing activities and promote economic development endeavors in the area.

HEALTH

The appropriations authorized by your Committee maintain essential services in health, including purchase of services contracts and the Intermediate Care Facility/Mental Retardation. While substantive changes have been made to the Department of Health's budget in an effort to reduce government costs, core functions of the department were maintained.

As in all executive departments, reductions to the Department of Health's operating budget in fiscal year 1999 include reduction to interstate travel (\$70,500), and deletion of vacant positions (88 positions/\$4 million in general funds). In addition, a reduction of \$6 million in fiscal year 1998 was made to reflect savings realized as a result of departmental restrictions and the payroll lag.

In effectuating the streamlining policy, the Office of Affirmative Action, the Office of Planning, Policy and Program Development, and the District Health Offices were deleted. Funding for interisland travel was maintained to allow administrators the resources to reach neighbor island programs.

Your Committee also recommended various agency consolidations and transfers mentioned earlier.

Your Committee also supported vital functions in the Department of Health by funding statewide emergency medical services, community hospitals (Hawaii Health Systems Corporation), health programs for women and children including the perinatal program, services for Hawaii's disabled population, health education and other programs that serve the health needs of the people of Hawaii.

Your Committee supported funding for the Home and Community Based Services and Intermediate Care Facilities for the Developmentally Disabled, and maintained existing funding for purchase of services in order to provide services to the developmentally disabled.

Your Committee also supported twenty-five per cent of the requests for outpatient and residential mental health services in the Child and Adolescent Mental Health Division, and chose to defer on the balance of funding for fiscal year 1999.

In an effort to encourage interdepartmental coordination between the Department of Health and the Department of Education in the development of a consolidated plan in compliance with the Felix Consent Decree, your Committee chose to defer substantial funding until such time as a plan is developed to maximize resources and efficiency by the Department of Education that will address school-based services. Your Committee's proposal is not intended to reduce services but rather to ensure the efficient use of public funds.

Your Committee is encouraged with the renewed progress during the past few months of the Departments of Health and Education. For the first time, all stakeholder agencies appear to be working collaboratively to ensure special education services are more efficiently, effectively and appropriately provided. Your Committee finds that a delineation of services has been seriously lacking resulting in the failure to adequately address services at the school and the residential in-patient levels. Consequently your Committee seeks to foster continued work by the Department of Health and the Department of Education. Your Committee therefore has provided a budget proviso to assist the Departments but strongly recommends their expeditious cooperation to resolve their problems and satisfy the requirements of the Decree.

SOCIAL SERVICES

The human services budget authorized by your Committee was based on actual caseload projections and reflects current expenditures. As a result, financial assistance to qualified recipients has been maintained at current levels including the Welfare to Work Program. Your Committee has restored the community health services safety net by funding the primary health care centers, as well as a host of services for victims of domestic violence, abuse, and the frail and vulnerable in our State.

EDUCATION

Continuing the Legislature's support for education, your Committee is committed to the implementation of school empowerment by preserving school level services and retaining current class room size ratios. Your Committee also supported the addition of seven days to the school year.

Your Committee sought to direct resources and services to the schools and classrooms and to reduce the size of the Department of Education's administrative services. Therefore, no cuts were imposed upon programs at the school level. The budget submitted by your Committee places programs, personnel, and services at the school level and directs the department to take any further reductions in areas supplementary to these core programs. Thus, your Committee has proposed an "A" and "B" category of programs and services with "A" program deemed essential to the mission of the Department. Your Committee maintained the student-teacher ratio of 21-1. However, the Board of Education is directed to utilize any forthcoming additional federal impact aid monies to further reduce class size, noting that strong community and legislative support exists for enhancements in this area.

HIGHER EDUCATION

Your Committee recognizes higher education's essential role in the economic revitalization of the State. To help students and families pursue higher education or career retraining opportunities your Committee supported the adoption of the federal Hope Scholarship and lifetime learning tax credits for students.

Your Committee also envisions the University at the heart of Hawaii's economic revival, with autonomy as the University's most important tool for becoming more entrepreneurial and developing into a first class institution. Therefore, in adopting reductions to the University of Hawaii's budget your Committee used a percentage reduction approach to allow the University maximum flexibility in deciding its program priorities.

Your Committee encourages the University to be far more aggressive in developing programs in which Hawaii residents can gain the skills they will need to compete for high demand positions in the global marketplace. A cooperative effort with the private sector is warranted and deserves further consideration.

PUBLIC SAFETY

Lack of bed space in most correctional facilities continues to be an issue and your Committee has supported the construction of a new prison facility. Your Committee also supported movement of prisoners to mainland facilities in an effort to address current prison

overcrowding. Approximately \$5.5 million was appropriated to enable the transfer and housing of three hundred inmates in fiscal year 1999.

CAPITAL IMPROVEMENT PROJECTS

It is your Committee's intention to continue its cautious approach in authorizing selected types of projects. Your Committee recognizes the delicate balance between providing needed construction work and preserving our bond rating, which is vital to future financing.

Your Committee's criteria to fund key projects were:

- (1) Construction projects that are ready to start immediately;
- (2) Smaller construction projects that enable local competition;
- (3) Infrastructure projects to stimulate development including water systems, sewer systems, and roads;
- (4) Health and Safety projects;
- (5) Major repair and maintenance projects, especially in the schools;
- (6) Projects that qualify for federal, county or private matching funds; and
- (7) Cautious expansion of new facilities that require additional future operating funds.

Unrequired project balances were lapsed by your Committee.

CONCLUSION

Faced with the eighth straight year of a declining economy that has yielded fewer tax dollars, your Committee took up the challenge and has devised a financial plan that provides tax relief and economic stimulation without increasing taxes. Your Committee has addressed the key components necessary to revitalize the economy by providing for some measure of tax relief, a broadened economic base, job creation, workforce development, and educational accountability. Your Committee has also reduced the general fund requirements within the executive budget while maintaining direct services.

Your Committee notes, the current fiscal condition of this State did not occur overnight. The solutions are not simple and tough decisions must be made this year and in the coming years in order to correct deficiencies in our economic structure. Your Committee is confident that this amended budget and the provisions for economic recovery are a positive step in the right direction. Your Committee welcomes broad-based collaboration in developing sound fiscal policies to guide us into the twenty-first century.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2500, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2500, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 11. Noes, none. Excused, 2 (Kawamoto, Anderson).

SCRep. 3299 Government Operations and Housing on Gov. Msg. No. 189

Recommending that the Senate advise and consent to the nomination of the following:

RAYMOND H. SATO, gubernatorial nominee as Comptroller, for a term to expire December 7, 1998.

Upon review of the resume and other background information submitted by the nominee, your Committee finds that Raymond H. Sato holds a Bachelor of Science degree in Civil Engineering from the University of Hawaii and a Masters of Science degree in Civil Engineering from the California State University at Long Beach. He is a licensed professional engineer in Hawaii and California. He has extensive experience working in the public sector as a professional engineer including eight years with the State of California Department of Transportation; nineteen years with the Department of Water, County of Kauai; and four years, nine months with the Board of Water Supply, City and County of Honolulu.

Testimony in support of the nominee submitted to your Committee indicated that Mr. Sato's management strengths are his communication skills and his ability to motivate people to work harder. The testimony also indicated that Mr. Sato is skilled in bringing people together to solve problems.

Your Committee members diligently questioned the nominee regarding his administrative qualities, his vision, and his priorities as Comptroller and finds that, having been a steward of public resources for thirty-one years, Mr. Sato is aware of the important ethical responsibility that accompanies the Comptroller position.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 3300 Health and Environment on Gov. Msg. No. 199

Recommending that the Senate advise and consent to the nominations of the following:

STATE PLANNING COUNCIL ON DEVELOPMENTAL DISABILITIES

G.M. No. 199 DIRK K. WASANO and MILLICENT L.K. ROGERS, for terms to expire June 30, 1999;

JOHN H. ROBERTS, for a term to expire June 30, 2000; and

MATTHEW CHARLES BASSETT, ANGELA I. ZANGERLE, GLORIA S. KISHI, Ph.D., JAMES RICHARD SKOUGE, Ed.D., DAVID A. WOLL, and J. CURTIS TYLER, III, for terms to expire June 30, 2002.

Your Committee finds that the Federal mandate of the State Planning Council on Developmental Disabilities (Council) is clear in determining the composition of this body to ensure that all the players involved in the development, implementation, and use of developmental disabilities supports are represented. The law specifically requires that one-half of the Council be comprised of consumers, their parents, or family members. Of that one-half, one-third of those members must be direct consumers, and one-third must be parents or guardians of a person with developmental disabilities.

Additionally, the following agencies are required to be on the Council: the Department of Health, the agencies that administer funds provided under the Rehabilitation Act, the Education of the Handicapped Act, the Older Americans Act, Title XIX of the Social Security Act, the Protection and Advocacy Agency, the University Affiliated Program, non-governmental agencies and private non-profit organizations concerned with services to individuals with developmental disabilities. The Governor's nominees meet all the Federal requirements for Council membership.

Mr. Wasano served on the Council in 1995, and provided a strong clear voice of advocacy for individuals who have a disability. His statements regarding disabilities have been quoted in a national publication and at national meetings.

Ms. Rogers is a person with a disability who has worked for many years for agencies providing support to people with disabilities. Her experiences working within the system and in educating the system regarding her and other's capabilities will be an asset to the Council.

Mr. Roberts is a sibling and co-guardian of a brother who has a developmental disability. Family members provide an important perspective to the business of the Council.

Mr. Bassett is an attorney for Protection and Advocacy Agency of Hawaii, an agency mandated to be on the Council. He is the attorney handling developmental disability cases and is familiar with the many challenges that the system currently poses for individuals needing services. He will provide both an advocacy and a legal perspective to Council issues.

Ms. Zangerle is the mother of a teenage daughter who has a disability. She is also a graduate of the Council-sponsored PARTNERS in Policymaking Leadership Academy. We believe her many skills will assist the Council as we meet the many challenges inherent in bringing about meaningful systemic change.

Dr. Kishi will represent the Department of Education (DOE) as the State agency that receives special education funds. This will be her second term on the Council. Over the years, she has proven to be an important link with DOE.

Dr. Skouge brings to the Council a wealth of experience in serving the community. He has served on many community boards and, in 1996, received the Parents' Choice Award from the Special Parents Information Network. His work in the area of assistive technology helped move the State to a greater understanding of the importance of technology in the lives of people with disabilities.

Mr. Woll is the father of a young adult daughter with a disability. He has served on the Council, the boards of two private provider agencies, and volunteered with the Special Olympics. While on the Council, he was an active member. He served as Council Chair for two years, was the national representative for three years, and Committee Chair of a Council Committee.

Mr. Tyler is the brother of a young man with a developmental disability. He is just completing his first four-year term on the Council. He has demonstrated remarkable leadership and commitment to the purpose of the Council. During his term, he has served two years as Council Chair and another year as a Committee Chair.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalfe, Tam).

SCRep. 3301 Health and Environment on Gov. Msg. No. 200

Recommending that the Senate advise and consent to the nominations of the following:

COMMISSION ON PERSONS WITH DISABILITIES

G.M. No. 200 TERRY YOUNG, Ph.D., ANTHONY S. AKAMINE, DEAN M. GEORGIEV, and DONALD A. MEDEIROS, for terms to expire June 30, 2002.

Testimony in support of the nominations was received from the Commission on Persons with Disabilities (Commission).

Your Committee notes the following specific qualifications of the nominees:

Terry Young, Ph.D., is an individual with a disability (quadraplegia) who has been active in the community for many years in various aspects of civil rights legislation. He volunteered for the Commission approximately fifteen years ago while still an undergraduate at the University of Hawaii. He has demonstrated intelligence, perception, and commitment to disability issues.

Anthony S. Akamine is an individual with a disability (visual impairment) who has been very involved with the Commission in his first term. He has served as Legislative Chairperson and currently is the Commission's Chairperson. He is a communications advisor in the private sector.

Dean M. Georgiev is an individual with a disability (visual impairment) who also has been very active with the Commission in his first term. He is currently the Vice-Chairperson and Legislative Chairperson of the Commission. He is an insurance representative in the private sector.

Donald A. Medeiros is the Deputy Director of Maui Economic Opportunity, Incorporated. He brings the nonprofit provider perspective to the Commission especially as a provider of transportation services to people with disabilities on Maui. He has served as Vice-Chairperson and Legislative Chairperson during his first term.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3302 Health and Environment on Gov. Msg. No. 202

Recommending that the Senate advise and consent to the nominations of the following:

ENVIRONMENTAL COUNCIL

G.M. No. 202 STEPHEN T. DYE, Ph.D., for a term to expire June 30, 1998; and

STEPHEN T. DYE, Ph.D., PURNIMA PATIL McCUTCHEON, and WILLIAM S. PETTI, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers and are willing to serve without compensation on the Environmental Council. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the Environmental Council to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Stephen T. Dye, Ph.D., is an associate professor of physics at Hawaii Pacific University. He is a volunteer with the Office of Environmental Quality Control and a qualified SCUBA Diver.

Purnima Patil McCutcheon is an architect and active member of the Environment and Energy Committee of the American Institute of Architects and the Green House Hawaii Project which supports and promotes sustainability, resource-efficient building, waste reduction, and energy efficiency.

William S. Petti is a research statistician for the Research and Statistics Office of the Department of Public Safety responsible for providing the Department with projections of the adult correctional population as well as evaluating complex programs and projects.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3303 Health and Environment on Gov. Msg. No. 207

Recommending that the Senate advise and consent to the nomination of the following:

STATE COUNCIL ON MENTAL HEALTH

G.M. No. 207 WILLIAM C. LENNOX, JR., for a term to expire June 30, 2000.

Testimony in support of the nomination was received from the Department of Health.

Your Committee finds that William C. Lennox, Jr. is currently employed by the Kauai YWCA as a mental health case manager. In addition, he is a consumer of mental health services. Prior to his present occupation, Mr. Lennox worked in various capacities with the mentally ill, including management of a group home and work as a program specialist in a consumer self-help organization working to implement a consumer and family member grant. In 1970, he was awarded a Master's in Business Administration from Indiana Northern University.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3304 Health and Environment on Gov. Msg. No. 213

Recommending that the Senate advise and consent to the nominations of the following:

REPRODUCTIVE RIGHTS PROTECTION COMMITTEE

G.M. No. 213 DR. SETSU FURUNO and HELEN MAY SMALLEY-BOWER, for terms to expire June 30, 2002.

Testimony in support of the nominees was submitted by the Commission on Persons with Disabilities.

Your Committee finds that both nominees are reappointments for a second term. Dr. Furuno is a physician with many years of expertise in the area of early intervention and child development. She fulfills the requirement of "medical perspective" on the Committee. Helen May Smalley-Bower is a parent of a child with severe, multiple disabilities. She fulfills the requirement of "consumer-parent perspective" on the Committee.

Further, your Committee finds that the Reproductive Rights Protection Committee has not had cases referred from Family Court for recommendation and analysis in the past year. However, the Committee remains intact and representation of both individuals is still appropriate.

As affirmed by the records of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3305 Health and Environment on Gov. Msg. No. 214

Recommending that the Senate advise and consent to the nomination of the following:

BOARD OF CERTIFICATION OF OPERATING PERSONNEL IN WATER TREATMENT PLANTS

G.M. No. 214 IAN KAGIMOTO, for a term to expire June 30, 2002.

Testimony in support of the nominee was submitted by the Department of Health.

Your Committee finds that Ian Kagimoto is president of Aqua Engineers, Incorporated, on the island of Kauai which services and maintains water systems other than those requiring certified water treatment operators. He was the former Chief of Operations for the Kauai County Department of Water for five years and also served eight years as a member of the State's Board of Certification of Operating Personnel in Wastewater Treatment Facilities. His experience qualifies him as one who would understand the problems faced both by water systems and by water treatment plant operators who are required to be certified.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3306 (Joint) Education and Health and Environment on S.C.R. No. 47

The purpose of this Concurrent Resolution is to request the University of Hawaii School of Public Health and the Hawaii Center for Integral Healing, Inc., to study the feasibility of using complementary and alternative medical care in Hawaii's health care system.

Your Committees find that growing consumer interest in alternative medicine demands more information about the ways it might be integrated into Hawaii's health care options. This study would provide this information and assist legislators and the broader community in future decisions regarding health options.

As affirmed by the records of votes of the members of your Committees on Education and Health and Environment that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 47 and recommend its adoption.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 4 (Chun Oakland, Ige, D., Iwase, Metcalf).

SCRep. 3307 Education on S.C.R. No. 137

The purpose of this concurrent resolution is to request the Board of Education to address concerns of parents and teachers over the use of phonics or whole language in teaching students to read.

Your Committee received testimony in opposition to this measure from the Board of Education.

Your Committee has amended this measure by deleting its title and contents and replacing them with:

- (1) A new title, "REQUESTING THE BOARD OF EDUCATION TO CONSIDER THE PROPOSAL OF THE ECONOMIC REVITALIZATION TASK FORCE THAT ALL PUPILS GRADUATING FROM HIGH SCHOOL BEGINNING WITH THE 2000 SCHOOL YEAR SHALL BE COMPETENT IN LANGUAGES OTHER THAN ENGLISH,"
- (2) Appropriate language promoting the importance of the study of foreign languages; and
- (3) A request that the Board consider various methods for foreign language training, such as the immersion model, the peer education model, the Hawaiian studies model, and other innovative methods which would enable Hawaii's students to achieve the level of competency established by the Board.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 137, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 137, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3308 Education on S.R. No. 65

The purpose of this resolution is to request the Board of Education to address concerns of parents and teachers over the use of phonics or whole language in teaching students to read.

Your Committee received testimony in opposition to this measure from the Board of Education.

Your Committee has amended this measure by deleting its title and contents and replacing them with:

- (1) A new title, "REQUESTING THE BOARD OF EDUCATION TO CONSIDER THE PROPOSAL OF THE ECONOMIC REVITALIZATION TASK FORCE THAT ALL PUPILS GRADUATING FROM HIGH SCHOOL BEGINNING WITH THE 2000 SCHOOL YEAR SHALL BE COMPETENT IN LANGUAGES OTHER THAN ENGLISH,"
- (2) Appropriate language promoting the importance of the study of foreign languages; and
- (3) A request that the Board consider various methods for foreign language training, such as the immersion model, the peer education model, the Hawaiian studies model, and other innovative methods which would enable Hawaii's students to achieve the level of competency established by the Board.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 65, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 65, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3309 Education on S.C.R. No. 180

The purpose of this concurrent resolution is to request the Department of Education to name the Maui High School gymnasium in honor of former Senator Mamoru Yamasaki.

Your Committee received testimony in support of this measure from the Department of Education and the ILWU Local 142.

Your Committee finds that Senator Yamasaki served the people of Maui for thirty-three years in the Legislature with wisdom, honesty, compassion, and integrity. Naming the Maui High School gym in his honor would be a fitting tribute to his commitment to the people of Maui.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 180 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3310 Education on S.C.R. No. 192

The purpose of this concurrent resolution is to encourage the Kihei High School Community Committee to continue its efforts to establish a charter school in Kihei, Maui, centered on systems technology and based on public-private partnerships.

Your Committee received testimony in support of this measure from the High Technology Development Corporation, the Kihei High School Community Committee, and two individuals. The Department of Education and the University of Hawaii submitted comments.

Your Committee finds that such public-private partnerships offer new opportunities for the timely development of educational facilities in areas of rapid population growth, and for funding alternatives so important in the face of restrictions on State funding.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 192 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3311 Education on S.R. No. 91

The purpose of this resolution is to encourage the Kihei High School Community Committee to continue its efforts to establish a charter school in Kihei, Maui, centered on systems technology and based on public-private partnerships.

Your Committee received testimony in support of this measure from the High Technology Development Corporation, the Kihei High School Community Committee, and two individuals. The Department of Education and the University of Hawaii submitted comments.

Your Committee finds that such public-private partnerships offer new opportunities for the timely development of educational facilities in areas of rapid population growth, and for funding alternatives so important in the face of restrictions on State funding.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 91 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3312 Education on S.R. No. 102

The purpose of this resolution is to request the Governor to use federal impact aid reimbursements for education exclusively for educational purposes.

Your Committee received testimony in support of this measure from the Department of Education, the Hawaii State Teachers Association, and one individual.

Your Committee has amended this measure to clarify that the amount of federal impact aid reimbursements is currently \$19,000,000, approximately ten per cent of the costs of educating these children.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 102, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 102, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3313 Education on S.R. No. 103

The purpose of this resolution is to authorize the Senate Committee of Education to evaluate the structure and appropriateness of school/community-based management, student-centered schools, charter schools, and schools-within-a-school in relation to a community-based approach to establishing school priorities and accountability.

Your Committee received testimony in support of this measure from one individual. The Department of Education submitted comments.

Your Committee finds that these public school programs represent the best opportunities for a community-based approach to school priorities and increased accountability through public participation.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 103 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Solomon).

SCRep. 3314 Ways and Means on S.C.R. No. 9

The purpose of this Concurrent Resolution is to support efforts to establish a professional sports franchise in Hawaii.

This Concurrent Resolution encourages the establishment of a professional sports franchise by directing the Department of Business, Economic Development, and Tourism to conduct a study that provides an overview of the current public and private efforts to provide infrastructure for professional sports, the projected future needs, and the wide range of possible sports activities including the Women's National Basketball Association. The Department's report to the Legislature will assist in providing a more informed decision by this body on the appropriate pursuit of these types of sports franchises.

Your Committee finds that major sporting events are the type of activities that can contribute to the diversity of our economy in a manner that complements rather than competes with the tourism industry. Major sporting events have proven to be viable economic activities that are supported by residents and visitors alike. Hawaii residents have demonstrated their dedication to local teams and your Committee finds that having a permanent professional sport franchise in Hawaii will benefit Hawaii both economically as well as by helping to promote a new feeling of esprit de corps.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 9, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3315 Ways and Means on S.C.R. No. 12

The purpose of this Concurrent Resolution is to request an audit of the preventive maintenance programs of the Highways Division of the Department of Transportation.

In particular, this Concurrent Resolution requests the Auditor to determine the exact amount of federal and state funds that are earmarked and used for preventive maintenance programs for the State's highways, and determine the effectiveness of on-going maintenance programs of the Highways Division.

Your Committee notes that while the City and County of Honolulu has had a lightpole replacement program for some time, which includes the periodic replacement of galvanized steel poles, there is no statewide maintenance or replacement program for lightpoles, guardrails, and signs. Your Committee finds that the state Highways Division should have the same or a similar system that could be computerized along with a number of other maintenance programs under the umbrella of a single maintenance office, which may help to reduce the State's liability in the event of accidents as well as increase accountability.

Your Committee further finds that while the Department of Transportation has already initiated various programs to address highway maintenance, an audit would help to clarify the effectiveness of existing highway maintenance programs and increase the accountability of the Department with respect to all federal and state funds earmarked for safety improvement and preventive maintenance programs, including federal funds authorized to the states under the Intermodal Surface Transportation Efficiency Act of 1991.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 12, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3316 Ways and Means on S.C.R. No. 17

The purpose of this Concurrent Resolution is to request the United States Congress to make clarifying amendments to Section 8078 of the Department of Defense Appropriation Act of 1986, Public Law 99-190, as amended.

Specifically, this Concurrent Resolution requests Congress to amend federal law to clarify the definition of "resident" and to ensure that federal oversight agencies do not improperly delegate administrative oversight to private contractors at the expense of state residents.

Your Committee finds that Section 8078 requires Department of Defense contracts performed in noncontiguous states with high unemployment rates to include a provision requiring the contractor to hire residents of that state. Both the federal Department of Defense and the Department of Labor hold concurrent jurisdiction over the enforcement of Section 8078.

However, in practice, the Department of Defense defers to the contractor the determination of whether residents are qualified to perform work under the contract. Also, the Department of Labor refrains from administrative oversight pending clarification from Congress on the definition of "resident".

Your Committee finds that the lack of federal oversight over Section 8078 has allowed contractors to hire non-resident construction workers over resident construction workers, causing residents the loss of potential construction jobs. Your Committee deplores this loss of potential jobs, given the downturn in the State's economy over the last several years, particularly in the construction industry.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 17, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3317 Ways and Means on S.C.R. No. 19

The purpose of this Concurrent Resolution is to request the Auditor to assess the social and financial effects of requiring health insurers to offer coverage for medical foods necessary to manage certain inherited metabolic diseases.

Metabolic diseases are conditions in which the individual is unable properly to digest and metabolize certain foods. This inability causes severe, and sometimes fatal, consequences to the individual, including mental retardation, seizures, strokes, and coma. An individual with one of the metabolic diseases specified in the resolution can avoid these consequences with a special diet that excludes these foods and substitutes medical foods, which are foods formulated to be free of the offending substance.

While these medical foods can enable individuals to avoid the serious consequences of their conditions, they are expensive. S.B. No. 2408 (1998) has been introduced to require health insurance coverage for medical foods for the treatment of metabolic diseases. The Legislature has requested the Auditor to study the social and financial aspects of this issue, pursuant to section 23-51, Hawaii Revised Statutes, which requires an Auditor's study of such a law, performed pursuant to a specified bill, before passage of any legislative measure mandating health insurance coverage. Your Committee finds that such a study will comport with state law and will provide a basis for an informed decision on the type of coverage under consideration.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 19, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3318 Ways and Means on S.C.R. No. 20

The purpose of this Concurrent Resolution is to request the Auditor to conduct a management and financial audit of the school-to-work opportunities system.

Specifically, this Concurrent Resolution asks the Auditor to review:

- (1) The approval process for the awarding of grants and contracts;
- (2) Planning for the transition from the current five-year federal funding commitment to possible funding scenarios including a blending of funds from federal, state, and private sources;
- (3) The implementation of Act 343, Session Laws of Hawaii 1997, and of Act 344, Session Laws of Hawaii 1997, including why job site safety inspections required as a condition of receiving state-sponsored workers' compensation benefits for participants have not occurred;
- (4) Whether or not the complete cross-section of the student population is being appropriately provided for under existing school-to-work programs, with specific regard to socio-economic status, race, gender, ethnicity, special needs, disability, limited English proficiency, status as teen parents, and academic talent; and
- (5) The adequacy of the monitoring of student attendance and academic performance of students who are working too many hours per week or who are working too late on evenings preceding school days.

Your Committee finds that the development and implementation of the State's school-to-work opportunities system is not proceeding as quickly as the Legislature intended and as federal funding commitments require. Time is of the essence if the State is to fully develop and implement its school-to-work opportunities system before federal start-up funds lapse. At the same time, however, extreme care and constant oversight must be exercised to ensure that students are not exposed to unsafe conditions in the workplace; are not subject to discrimination on the basis of socio-economic status, race, gender, ethnicity, special needs, disability, limited English proficiency, being teen parents, and academic talent; and are not exploited as an inexpensive and willing source of child labor.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 20, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3319 Ways and Means on S.C.R. No. 25

The purpose of this Concurrent Resolution is to request an analysis by the Auditor of the probable effects of the proposed regulation of professional mental health counselors and professional rehabilitation counselors.

Your Committee finds that Senate Bill No. 2341 (1998), if enacted, would subject professional mental health counselors and professional rehabilitation counselors to regulation.

Your Committee further finds that section 26H-6, Hawaii Revised Statutes, requires the state Auditor to conduct a sunrise review of proposed new regulatory measures that would subject unregulated professions to licensing or other regulatory controls.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 25 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3320 Ways and Means on S.C.R. No. 28

The purpose of this Concurrent Resolution is to request the Auditor to assess the social and financial effects of requiring health insurers to offer coverage for post-mastectomy breast reconstruction surgery.

Your Committee finds that H.B. No. 620 (1997), if passed, would require health insurance coverage for post-mastectomy breast reconstructive surgery for all stages of breast reconstruction as well as symmetry operations on the opposite breast. The study requested by this Concurrent Resolution is to be based on relevant data for the past three years.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 28, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3321 Ways and Means on S.C.R. No. 29

The purpose of this Concurrent Resolution is to request the State Commission on the Status of Women to facilitate the production of a legislative report on information on sexual policies, procedures, and incidents in state agencies, proposes a training program, and suggests short- and long-term measures and criteria.

Your Committee finds that the State should be a role model in its treatment of sexual harassment. Preventing sexual harassment involves increasing the awareness of sexual stereotypes and changing attitudes and inappropriate behaviors. However, no single state agency exists to collect and coordinate effective state agency sexual harassment policies, nor is there a coordinated, thorough effort to conduct appropriate training for state directors and other management personnel to address the scope of sexual harassment issues.

The State is vulnerable to high legal fees, costs in lost productivity, and medical and mental health service costs related to sexual harassment. This type of behavior is not just offensive to the individual: it is bad business and bad policy.

The Concurrent Resolution will also detail the Commission's activities and costs related to the handling of sexual harassment complaints received concerning state agencies, and identify additional resources necessary to address the enforcement of sexual harassment policies. At present, the existing state resources to address sexual harassment are inadequate, and this information will help identify the areas needed for correction.

Your Committee finds that this Concurrent Resolution will provide the Legislature with the information necessary to evaluate the existing situation, and with the tools to address areas that need correction.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 29 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3322 Ways and Means on S.C.R. No. 31

The purpose of this Concurrent Resolution is to request the Department of Health to develop a rural health plan for the island of Hawaii, including the districts of Puna and Ka'u to ensure the improvement of health facilities and make available sufficient medical services to all residents of the Big Island. The Department of Health is also requested to aggressively explore ways to obtain or maximize federal funding for the purpose of implementing the rural health plan, and to report its findings and recommendations to the Legislature not later than twenty days prior to the convening of the Regular Session of 1999.

Your Committee believes that development and implementation of a "rural health plan" will ensure the improvement of health facilities and make available sufficient medical services to all residents of the Big Island, including the districts of Puna and Ka'u.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 31, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3323 Ways and Means on S.C.R. No. 48

The purpose of this Concurrent Resolution is to request the Auditor to perform a sunrise review of the proposed mandatory coverage of early intervention services as provided for in Senate Bill No. 2948 (1998) relating to health insurance, as introduced during the Regular Session of 1998.

Your Committee finds that the Auditor's review of the social and financial impacts of requiring health insurance coverage for early intervention services would lead to assuring that private health insurance meets its responsibilities to work in partnership with the State to provide these services for families.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 48, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3324 Ways and Means on S.C.R. No. 51

The purpose of this Concurrent Resolution is to request 'Olelo to undertake a full management and financial audit of its operations by an impartial auditor.

'Olelo is a private non-profit corporation that receives millions of dollars per year to support the State's public, education, and government cable television programming. The moneys received by 'Olelo come from the cable television providers and the cable television subscribers, through its contract with the State.

The Legislature has received comments and complaints by members of the public who feel that 'Olelo is not carrying out its duties. This is a cause for concern to the State, as it is the entity that has contracted with 'Olelo to perform these functions. While 'Olelo has audited itself, your Committee finds that an independent financial and management audit of 'Olelo would be a better and more impartial method for the State to determine whether 'Olelo is fulfilling the responsibilities it owes to Hawai'i residents through its state contract.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 51, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3325 Ways and Means on S.C.R. No. 59

The purpose of this Concurrent Resolution is to request the Department of Health to assess the impact of banning scrap metal from Hawaii landfills and to determine the amount of scrap metal currently being disposed of in landfills.

Your Committee finds that scrap metal occupies substantial amounts of space in Hawaii landfills whose holding capacity is rapidly diminishing. Your Committee is aware that banning scrap metal from landfills may cause negative economic effects to industries that handle scrap metal. On the other hand, your Committee is also aware that preservation of the land is essential to the public health of residents and the survival of the tourism industry.

Accordingly, your Committee finds that resolving the dilemma requires informed decisionmaking on the part of the scrap metal industries, the state administration, and the Legislature.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 59, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3326 Ways and Means on S.C.R. No. 68

The purpose of this Concurrent Resolution is to request the Board of Education and the Department of Education to review and revise Hawaii's education goals for the year 2000 and establish a concrete, year-by-year, action-based plan, including proposed concrete annual budgets, to achieve these goals.

Your Committee finds that this Concurrent Resolution essentially asks the Department of Education to update the state education functional plan using the Hawaii Goals for Education (approved by Hawaii education summit II participants) as the basis for identifying and implementing:

- (1) Current and future strategies and directions to address statewide policies and priority guidelines;
- (2) Current degrees of interrelationships and coordination needed between the Department of Education and other functional areas, county activities, and other state and private agencies; and
- (3) Interrelations and coordination needed among the various offices, branches, and levels of the Department of Education.

The state education functional plan delineates specific strategies of policies and priority actions that should be addressed in the short-term (i.e., two to six fiscal years); and contains specific, implementable actions that can be directly related to budget items that coincide with the biennial budget and capital improvement program budgetary cycles.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 68, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3327 Ways and Means on S.C.R. No. 73

The purpose of this Concurrent Resolution is to request the University of Hawaii to establish a sister university relationship with the Sun Yat-sen University of Medical Sciences, in Guangzhou, Guangdong, the People's Republic of China.

Your Committee finds that with its grant of autonomy this year, the University of Hawaii stands at the twenty-first century threshold of becoming a premier institution throughout the Asia Pacific Rim. In order to ascend to preeminence, it is necessary for the University to develop and maintain meaningful relationships with other premier institutions in the region, such as the Sun Yat-sen University of Medical Sciences in the People's Republic of China.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 73, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3328 Ways and Means on S.R. No. 34

The purpose of this Resolution is to request the University of Hawaii to establish a sister university relationship with the Sun Yat-sen University of Medical Sciences, in Guangzhou, Guangdong, the People's Republic of China.

Your Committee finds that with its grant of autonomy this year, the University of Hawaii stands at the twenty-first century threshold of becoming a premier institution throughout the Asia Pacific Rim. In order to ascend to preeminence, it is necessary for the University to develop and maintain meaningful relationships with other premier institutions in the region, such as the Sun Yat-sen University of Medical Sciences in the People's Republic of China.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 34, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3329 Ways and Means on S.C.R. No. 80

The purpose of this Concurrent Resolution is to request the Department of Human Services to engage in discussions with the Women's Coalition and sexual assault service providers to extend their family violence option to include all victims of sexual assault.

Your Committee finds that sexual assault is a violent crime that can result in debilitating physical, mental, and emotional trauma that can seriously impair the victim's ability to live a happy, healthy life and to have a productive work life. The Department of Human Services has a Family Violence Option program for public assistance recipients that focuses on abuse committed by an intimate partner, and this program has facilitated the recovery of those victims. However, the program does not cover victims of sexual violence committed by a stranger, who could also benefit from this program. Your Committee finds that requesting the Department of Human Services to engage in discussions with providers about extending this option to this other class of victims would assist in the protection of the health, safety, welfare, and economic capabilities of these victims.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 80 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3330 Ways and Means on S.R. No. 38

The purpose of this Resolution is to request the Department of Human Services to engage in discussions with the Women's Coalition and sexual assault service providers to extend their family violence option to include all victims of sexual assault.

Your Committee finds that sexual assault is a violent crime that can result in debilitating physical, mental, and emotional trauma that can seriously impair the victim's ability to live a happy, healthy life and to have a productive work life. The Department of Human Services has a Family Violence Option program for public assistance recipients that focuses on abuse committed by an intimate partner, and this program has facilitated the recovery of those victims. However, the program does not cover victims of sexual violence committed by a stranger, who could also benefit from this program. Your Committee finds that requesting the Department of Human Services to engage in discussions with providers about extending this option to this other class of victims would assist in the protection of the health, safety, welfare, and economic capabilities of these victims.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 38 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3331 Ways and Means on S.C.R. No. 81

The purpose of this Concurrent Resolution is to request the Departments of Transportation, Accounting and General Services, and Land and Natural Resources be required to include in their contracts with private contractors a clause requiring green waste from job sites be hauled to the nearest composting center or recycling facility, where available or economically practicable.

The Concurrent Resolution also requires the Department of Transportation, in consultation with the Department of Accounting and General Services, and the Department of Land and Natural Resources to submit a report on the contract language that would require the hauling of green waste to compost companies, and requires the Department of Accounting and General Services to submit a report on the extent to which state agencies are purchasing bulk compost and soil amendments from private local companies, and the tonnage of compost and soil amendments purchased pursuant to the Concurrent Resolution.

Your Committee finds that, although Hawaii-based compost and soil amendment manufacturers have the capacity to supply all of the needs in the State for these materials, a high percentage of compost and soil amendments used in the State are imported. Even some state agencies purchase imported compost and soil amendments, despite the lower cost of Hawaii-generated materials. The local capacity for compost and soil amendment production could be assisted by this Concurrent Resolution, as some green waste from jobs under the auspices of the Department of Transportation, the Department of Accounting and General Services, and the Department of Land and Natural Resources is dumped in landfills or hauled to H-POWER for incineration, despite the lower cost, and greater benefit, achieved by hauling the material to composting businesses. As the Concurrent Resolution also encourages state agencies and departments to obtain Hawaii-produced compost and soil amendments from local facilities, it will affect a cost savings for the State, as well as supporting the local economy.

Your Committee finds that requiring green waste generated at state sites to be hauled to composters or recyclers, if available and economically feasible, would benefit consumers of these materials by providing them at a lower bulk cost, would benefit local businesses and the local economy, and would benefit the environment by recycling these materials and keeping them out of landfills and H-POWER.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 81, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3332 Ways and Means on S.R. No. 39

The purpose of this Resolution is to request the Departments of Transportation, Accounting and General Services, and Land and Natural Resources be required to include in their contracts with private contractors a clause requiring green waste from job sites be hauled to the nearest composting center or recycling facility, where available or economically practicable.

The Resolution also requires the Department of Transportation, in consultation with the Department of Accounting and General Services, and the Department of Land and Natural Resources to submit a report on the contract language that would require the hauling of green waste to compost companies, and requires the Department of Accounting and General Services to submit a report on the extent to which state agencies are purchasing bulk compost and soil amendments from private local companies, and the tonnage of compost and soil amendments purchased pursuant to the Resolution.

Your Committee finds that, although Hawaii-based compost and soil amendment manufacturers have the capacity to supply all of the needs in the State for these materials, a high percentage of compost and soil amendments used in the State are imported. Even some state agencies purchase imported compost and soil amendments, despite the lower cost of Hawaii-generated materials. The local capacity for compost and soil amendment production could be assisted by this Resolution, as some green waste from jobs under the auspices of the Department of Transportation, the Department of Accounting and General Services, and the Department of Land and Natural Resources is dumped in landfills or hauled to H-POWER for incineration, despite the lower cost, and greater benefit, achieved by hauling the material to composting businesses. As the Resolution also encourages state agencies and departments to obtain Hawaii-produced compost and soil amendments from local facilities, it will affect a cost savings for the State, as well as supporting the local economy.

Your Committee finds that requiring green waste generated at state sites to be hauled to composters or recyclers, if available and economically feasible, would benefit consumers of these materials by providing them at a lower bulk cost, would benefit local businesses and the local economy, and would benefit the environment by recycling these materials and keeping them out of landfills and H-POWER.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 39, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3333 Ways and Means on S.C.R. No. 87

The purpose of this Concurrent Resolution is to request the Public Utilities Commission to reevaluate, analyze, and study the issue of overheading versus undergrounding utility lines and offer alternative approaches.

The Concurrent Resolution also requests the Public Utilities Commission to: examine how other states have addressed the issue; consider whether utility company rates of return should be adjusted to mitigate or cover the cost of undergrounding and to prevent windfall returns; anticipate the likelihood of major destructive storms occurring; and submit findings and recommendations twenty days prior to the convening of the Regular Session of 1999.

The Public Utilities Commission also is requested: to form a coordinated government planning group, consisting at a minimum of members of the Department of Transportation, and the City and County Department of Public Works, the Board of Water Supply, and the Department of Community Services; and to consult with a wide range of other organizations.

Your Committee finds that there are significant adverse impacts associated with the overhead construction or placement of high voltage electrical transmission and distribution lines, versus undergrounding of such lines, not the least of which is the uncontroverted negative impact on Hawaii's natural beauty. Your Committee also is concerned with the potential, albeit inconclusive, impact of EMF emissions on the health of the people of Hawaii. Your Committee notes that it has been shown that EMF emissions are mitigated by undergrounding and insulating electrical transmission and distribution lines. Finally, your Committee finds that this is a complex issue and that this study is in the interest of the public health, safety, and welfare.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 87, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3334 Ways and Means on S.C.R. No. 89

The purpose of this Concurrent Resolution is to urge the University of Hawaii-West Oahu to create a professional golf management certification program.

The golf industry has developed into an important aspect of Hawaii's economy. In addition to providing a significant source of entertainment and personal growth, the golf industry provides diverse opportunities for specialized employment. Careers in golf require training and understanding in operations, maintenance, tournament administration, clubfitting and repair, merchandising, golf course design and development, hospitality, and food and beverage management.

This Concurrent Resolution urges the University of Hawaii-West Oahu in cooperation with the Department of Business, Economic Development, and Tourism to explore the feasibility of initiating a professional golf management program within the university educational system that could be certified by the United States Professional Golf Association. Your Committee finds that encouraging careers in professional golf management will improve the quality of an important component of the economy and provide new and interesting career opportunities for residents.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 89, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3335 Ways and Means on S.R. No. 41

The purpose of this Resolution is to urge the University of Hawaii-West Oahu to create a professional golf management certification program.

The golf industry has developed into an important aspect of Hawaii's economy. In addition to providing a significant source of entertainment and personal growth, the golf industry provides diverse opportunities for specialized employment. Careers in golf require training and understanding in operations, maintenance, tournament administration, clubfitting and repair, merchandising, golf course design and development, hospitality, and food and beverage management.

This Resolution urges the University of Hawaii-West Oahu in cooperation with the Department of Business, Economic Development, and Tourism to explore the feasibility of initiating a professional golf management program within the university educational system that could be certified by the United States Professional Golf Association. Your Committee finds that encouraging careers in professional golf management will improve the quality of an important component of the economy and provide new and interesting career opportunities for residents.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 41, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3336 Ways and Means on S.C.R. No. 94

The purpose of this Concurrent Resolution is to request the Attorney General to consider privatizing the collection of child support payments.

In addition, this Concurrent Resolution requests the Attorney General to review such areas as whether the overall quality of the service will likely increase or decrease with privatization; whether costs will increase or decrease if the service is privatized; whether savings from privatization will lower government expenditures; whether privatization will threaten preservation of client confidentiality; whether accountability and responsiveness to the government and clients will likely increase or decrease; how current employees will be affected by privatization; and whether a contract with a private sector entity will be void under Konno v. County of Hawaii, 85 Haw. 61, 937 P.2d 397 (1997).

Your Committee finds that other states have begun to privatize a number of child support enforcement functions as a way to improve performance and handle growing caseloads, since many of the child support enforcement offices in these states are understaffed and poorly equipped to fight child support battles. Your Committee further finds that Hawaii may be a good candidate for the privatization of those services, in view of the fact that the State's current fiscal crisis has adversely affected the ability of the State's Child Support Enforcement Agency to add the additional staff necessary to meet the growing public demand for child support enforcement services. Your Committee finds that there is a need to determine whether privatization of all or a portion of the State's child support enforcement functions will improve services to children and families in the State and thereby help to raise many of Hawaii's children out of poverty.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 94, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3337 Ways and Means on S.C.R. No. 118

The purpose of this Concurrent Resolution is to request the Legislative Reference Bureau to conduct a study of the workers' compensation fee schedule.

Your Committee finds that as recently as 1995 there was an attempt to reduce workers' compensation costs by adopting a workers' compensation medical fee schedule tied to 110% of the Medicare fee schedule, but providers are not able to give the kind of medical services needed by injured workers as a result of these lowered reimbursement schedules. Your Committee finds that there is concern about the continued health of workers who are injured on the job if adequate medical service is not forthcoming because of inadequate fee compensation to the providers of health service.

The State's workforce cannot be compromised by poor physical recovery and disability. Work productivity is essential to economic growth for Hawaii. Accordingly, your Committee finds that it is necessary to determine whether the lower fee schedule is a factor in this health care dilemma and asking the Legislative Reference Bureau to investigate and report the facts on this matter is important before any further changes to the law are made.

Your Committee has amended the BE IT RESOLVED clause to ask the Legislative Reference Bureau to conduct a study of the workers' compensation medical fee schedule for the purposes of determining whether the existing ceiling of 110% of the Medicare Resource Based Relative Value Scale system as set forth in section 386-21(c), Hawaii Revised Statutes, should be adjusted, whether the fee schedule has had a negative impact on access to specialty care by injured workers or has diminished the number and quality of

providers who treat workers' compensation injuries; and the conditions and criteria the Legislature may consider in making an adjustment to that ceiling.

Your Committee finds that only a few highly trained persons can understand the workers' compensation medical fee schedule. Actuaries are expensive to hire on a contractual basis. By making this amendment, your Committee is hopeful that the information requested can be collected by the Legislative Reference Bureau without expending funds for an actuary and that the information collected will prove useful to the legislature's deliberations.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 118, S.D. 1, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 118, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3338 Ways and Means on S.R. No. 55

The purpose of this Resolution is to request the Legislative Reference Bureau to conduct a study of the workers' compensation fee schedule.

Your Committee finds that as recently as 1995 there was an attempt to reduce workers' compensation costs by adopting a workers' compensation medical fee schedule tied to 110% of the Medicare fee schedule, but providers are not able to give the kind of medical services needed by injured workers as a result of these lowered reimbursement schedules. Your Committee finds that there is concern about the continued health of workers who are injured on the job if adequate medical service is not forthcoming because of inadequate fee compensation to the providers of health service.

The State's workforce cannot be compromised by poor physical recovery and disability. Work productivity is essential to economic growth for Hawaii. Accordingly, your Committee finds that it is necessary to determine whether the lower fee schedule is a factor in this health care dilemma and asking the Legislative Reference Bureau to investigate and report the facts on this matter is important before any further changes to the law are made.

Your Committee has amended the BE IT RESOLVED clause to ask the Legislative Reference Bureau to conduct a study of the workers' compensation medical fee schedule for the purposes of determining whether the existing ceiling of 110% of the Medicare Resource Based Relative Value Scale system as set forth in section 386-21(c), Hawaii Revised Statutes, should be adjusted, whether the fee schedule has had a negative impact on access to specialty care by injured workers or has diminished the number and quality of providers who treat workers' compensation injuries; and the conditions and criteria the Legislature may consider in making an adjustment to that ceiling.

Your Committee finds that only a few highly trained persons can understand the workers' compensation medical fee schedule. Actuaries are expensive to hire on a contractual basis. By making this amendment, your Committee is hopeful that the information requested can be collected by the Legislative Reference Bureau without expending funds for an actuary and that the information collected will prove useful to the legislature's deliberations.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 55, S.D. 1, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 55, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3339 Ways and Means on S.C.R. No. 123

The purpose of this Concurrent Resolution is to transfer lands from the City and County of Honolulu Board of Water Supply to the Department of Hawaiian Home Lands to promote construction in the area of Kalawahine, Oahu. More specifically, this Concurrent Resolution authorizes the withdrawal of 4.5 acres from Governor's Executive Order No. 1529 and the subsequent transfer of the land to the Department of Hawaiian Home Lands so that the Department may construct additional housing units for native Hawaiians.

Your Committee finds that the Report of your Committee on Water, Land, and Hawaiian Affairs described the history of this land. Basically, your Committee finds that in 1952 certain lands at Kalawahine, Oahu were set aside for a water supply pumping station site by Governor's Executive Order No. 1529. In 1985, Governor's Executive Order No. 3281 reclaimed much of the lands, leaving five acres to the Board of Water Supply for a pumping station. Since then, the Board of Water Supply determined that 4.5 acres are not needed--however, the Department of Hawaiian Home Lands can use these lands for the Kalawahine homestead development.

Your Committee finds that the native Hawaiians who deserve to receive leases from the Department of Hawaiian Home Lands have been neglected for too many years and many have died waiting for these land leases. It is imperative that government agencies charged with the responsibility of administering public lands do their part in restoring to the Hawaiian people their rightful benefits. With the addition of 4.5 acres to the planned Kalawahine homestead development, the Department of Hawaiian Home Lands may be able to serve more families or use these lands in other ways that will benefit the Hawaiian community. Certainly, it will be better than leaving the land unused.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 123, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3340 Ways and Means on S.C.R. No. 125

The purpose of this study is to request the Legislative Reference Bureau to conduct a study on the feasibility of merging the Departments of Health and Human Services.

Specifically, this Concurrent Resolution asks the Legislative Reference Bureau to conduct the necessary budget, program planning, and management analyses and, if appropriate, develop an implementation plan to reorganize health and human services programs to:

- (1) Create a clear sense of mission for reorganized and consolidated programs;
- (2) Adopt "best practices" of management and operations;
- (3) Eliminate duplicative or outmoded functions and activities;
- (4) Enhance productivity by consolidating functions;
- (5) Eliminate unnecessary regulation;
- (6) Redesign processes to increase efficiency, cut costs, and reduce public inconvenience;
- (7) Guarantee effective, efficient government operations; and
- (8) Realize significant long-term savings.

In addition, this Concurrent Resolution asks the Legislative Reference Bureau to:

- (1) Propose a means by which to effectively measure the effectiveness of the consolidation; and
- (2) Evaluate the effect of the reorganization on state government services; and
- (3) Propose a means by which to alleviate difficulties and limitations arising from state civil service laws.

Your Committee finds that the merger of the Departments of Health and Human Services could help the State deliver community-based services in a more effective and efficient manner while concurrently reducing the amount of "turf battles" engaged in by health and human services' programs and other public programs.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 125, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3341 Ways and Means on S.C.R. No. 128

The purpose of this Concurrent Resolution is to request the Board of Land and Natural Resources to convene a Thrill Craft Advisory Committee to review safety issues of privately-owned thrill craft and the feasibility of registration and certification of the operators.

This Concurrent Resolution requests the Chairperson of the Board of Land and Natural Resources to appoint a seven-member Thrill Craft Advisory Committee to evaluate and recommend necessary educational and training requirements that should be implemented for the operation of privately-owned thrill craft. The Committee will have members representing different perspectives of involvement in the thrill craft community that will provide an overall balanced outlook. The Advisory Committee is also requested to report their findings to the Legislature before the 1999 Regular Session.

Your Committee finds that the safety of privately-owned thrill craft is an important issue that must be handled expeditiously. Furthermore, your Committee is also aware that many private thrill craft operator groups and associations have already recommended educational and regulatory requirements. Your Committee finds that the establishment of this Advisory Committee is the appropriate way to address these concerns.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 128, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3342 Ways and Means on S.R. No. 60

The purpose of this Resolution is to request the Board of Land and Natural Resources to convene a Thrill Craft Advisory Committee to review safety issues of privately-owned thrill craft and the feasibility of registration and certification of the operators.

This Resolution requests the Chairperson of the Board of Land and Natural Resources to appoint a seven-member Thrill Craft Advisory Committee to evaluate and recommend necessary educational and training requirements that should be implemented for the operation of privately-owned thrill craft. The Committee will have members representing different perspectives of involvement in the thrill craft community that will provide an overall balanced outlook. The Advisory Committee is also requested to report their findings to the Legislature before the 1999 Regular Session.

Your Committee finds that the safety of privately-owned thrill craft is an important issue that must be handled expeditiously. Furthermore, your Committee is also aware that many private thrill craft operator groups and associations have already recommended educational and regulatory requirements. Your Committee finds that the establishment of this Advisory Committee is the appropriate way to address these concerns.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 60, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3343 Ways and Means on S.C.R. No. 130

The purpose of this Concurrent Resolution is to request the Legislative Reference Bureau to study the effects of citizens' suit provisions on voluntary recovery efforts initiated by private landowners under the federal Endangered Species Act and state endangered species laws.

Specifically, this Concurrent Resolution asks the Legislative Reference Bureau to determine:

- (1) Whether citizen suit provisions have led to an increase in the number of frivolous lawsuits filed;
- (2) Whether citizen suit provisions have caused private landowners to incur burdensome and unnecessary defense costs;
- (3) Whether there is any correlation between the availability or unavailability of recovering attorney's fees and court costs and the willingness or reluctance to bring a citizens' suit;
- (4) Whether citizen suit provisions have adversely affected efforts to protect and preserve threatened and endangered species in other jurisdictions;
- (5) The nature and scope of pretrial agreements and court decisions resulting from citizens' suits, with a breakdown of any monetary awards according to direct, consequential, punitive, or other damages, and the recovery of attorneys' fees and costs, if any;
- (6) Whether there is any correlation between the filing of citizens' suits and the defendant's ability to pay for damages or other awards;
- (7) The number of lawsuits originating from a violation that is or was the subject of investigation or an enforcement action of any governmental authority, as compared with those lawsuits initiated for a violation that is not or was not the subject of such an investigation or enforcement action; and
- (8) Whether there are other equally or more effective mechanisms to assist governmental enforcement of endangered species laws.

Your Committee finds that voluntary recovery efforts initiated by private landowners under the federal Endangered Species Act and state endangered species laws are necessary to ensure the continued perpetuation of indigenous and endemic aquatic life, wildlife, and land plants, and their critical habitats. Citizen suit provisions, however, may discourage private landowners from engaging in voluntary recovery efforts that benefit endangered and threatened species. The cost of defending against a single lawsuit, regardless of its merit, can be staggering; the cost of defending against several lawsuits and subsequent appeals can be ruinous to a small landowner. Before authorizing citizen suits under the state endangered species law, your Committee wants to be absolutely sure that these lawsuits--or the threat thereof--will not discourage private landowners from engaging in voluntary recovery efforts that benefit endangered and threatened indigenous and endemic species.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 130, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3344 Ways and Means on S.C.R. No. 132

The purpose of this Concurrent Resolution is to request the Legislative Reference Bureau to study the issue of penal liability.

Specifically, the study is to focus on instances where a person's lack of substantial capacity is triggered by the voluntary ingestion of intoxicating liquor or a controlled substance which causes a physical or mental disease, disorder, or defect, excluding penal responsibility under state law.

The Concurrent Resolution requests that the study include: relevant Hawaii statutory and case law; an examination of how selected states may have addressed this issue; and a review and discussion of relevant literature and research on the subject. The Attorney General, the County Prosecutors, the Public Defender, and the University of Hawaii William S. Richardson School of Law are requested to assist the Bureau in this study.

Your Committee believes that this study will provide valuable information to the Legislature on this issue.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 132, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3345 Ways and Means on S.C.R. No. 140

The purpose of this Concurrent Resolution is to endorse the efforts of the Ala Wai Canal Watershed Improvement Project.

The Concurrent Resolution also supports the community stakeholder stewardship of the Ala Wai Watershed. Finally, the Concurrent Resolution requests the Governor to recommend that the capital improvement projects identified in the Ala Wai Canal Watershed, Water Quality Improvement Project, Management and Implementation Plan serve as a resource for agency actions and reviews under the Hawaii State Planning Act and environmental impact related laws.

Your Committee finds that over the years, the Ala Wai Canal has been the source of controversy and debate. Your Committee also finds that there have been concerted efforts on the part of government agencies and the community that have or will soon result in improvements to the Watershed and the Canal. Most notable is the Department of Health's involvement with the Watershed Water Quality Improvement Project and the subsequent development of its Management and Implementation Plans. The Department has been working in conjunction with the Environmental Protection Agency in association with the Community Advisory Committee's efforts in developing community-based stakeholder stewardship for the enhancement and protection of the Ala Wai Watershed.

Your Committee is confident that this multi-agency and community effort will go a long way in the preservation and maintenance of the Ala Wai Canal and Watershed.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 140, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3346 Ways and Means on S.C.R. No. 146

The purpose of this Concurrent Resolution is to request a study to assess strategies for organizing the various forms of residential care providers.

Your Committee believes that a formal study should be undertaken of residential care providers to determine whether the current fragmented system of the various types of specialized adult residential care homes with the resulting inconsistent regulations is effective and efficient to meet the needs of long-term care residents and the changing landscape of providing long-term care.

This Concurrent Resolution requests the Joint Legislative Committee on Long-Term Care to conduct the study and to form a subcommittee to study the problem of fragmentation of the system, and to confer on the study with the Departments of Health and Human Services and designated associations involved with long-term care. The study is requested to propose a plan to the 1999 Regular Session of the Legislature regarding optional strategies for organizing the various forms of residential care providers and recommendations for regulatory, funding, training, monitoring, case management, and respite care changes.

Your Committee has amended this Concurrent Resolution by:

- (1) Additionally requesting the Legislative Reference Bureau to provide research information to the Joint Legislative Committee on Long-Term Care and to assist in drafting the final report;
- (2) Clarifying that the subcommittee created by the Joint Legislative Committee on Long-Term Care is to study "long-term care residential facilities" and not the "fragmentation of adult residential care homes" on page 2, lines 32-33;
- (3) Amending the incorrect reference to the Legislative Reference Bureau on page 3, line 5, to read the Committee (on Long-Term Care); and
- (4) Adding the Acting Director of the Legislative Reference Bureau to the list of persons to receive a copy of the Concurrent Resolution.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 146, S.D. 1, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 146, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3347 Ways and Means on S.C.R. No. 147

The purpose of this Concurrent Resolution is to request the Department of Taxation to amend its rules for employers regarding withholding tax.

The Department of Taxation has adopted rules with the intent of simplifying the administration of the income tax. Because nonresidents are usually not subject to state income tax, the Department of Taxation has allowed employers of nonresidents to be exempt from the withholding tax provisions of the income tax law. Your Committee is aware that the definition of nonresident employees, as those employees temporarily in the State for not more than sixty days, is being abused by people who would otherwise be taxpayers to avoid the paying of withholding.

Your Committee finds that the Department of Taxation has an important interest in the administration of the income tax law. Your Committee also finds that collecting the full amount of income taxes due is important to the continued support of many of the programs operated by the State. Finally, your Committee finds that treating residents and nonresidents similarly regarding withholding is fair and equitable. If there is no income tax liability, nonresidents may file for a return claiming a refund just like residents.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 147 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3348 Ways and Means on S.R. No. 70

The purpose of this Resolution is to request the Department of Taxation to amend its rules for employers regarding withholding tax.

The Department of Taxation has adopted rules with the intent of simplifying the administration of the income tax. Because nonresidents are usually not subject to state income tax, the Department of Taxation has allowed employers of nonresidents to be exempt from the withholding tax provisions of the income tax law. Your Committee is aware that the definition of nonresident employees, as those employees temporarily in the State for not more than sixty days, is being abused by people who would otherwise be taxpayers to avoid the paying of withholding.

Your Committee finds that the Department of Taxation has an important interest in the administration of the income tax law. Your Committee also finds that collecting the full amount of income taxes due is important to the continued support of many of the programs operated by the State. Finally, your Committee finds that treating residents and nonresidents similarly regarding withholding is fair and equitable. If there is no income tax liability, nonresidents may file for a return claiming a refund just like residents.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 70 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3349 Ways and Means on S.C.R. No. 153

The purpose of this Concurrent Resolution is to request the Legislative Reference Bureau to study existing regulations for proposed use projects located in the Waikiki area.

In addition, this Concurrent Resolution requests that the Legislative Reference Bureau suggest mechanisms to streamline and eliminate duplicative processes, and report its findings, recommendations, and draft legislation to the Legislature before the convening of the 1999 Regular Session.

Your Committee finds that persons proposing uses within the Waikiki area must often comply with duplicative state and county regulatory requirements, including providing an environmental assessment under section 343-5(a)(5), Hawaii Revised Statutes, as well as complying with Waikiki Special Design District regulations and Special Management Area permit requirements initiated by the City and County of Honolulu under chapter 205A, Hawaii Revised Statutes. Your Committee finds that a study is needed to find ways to eliminate and streamline duplicative regulations as may be necessary to avoid added costs and delays, which add to the cost of doing business in Waikiki.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 153, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3350 Ways and Means on S.R. No. 73

The purpose of this Resolution is to request the Legislative Reference Bureau to study existing regulations for proposed use projects located in the Waikiki area.

In addition, this Resolution requests that the Legislative Reference Bureau suggest mechanisms to streamline and eliminate duplicative processes, and report its findings, recommendations, and draft legislation to the Legislature before the convening of the 1999 Regular Session.

Your Committee finds that persons proposing uses within the Waikiki area must often comply with duplicative state and county regulatory requirements, including providing an environmental assessment under section 343-5(a)(5), Hawaii Revised Statutes, as well as complying with Waikiki Special Design District regulations and Special Management Area permit requirements initiated by the City and County of Honolulu under chapter 205A, Hawaii Revised Statutes. Your Committee finds that a study is needed to find ways to eliminate and streamline duplicative regulations as may be necessary to avoid added costs and delays, which add to the cost of doing business in Waikiki.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 73, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3351 Ways and Means on S.C.R. No. 157

The purpose of this Concurrent Resolution is to request the Governor and the Mayor of the City and County of Honolulu to convene a joint state and county task force to develop a master plan for improvements to the Manoa Recreational Park and the Manoa Elementary School.

Your Committee finds that the facilities are extremely heavily used by various sports leagues and residents residing both inside and outside of Manoa and that, therefore, improvements to the area would benefit a wide segment of the population beyond Manoa. Your Committee also finds that the facilities, which were built long ago, are in disrepair and are far too inadequate to accommodate present use. Your Committee further finds that the city is already working on various community projects in Manoa, including the flood damage reduction investigation and creation of a landscaped stream bank by the Manoa Stream, as part of the Ala Wai Canal Watershed Improvement Project. Your Committee believes that this Concurrent Resolution will encourage further communication and cooperation to ensure the development of a comprehensive and coordinated master plan for needed improvements to the Manoa Recreational Park and the Manoa Elementary School.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 157, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3352 Ways and Means on S.C.R. No. 161

The purpose of this Concurrent Resolution is to request the United States Congress to enact legislation reauthorizing the federal highway program by May 1, 1998.

Your Committee finds that the federal highway program is important to all states and especially to Hawaii during these difficult economic times, for not only supporting the construction industry which in turn helps the economy, but also for connecting communities. On neighbor islands, many rural areas can benefit from better roads connecting outlying communities with the urban center, whether it might be Lihue or Hilo or Wailuku. Without these funds, the State can expect to see further deterioration of our streets, bridges, and other road conditions.

Your Committee further finds that the driving public needs safe streets and highways to get to work efficiently. Traffic congestion adds to the frustration of the driving public and can have detrimental effects on driving habits. All in all, congressional reauthorization of the federal highway program is a positive action that all states will applaud.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 161 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3353 Ways and Means on S.R. No. 76

The purpose of this Resolution is to request the United States Congress to enact legislation reauthorizing the federal highway program by May 1, 1998.

Your Committee finds that the federal highway program is important to all states and especially to Hawaii during these difficult economic times, for not only supporting the construction industry which in turn helps the economy, but also for connecting communities. On neighbor islands, many rural areas can benefit from better roads connecting outlying communities with the urban center, whether it might be Lihue or Hilo or Wailuku. Without these funds, the State can expect to see further deterioration of our streets, bridges, and other road conditions.

Your Committee further finds that the driving public needs safe streets and highways to get to work efficiently. Traffic congestion adds to the frustration of the driving public and can have detrimental effects on driving habits. All in all, congressional reauthorization of the federal highway program is a positive action that all states will applaud.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 76 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3354 Ways and Means on S.C.R. No. 170

The purpose of this Concurrent Resolution is to request the Legislative Reference Bureau to conduct a study on the establishment of foreign capital depositories in Hawaii.

Foreign capital depositories allow foreign depositors to deposit their assets with financial privacy and asset protection. Although not uncommon in foreign jurisdictions, this type of banking service is relatively new in this country. Last year, Montana became the first and, is presently, the only state to allow the operation of foreign capital depositories. Because of its novelty, many issues require further study, including the level of interest and demand for such depositories, the safeguards necessary to prevent the exploitation of depositories, and the resources required to establish foreign capital depositories in Hawaii.

Therefore, your Committee concurs with recommendations of the Committee on Commerce, Consumer Protection, and Information Technology that the Legislative Reference Bureau address these issues in its study so that the Legislature can make an informed decision with respect to foreign capital depositories.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 170, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3355 Ways and Means on S.R. No. 81

The purpose of this Resolution is to request the Legislative Reference Bureau to conduct a study on the establishment of foreign capital depositories in Hawaii.

Foreign capital depositories allow foreign depositors to deposit their assets with financial privacy and asset protection. Although not uncommon in foreign jurisdictions, this type of banking service is relatively new in this country. Last year, Montana became the first and, is presently, the only state to allow the operation of foreign capital depositories. Because of its novelty, many issues require further study, including the level of interest and demand for such depositories, the safeguards necessary to prevent the exploitation of depositories, and the resources required to establish foreign capital depositories in Hawaii.

Therefore, your Committee concurs with recommendations of the Committee on Commerce, Consumer Protection, and Information Technology that the Legislative Reference Bureau address these issues in its study so that the Legislature can make an informed decision with respect to foreign capital depositories.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 81, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3356 Ways and Means on S.C.R. No. 171

The purpose of this Concurrent Resolution is to request the Governor to convene a foreign deposit account committee to develop a marketing and promotion plan to attract foreign depositors to the State.

Your Committee finds that due to the economic downturn in Japan, the Japanese have been looking abroad for higher returns on their estimated domestic savings of \$10 trillion. With less than a one per cent return available from Japanese banks, American banks such as Citibank, Bankers' Trust, Fidelity Investments, Merrill Lynch, Smith Barney, and Chase Manhattan Bank have been taking a greater interest in the potential of the Japanese market.

Considering Hawaii's ideal location between North America and Japan, its strong ties with Japan and the anticipated deregulation of the Japanese foreign exchange law, it is an opportune time for Hawaii to promote its banking services to Japanese depositors. The marketing and promotion plan proposed by this Concurrent Resolution is necessary to accomplish this objective.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 171, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3357 Ways and Means on S.C.R. No. 184

The purpose of this Concurrent Resolution is to encourage the Department of Commerce and Consumer Affairs to develop a statewide organization to promote the sharing of community media resources to achieve the greatest possible benefit for all citizens.

Community media resources are the means whereby public, education, and government access is provided to the general public. The primary funding for these resources are the cable franchise fees paid by the cable operators as partial compensation for their use of the public rights of way. The fees are distributed by county, with Honolulu receiving a far large amount than the other counties by virtue of its larger population.

However, your Committee finds that the cost of delivering community media services is significantly greater in rural areas across the State, and those areas are less populated and so the resources are considerably smaller. However, community media resources should be considered in the aggregate, across the State. It can benefit urban areas to be in touch with rural areas as much as the converse. All areas of the State should have a minimum baseline of services to promote a full-fledged community media program. Your Committee finds that sharing of community media resources should be promoted to coordinate efforts to share resources to provide a baseline of community media services statewide.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 184 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3358 Ways and Means on S.R. No. 87

The purpose of this Resolution is to encourage the Department of Commerce and Consumer Affairs to develop a statewide organization to promote the sharing of community media resources to achieve the greatest possible benefit for all citizens.

Community media resources are the means whereby public, education, and government access is provided to the general public. The primary funding for these resources are the cable franchise fees paid by the cable operators as partial compensation for their use of the public rights of way. The fees are distributed by county, with Honolulu receiving a far large amount than the other counties by virtue of its larger population.

However, your Committee finds that the cost of delivering community media services is significantly greater in rural areas across the State, and those areas are less populated and so the resources are considerably smaller. However, community media resources should be considered in the aggregate, across the State. It can benefit urban areas to be in touch with rural areas as much as the converse. All areas of the State should have a minimum baseline of services to promote a full-fledged community media program. Your Committee finds that sharing of community media resources should be promoted to coordinate efforts to share resources to provide a baseline of community media services statewide.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 87 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3359 Ways and Means on S.C.R. No. 186

The purpose of this Concurrent Resolution is to request the Department of Labor and Industrial Relations to adopt a workable definition of the term "Hawaii resident" for the federal government to use in enforcing Public Law No. 99-190, the Department of Defense Appropriations Act of 1986, as amended.

Your Committee finds that Section 8078 of the federal act requires that contracts awarded by the federal Department of Defense for performance in noncontiguous states with higher than average unemployment rates must stipulate that the contractor employ residents of that state. The only noncontiguous states are Hawaii and Alaska.

Your Committee further finds that in practice the contractors have not hired local residents, hiring instead workers from the mainland. Neither the federal Department of Defense nor the federal Department of Labor has vigorously enforced the federal act, deferring in whole to the contractor the authority to determine whether the noncontiguous state has any qualified residents or whether it is possible for a resident to acquire the necessary skills "promptly". Accordingly, the loss of potential jobs in the construction industry has contributed to the State's present economic downturn.

Your Committee also finds that since Section 8078 affects only two states the federal government may not have had ample opportunity in the past to adequately address the matter of defining a "resident". Given the State's economic crisis, your Committee believes that the State should take the initiative by volunteering its own time to assist the federal government in formulating a workable definition of a "resident".

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 186 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3360 Ways and Means on S.R. No. 89

The purpose of this Resolution is to request the Department of Labor and Industrial Relations to adopt a workable definition of the term "Hawaii resident" for the federal government to use in enforcing Public Law No. 99-190, the Department of Defense Appropriations Act of 1986, as amended.

Your Committee finds that Section 8078 of the federal act requires that contracts awarded by the federal Department of Defense for performance in noncontiguous states with higher than average unemployment rates must stipulate that the contractor employ residents of that state. The only noncontiguous states are Hawaii and Alaska.

Your Committee further finds that in practice the contractors have not hired local residents, hiring instead workers from the mainland. Neither the federal Department of Defense nor the federal Department of Labor has vigorously enforced the federal act, deferring in whole to the contractor the authority to determine whether the noncontiguous state has any qualified residents or whether it is possible for a resident to acquire the necessary skills "promptly". Accordingly, the loss of potential jobs in the construction industry has contributed to the State's present economic downturn.

Your Committee also finds that since Section 8078 affects only two states the federal government may not have had ample opportunity in the past to adequately address the matter of defining a "resident". Given the State's economic crisis, your Committee believes that the State should take the initiative by volunteering its own time to assist the federal government in formulating a workable definition of a "resident".

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 89 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3361 Ways and Means on S.C.R. No. 172

The purpose of this Concurrent Resolution is to request the Governor to enter into an agreement with the National Performance Review to reduce barriers to reinventing government by shifting to performance management and performance partnerships.

In addition, this Concurrent Resolution requests the Governor to convene a steering committee composed of persons with experience in management, re-engineering of service delivery, fiscal, and governance systems, to:

- (1) Advise the Governor on the goals of the National Performance Review partnership;
- (2) Develop plans for a results measurement system that provides regular reports on progress towards achieving outcomes; and
- (3) Develop plans for a performance partnership development mechanism that convenes stakeholders in achieving individual benchmarks.

Your Committee finds that Hawaii's citizens have already adopted benchmarks representing public goals, and indicators representing progress towards achieving these goals. The formation of performance partnerships with the federal government, the counties, and the private sector will allow the State to achieve these goals through collaboration and without the need for additional state moneys. In fact, the federal government is exploring the possibility of rewarding additional moneys as an incentive to states that make improvements, and of rewarding high performing states with additional flexibility or reduced matching requirements.

Your Committee also finds that the Governor has already invited the National Performance Review, under the direction of Vice President Al Gore, to explore mutual goals for reinventing government and improving intergovernmental service delivery. Staff from the National Performance Review visited Hawaii in November 1997 and met with community-government partnerships, legislators, and groups of concerned citizens that support a shift to measuring performance results to chart progress towards public goals.

Your Committee has amended this Concurrent Resolution to specifically request that representatives nominated by the Legislature, and members of the Hawaii Community Services Council's Ke Ala Hoku Project, the Hawaii Business Roundtable, and The Chamber of Commerce of Hawaii be included as members of the steering committee.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 172, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 172, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3362 Ways and Means on S.C.R. No. 190

The purpose of this Concurrent Resolution is to support the Aloha Racing Foundation, its sponsors, and the Waikiki Yacht Club in its efforts to bring the America's Cup to Honolulu and encourage Hawaii's reputation as a premier yacht racing venue.

The America's Cup Yacht Race is one of the most widely recognized yacht races in the world. Sailors and non-sailors alike have reveled in the international competition for the Cup which has become a popular media event around the globe. The Aloha Racing Foundation has assembled a team of sponsors, headed by the Waikiki Yacht Club, to spearhead Hawaii's first entry to compete in the America's Cup Race scheduled to take place in the fall of 1999 through February, 2000.

Hawaii is already internationally recognized in the yacht racing community as the finish line for the Los Angeles to Honolulu Transpac Race, and for the off-shore ocean racing series of Kenwood Cup. Hawaii would be the perfect venue to host an America's Cup Challenge in 2003. The winner of the Cup in 2000 becomes the host for the next Challenge. The Aloha Racing Foundation has put together a formidable racing team which has garnered substantial corporate sponsorship that puts them in contention to bring the America's Cup to Hawaii. Your Committee finds that supporting the efforts of the Aloha Racing Foundation will benefit Hawaii substantially.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with intent and purpose of S.C.R. 190, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3363 Ways and Means on S.C.R. No. 191

The purpose of this Concurrent Resolution is to urge the State and the City and County of Honolulu to form a Joint Waikiki Task Force to discuss and coordinate the issues facing Waikiki.

Your Committee finds that Waikiki -- that one-mile strip on the beach -- is the main draw for millions of tourists who visit Hawaii. It draws the first-time Hawaii vacationers as well as those tourists who return year after year from foreign countries as well as the U.S. mainland.

Your Committee also finds that while the City and County of Honolulu provides police and fire protection and garbage collection services, the State's Department of Land and Natural Resources is involved in the management of ocean resources and conservation, and if water quality becomes an issue, the Department of Health becomes a key player in the Waikiki area. Also, with the opening of the new Convention Center near the Ala Wai Canal and Waikiki, business interests become paramount. All of these activities impact upon both residents of Waikiki and visitors alike. Accordingly, your Committee finds that a Joint Waikiki Task Force is critical to determining the quality of life and the economic and environmental future of the Waikiki district.

Your Committee amended this Concurrent Resolution to add the Convention Center Authority to the task force. Your Committee finds that the impact of the Convention Center on the Waikiki neighborhood will be strong and longlasting. Therefore, the harmonious interaction of residents and conventioners will be critical. One of the best ways to assure coordinated, planned protection of one of tourism's most important resources is to direct this Joint Task Force with the responsibility of coordinating both public and private investment for revitalization of this neighborhood. In this way the healthy future of Waikiki can be assured.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 191, S.D. 1, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 191, S.D. 2.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3364 Ways and Means on S.C.R. No. 193

The purpose of this Concurrent Resolution is to request the Legislative Reference Bureau to study the feasibility of distributing proposed administrative agency rules to the public within the thirty-day public notice requirement.

Your Committee notes that section 91-3, Hawaii Revised Statutes, requires agencies to give at least thirty days' notice for a public hearing prior to the adoption of any rule authorized by law. In addition, Act 2, which was approved by the Governor on February 26, 1998, requires the adopting agency to mail proposed rules to interested persons requesting a copy only after the interested person pays in advance for the cost of the copy and the postage for mailing the copy.

Your Committee finds, however, that the minimum thirty-day notice requirement may not provide sufficient time for interested persons to receive a copy of the proposed rules by mail before a public hearing, since agencies often wait until a personal check clears the bank before filling a request. While the State can no longer absorb the costs of copying and mailing these documents, your Committee seeks to ensure that all interested persons have open access to the legislative process.

Accordingly, your Committee agrees with the intent of this Concurrent Resolution for the Legislative Reference Bureau to study these concerns and report back to the Legislature before the convening of the Regular Session of 1999.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 193 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3365 Ways and Means on S.R. No. 92

The purpose of this Resolution is to request the Legislative Reference Bureau to study the feasibility of distributing proposed administrative agency rules to the public within the thirty-day public notice requirement.

Your Committee notes that section 91-3, Hawaii Revised Statutes, requires agencies to give at least thirty days' notice for a public hearing prior to the adoption of any rule authorized by law. In addition, Act 2, which was approved by the Governor on February 26, 1998, requires the adopting agency to mail proposed rules to interested persons requesting a copy only after the interested person pays in advance for the cost of the copy and the postage for mailing the copy.

Your Committee finds, however, that the minimum thirty-day notice requirement may not provide sufficient time for interested persons to receive a copy of the proposed rules by mail before a public hearing, since agencies often wait until a personal check clears the bank before filling a request. While the State can no longer absorb the costs of copying and mailing these documents, your Committee seeks to ensure that all interested persons have open access to the legislative process.

Accordingly, your Committee agrees with the intent of this Resolution for the Legislative Reference Bureau to study these concerns and report back to the Legislature before the convening of the Regular Session of 1999.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 92 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3366 Ways and Means on S.C.R. No. 196

The purpose of this Concurrent Resolution is to request the Departments of Human Services and Health to examine ways to eliminate duplication of the administration and provision of home- and community-based programs and services by those departments.

In addition, this Concurrent Resolution requests that the Departments of Human Services and Health collaborate with the consumer members of the State Planning Council on Developmental Disabilities to identify solutions to the overlapping responsibilities, and to jointly report their findings and recommendations to the Legislature twenty before the convening of the 1999 Regular Session.

Your Committee finds that the new focus of services for persons with developmental disabilities and mental retardation is in the community, requiring the provision of home- and community-based services, and that the Departments of Human Services and Health have somewhat overlapping jurisdictions in this area. Your Committee agrees with the intent of this Concurrent Resolution, and finds that it is in the public interest to eliminate the duplication of time, effort, and resources to the greatest extent possible with respect to

the home- and community-based services and programs provided by these departments, given the historical reality of the development of funding streams and legislative mandates.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 196, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3367 Ways and Means on S.C.R. No. 207

The purpose of this Concurrent Resolution is to request the Department of Health to undertake studies of hepatitis C incidence and prevalence within selected populations in Hawaii.

This Concurrent Resolution also requests the Department of Health to promote public awareness of the nature of the disease and activities that present risk of exposure to hepatitis C. The Concurrent Resolution further requests the Department of Health to furnish the Legislature with copies of its reports of findings and recommendations following completion of its studies.

Your Committee believes that the serious nature of hepatitis C and its dangerous potential for threatening the health of the people of Hawaii require that prompt proactive measures be taken by the State's health authorities.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 207, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3368 Ways and Means on S.C.R. No. 210

The purpose of this Concurrent Resolution is to request the Public Utilities Commission to review and reconsider its previous decision and order regarding the installation of a 46 kilovolt overhead circuit on a single steel pole along Kunia Road.

The Concurrent Resolution also requests the Public Utilities Commission to review and reconsider its previous approvals of the 46 kilovolt electric distribution lines installed overhead on Lanikaula and Kalawao Streets.

Your Committee finds that there are significant negative effects associated with the overhead construction or placement of electrical transmission and distribution lines, versus undergrounding of such lines, including the adverse impact on property values and the blight on Hawaii's natural beauty. Of equal concern is the potential, albeit inconclusive, impact of EMF emissions on the health of the citizens of this State. Your Committee finds that these decisions approving overhead placement were made by the Public Utilities Commission years ago, before the affected communities were aware of any possible negative effects of the installation of overhead electric transmission and distribution lines and before the Public Utilities Commission was required to evaluate the placement of transmission lines underground or overhead based upon certain statutory criteria. Moreover, your Committee notes that it has been shown that EMF emissions are mitigated by undergrounding and insulating electrical transmission and distribution lines. Accordingly, your Committee finds that this Concurrent Resolution is in the interest of the public health, safety, and welfare.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 210, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3369 Ways and Means on S.C.R. No. 213

The purpose of this Concurrent Resolution is to request the University of Hawaii to establish a sister university relationship with the National Taipei University of Technology, in Taiwan.

Your Committee finds that with its grant of autonomy this year, the University of Hawaii stands at the twenty-first century threshold of becoming a premier institution throughout the Asia Pacific Rim. In order to ascend to preeminence, it is necessary for the University to develop and maintain meaningful relationships with other premier institutions in the region, such as the National Taipei University of Technology, in Taiwan.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 213, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3370 Ways and Means on S.C.R. No. 42

The purpose of this Concurrent Resolution is to call a five-day recess to allow community involvement and discussion on efforts to revitalize the State's economy.

This Concurrent Resolution calls for facilitators trained in community-building processes to be involved in the design, implementation, and reporting of efforts undertaken during this recess.

Your Committee finds that the Legislature is considering proposals submitted by the Economic Revitalization Task Force and is seeking to adopt its own legislative program intended to begin revitalizing Hawaii's ailing economy. However, while there appears to be general agreement on the need to restructure Hawaii's institutions, including government, a lack of consensus on the criteria for an economic revitalization program threatens the achievement of common goals.

Your Committee believes that a set of criteria for development of a Hawaii economic revitalization program for the Legislature is necessary and has thus amended this Concurrent Resolution by:

- (1) Amending its title to read: "SENATE CONCURRENT RESOLUTION RELATING TO CRITERIA FOR DEVELOPMENT OF A HAWAII ECONOMIC REVITALIZATION PROGRAM FOR THE HAWAII STATE LEGISLATURE";
- (2) Deleting the calling of a five-day recess and use of facilitators; and
- (3) Adding a set of eight criteria to be adopted for use in developing a Hawaii economic revitalization program for the Hawaii State Legislature that:
 - (A) Outlines a role for Hawaii in the global economy which is supported by the various sectors of the community, including the government, business, and civic sectors;
 - (B) Supports development of Hawaii's work force by encouraging training of marketable skills in school, university, and adult training programs;
 - (C) Reduces the tax burden on citizens in a fair and reasonable manner, and provides strategic tax credits for selected industries;
 - (D) Provides tools for the private sector to better compete in the global economy and the means to improve Hawaii's balance of trade by increasing exports and reducing imports;
 - (E) Reduces the size of government by targeting cutbacks, minimizing disruption of services, providing compassionate relief for laid-off employees, and streamlining operations;
 - (F) Applies best practices to government operations to improve management efficiency and provide better, more responsive services;
 - (G) Preserves the health and human services safety net and minimizes negative impacts to the environment; and
 - (H) Initiates a sustainable, long-term effort to revitalize Hawaii's economy which is capable of engaging the community in a public discussion to achieve a consensus on the State's economic future, and coordinating the actions needed to revitalize the economy.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 42, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 42, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3371 Judiciary on S.C.R. No. 121

The purpose of this concurrent resolution is to support the negotiated settlement between the officials of the City of Providence, Rhode Island and representatives from the Office of Hawaiian Affairs (OHA) and Hui Malama i Na Kupuna o Hawai'i Nei (Hui Malama) which will result in the return of the ki'i la'au to Hawai'i and the Hawaiian people.

Your Committee finds that in 1990, the United States Congress enacted the Native American Graves Protection and Patriation Act to remedy civil rights violations of more than a hundred years of unjust treatment of Native American, Alaskan Native, and Native Hawaiian ancestral remains and burial items, and the improper taking of sacred and patrimonial objects. This Act established a system of good faith reporting and a claims process for the return and repatriation of Hawaiian na iwi (bones) and na mea kapu (sacred objects).

Your Committee further finds that the City of Providence has in its possession a ki'i la'au (wooden image) which holds, according to Hawaiian cultural belief, a part of the Hawaiian soul and culture. This ki'i la'au is needed for continuing practices of Hawaiian religious belief and ritual related to the protection and mutual relationship between the Native Hawaiian people and na aumakua (ancestral gods).

Under the auspices of the Native American Graves Protection and Patriation Act, OHA and Hui Malama have claimed this ki'i la'au as a mea kapu (sacred object) which was improperly taken from the Hawaiian people. The City of Providence declined to honor this claim and brought suit against the United States Department of the Interior, OHA, and Hui Malama challenging the validity of the claim and recommended repatriation.

The federal magistrate in Providence, Rhode Island conducted a mandatory mediation as a means to resolve this dispute. This resulted in a successfully negotiated settlement soon to be filed in the U.S. District Court which will result in the return of the ki'i la'au to Hawai'i and the Hawaiian people.

In light of this development, your Committee wishes to express its appreciation to OHA and Hui Malama for their diligence and determination to assert, protect, and practice cultural respect for na aumakua and the return of the sacred ki'i la'au. Your Committee

further wishes to express its sincere mahalo (thanks) to the people of the City of Providence for their guardianship of the ki'i la'au for nearly 200 years.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 121, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 3372 Judiciary on S.C.R. No. 174

The purpose of this concurrent resolution is to urge the President of the United States and the United States Congress to take definitive actions to right the wrongs as expressed in Public Law 103-150 and to assist in the process of Native Hawaiian self-governance.

Your Committee finds that the nation of Hawai'i was overthrown as a direct consequence of the United States' military committing the first overt act of landing in Hawai'i and supporting a handful of men in the takeover of the constitutional monarchy of Hawai'i, in contravention to international customary and treaty laws of that time. After the overthrow of the Hawaiian monarchical form of government, the Provisional Government of Hawai'i was immediately created, controlled, and led by men directly engaged in the overthrow.

Your Committee further finds that the Constitution of the Republic of Hawai'i claimed title to all of the Hawaiian monarchical government's lands and waters, and declared all Hawaiian citizens automatically citizens of the Republic of Hawai'i. There was no opportunity for ratification or rejection of this constitution by the citizens of Hawai'i. Subsequently, the national property of the Hawaiian islands as well as the sovereignty transferred in 1898 became the basis upon which the Territory of Hawai'i and eventually the State of Hawai'i, with the approval of the United States Congress, assumed title over its ceded lands and jurisdiction over the former Hawaiian citizens and their descendants.

On November 23, 1993, United States President William Jefferson Clinton signed Public Law 103-150, a joint resolution that acknowledged the one hundredth anniversary of the January 17, 1893 overthrow of the Kingdom of Hawai'i which was contrary to the laws of the United States Constitution and international law. Public Law 103-150 demonstrates the United States commitment to acknowledge the ramifications of the illegal overthrow of the Hawaiian monarchy and in doing so, the United States recognizes the necessity to provide a proper foundation for reconciliation between the United States and the Native Hawaiian people.

Thus, your Committee calls upon the President of the United States and the Congress of the United States to start the processes of justice that could lead to Native Hawaiian self-governance.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 174, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 3373 Judiciary on S.C.R. No. 188

The purpose of this concurrent resolution is to urge the United States Senate to confirm nomination of Bill Lann Lee by President Clinton as the Assistant Attorney General for the Civil Rights Division at the Department of Justice.

Your Committee supports the nomination of Bill Lann Lee, an Asian-American son of Chinese immigrants, to be the Assistant Attorney General for the Civil Rights Division of the United States Department of Justice.

In addition to being an Adjunct Professor of Political Science at Fordham University, Mr. Lee's esteemed career includes serving as Assistant Counsel for the Asian American Legal Defense Fund and Education Fund (1974-1982), Supervising Attorney for Civil Rights Litigation at the Center for Law in the Pacific (1983-1988), and Western Regional Counsel for the Legal Defense Fund and Education Fund of the National Association for the Advancement of Colored People (1989-present).

Mr. Lee has devoted his entire professional career fighting to preserve and enforce anti-discrimination laws. He is a practical, solution-oriented advocate of civil rights for those who have been excluded and disenfranchised, regardless of race, religion, or gender.

Mr. Lee's family background and personal achievement bear witness to his eminent qualifications to be the country's top law enforcement officer for civil rights.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 188 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Sakamoto, Anderson).

SCRep. 3374 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 64

The purpose of this concurrent resolution is to request the Auditor to analyze, in accordance with section 26H-6, Hawaii Revised Statutes, the probable effects of the proposed regulation contained in H.B. No. 3123 (1998) of professional certified midwives.

Your Committee received testimony in support of this measure from twelve individual health professionals and clients.

Your Committee finds that over half the states currently have a mechanism for licensing direct-entry midwives, and Hawaii is the only state in the five-state Pacific region that does not currently license direct-entry, non-nurse midwives. Your Committee supports further study of this health care option for women and believes the Auditor's report will be critical to future decisions regarding regulation of midwives in Hawaii.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 64, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Solomon, Tanaka).

SCRep. 3375 Commerce, Consumer Protection, and Information Technology on S.R. No. 26

The purpose of this resolution is to request the Auditor to analyze, in accordance with section 26H-6, Hawaii Revised Statutes, the probable effects of the proposed regulation contained in H.B. No. 3123 (1998) of professional certified midwives.

Your Committee received testimony in support of this measure from twelve individual health professionals and clients.

Your Committee finds that over half the states currently have a mechanism for licensing direct-entry midwives, and Hawaii is the only state in the five-state Pacific region that does not currently license direct-entry, non-nurse midwives. Your Committee supports further study of this health care option for women and believes the Auditor's report will be critical to future decisions regarding regulation of midwives in Hawaii.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 26, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Solomon, Tanaka).

SCRep. 3376 Commerce, Consumer Protection, and Information Technology on S.C.R. No. 90

The purpose of this concurrent resolution is to request that the Attorney General apply to the United States District Court for the District of Hawaii to modify the final judgment and consent decree regarding Texaco, Inc. and Shell Oil Company by eliminating the mandated divestiture of certain retail assets on the Island of Oahu, or to completely withdraw its divestiture requirements.

Your Committee heard three related measures on this matter concurrently and received testimony from individuals that applied equally to all three measures.

Your Committee finds that many Shell Oil Company and Texaco gasoline station dealers, whose livelihoods are affected by the Hawaii State consent decree, are unsure of the future of their businesses.

Your Committee further finds that while the consent decree focuses on competition in the gasoline sales business, other aspects of the dealer's business bottom line have not been addressed such as an auto mechanic business or a sundry retail business.

Therefore, your Committee amended the concurrent resolution to include statements about the dealer's other business aspects and to request that the Attorney General work with the Hawaii Automotive Repair & Gasoline Dealers Association to ascertain and convey their concerns to the United States District Court for the District of Hawaii for the purpose of modifying the consent decree.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 90, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 90, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Solomon, Tanaka).

SCRep. 3377 Commerce, Consumer Protection, and Information Technology on S.R. No. 42

The purpose of this resolution is to request that the Attorney General apply to the United States District Court for the District of Hawaii to modify the final judgment and consent decree regarding Texaco, Inc. and Shell Oil Company by eliminating the mandated divestiture of certain retail assets on the Island of Oahu, or to completely withdraw its divestiture requirements.

Your Committee heard three related measures on this matter concurrently and received testimony from individuals that applied equally to all three measures.

Your Committee finds that many Shell Oil Company and Texaco gasoline station dealers, whose livelihoods are affected by the Hawaii State consent decree, are unsure of the future of their businesses.

Your Committee further finds that while the consent decree focuses on competition in the gasoline sales business, other aspects of the dealer's business bottom line have not been addressed such as an auto mechanic business or a sundry retail business.

Therefore, your Committee amended the resolution to include statements about the dealer's other business aspects and to request that the Attorney General work with the Hawaii Automotive Repair & Gasoline Dealers Association to ascertain and convey their concerns to the United States District Court for the District of Hawaii for the purpose of modifying the consent decree.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 42, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 42, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Solomon, Tanaka).

SCRep. 3378 (Majority) Commerce, Consumer Protection, and Information Technology on S.C.R. No. 154

The purpose of this concurrent resolution is to request the Attorney General to:

- (1) Investigate the reasons why gasoline prices continue to remain significantly higher than mainland prices;
- (2) Investigate whether there is any collusion in Hawaii's wholesale gasoline market that may tend to artificially inflate Hawaii's gasoline prices at the pump;
- (3) Bring appropriate legal action in any court of competent jurisdiction on behalf of the State of Hawaii if the Attorney General finds that a violation of federal or state antitrust laws, or any other legal violation has occurred; and
- (4) Report the Attorney General's findings and recommendations to the Legislature no later than twenty days before the convening of the Regular Session of 1999.

Your Committee received testimony in support of the concurrent resolution from a concerned citizen. The Hawaii Automotive Repair & Gasoline Dealers Association submitted testimony opposing the measure.

Your Committee agrees with the Attorney General's recommendations following its 1994 study which urged continuing the investigation of gasoline pricing in Hawaii, particularly the failure of the wholesale price of gasoline to decrease along with the price of crude oil, and price fixing among retail dealers as well as other sellers of gasoline in Hawaii. Your Committee believes that maintaining the investigation is warranted at this time due to the continued disparity between gasoline prices in Hawaii and elsewhere.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 154 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Slom). Excused, 3 (Kanno, Solomon, Tanaka).

SCRep. 3379 (Majority) Commerce, Consumer Protection, and Information Technology on S.R. No. 74

The purpose of this resolution is to request the Attorney General to:

- (1) Investigate the reasons why gasoline prices continue to remain significantly higher than mainland prices;
- (2) Investigate whether there is any collusion in Hawaii's wholesale gasoline market that may tend to artificially inflate Hawaii's gasoline prices at the pump;
- (3) Bring appropriate legal action in any court of competent jurisdiction on behalf of the State of Hawaii if the Attorney General finds that a violation of federal or state antitrust laws, or any other legal violation has occurred; and
- (4) Report the Attorney General's findings and recommendations to the Legislature no later than twenty days before the convening of the Regular Session of 1999.

Your Committee received testimony in support of the resolution from a concerned citizen. The Hawaii Automotive Repair & Gasoline Dealers Association submitted testimony opposing the measure.

Your Committee agrees with the Attorney General's recommendations following its 1994 study which urged continuing the investigation of gasoline pricing in Hawaii, particularly the failure of the wholesale price of gasoline to decrease along with the price of crude oil, and price fixing among retail dealers as well as other sellers of gasoline in Hawaii. Your Committee believes that maintaining the investigation is warranted at this time due to the continued disparity between gasoline prices in Hawaii and elsewhere.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 74 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, 1 (Slom). Excused, 3 (Kanno, Solomon, Tanaka).

SCRep. 3380 Commerce, Consumer Protection, and Information Technology on H.C.R. No. 34

The purpose of this concurrent resolution is to request that the Federal Trade Commission re-evaluate the Agreement Containing Consent Order (File No. 971-0026) (consent decree) that mandates the divestiture of retail assets of Shell Oil Company or Texaco Inc. in the State of Hawaii as it impacts the independent retail operators and Hawaii consumers.

Your Committee received testimony in support of this measure from the Department of the Attorney General, Hawaii Automotive Repair & Gasoline Dealers Association (HARGD), an attorney representing HARGD, and nineteen gasoline station dealers.

Your Committee finds that there are two separate Agreement Containing Consent Orders, the Hawaii State consent decree and the Federal Trade Commission (FTC) consent decree.

Your Committee further finds that, regarding Hawaii, the consent decrees are identical except that the potential purchasing supplier must be approved by the state Attorney General under the Hawaii State consent decree and the FTC under the FTC consent decree.

Additionally, your Committee finds that both consent decrees require that the potential purchaser provide vigorous competition in the gasoline industry and that Shell Oil Company and Texaco, Inc. maintain the viability of the dealers affected.

Your Committee amended the concurrent resolution to specify that the FTC consider possibly eliminating the divestiture requirements, and to make technical, nonsubstantive corrections.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 34, H.D. 2, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 34, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Solomon, Tanaka).

SCRep. 3381 (Joint) Health and Environment and Transportation and Intergovernmental Affairs on S.C.R. No. 101

The purpose of this concurrent resolution is to request the State Department of Transportation and the Mayor of each county to:

- (1) Reduce the use of herbicides in roadside maintenance;
- (2) Consult with those jurisdictions that have successfully reduced and eliminated herbicides from their maintenance programs; and
- (3) Report to the 1999 Legislature, their progress in reducing the use of herbicides in roadside maintenance by using the amount of herbicides purchased in 1997 as a base, substantiated with proof of reduction reflected in reduced annual herbicide purchases.

Your Committees received testimony in support of the concurrent resolution from Hawaii's Coalition for Alternatives to Pesticides and twelve concerned citizens. The Department of Transportation submitted testimony supporting the intent of the measure. The Director of Health submitted comments suggesting that the use of options like integrated vegetation management is feasible. The Department of Public Works of the City and County of Honolulu, Hawaii Pest Control Association, and Rescue Hawaii submitted testimony opposing the measure.

Your Committees received testimony from the Department of Transportation which indicated that the Highways Division has made an effort to reduce use of herbicides in areas of high pedestrian traffic, especially in areas where children and drainage systems are involved. Further testimony presented at the hearing indicated that there has been an increase in the use of Roundup, as a substitute for other herbicides. Your Committees hope that the report requested herein will provide further specific detail as to the extent of herbicide use. Your Committees further believe that vegetation management programs present effective and relatively safe alternative methods for maintaining the State's roadsides.

Your Committees amended this bill by:

- (1) Deleting the request to the Department of Transportation and the Mayors of the counties to reduce herbicide use and replacing it with a request to adopt vegetation management programs for roadside maintenance to minimize risks to the public health, worker safety, and environmental quality;
- (2) Requesting the Department of Transportation and the Mayors of the counties to consult with other counties and jurisdictions that have successfully minimized risks to the public health, worker safety, and environmental quality by using those programs regarding how and to what extent those reductions in risk and use of herbicides were accomplished; and
- (3) Changing the title and prefatory language of the measure to conform to the new request.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Transportation and Intergovernmental Affairs that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 101, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 101, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 4 (Chumbley, Chun Oakland, Kanno, Metcalf).

SCRep. 3382 (Joint) Health and Environment and Transportation and Intergovernmental Affairs on S.R. No. 46

The purpose of this resolution is to request the State Department of Transportation and the Mayor of each county to:

- (1) Reduce the use of herbicides in roadside maintenance;
- (2) Consult with those jurisdictions that have successfully reduced and eliminated herbicides from their maintenance programs; and
- (3) Report to the 1999 Legislature, their progress in reducing the use of herbicides in roadside maintenance by using the amount of herbicides purchased in 1997 as a base, substantiated with proof of reduction reflected in reduced annual herbicide purchases.

Your Committees received testimony in support of the resolution from Hawaii's Coalition for Alternatives to Pesticides and twelve concerned citizens. The Department of Transportation submitted testimony supporting the intent of the measure. The Director of Health submitted comments suggesting that the use of options like integrated vegetation management is feasible. The Department of Public Works of the City and County of Honolulu, Hawaii Pest Control Association, and Rescue Hawaii submitted testimony opposing the measure.

Your Committees received testimony from the Department of Transportation which indicated that the Highways Division has made an effort to reduce use of herbicides in areas of high pedestrian traffic, especially in areas where children and drainage systems are involved. Further testimony presented at the hearing indicated that there has been an increase in the use of Roundup, as a substitute for other herbicides. Your Committees hope that the report requested herein will provide further specific detail as to the extent of herbicide use. Your Committees further believe that vegetation management programs present effective and relatively safe alternative methods for maintaining the State's roadsides.

Your Committees amended this bill by:

- (1) Deleting the request to the Department of Transportation and the Mayors of the counties to reduce herbicide use and replacing it with a request to adopt vegetation management programs for roadside maintenance to minimize risks to the public health, worker safety, and environmental quality;
- (2) Requesting the Department of Transportation and the Mayors of the counties to consult with other counties and jurisdictions that have successfully minimized risks to the public health, worker safety, and environmental quality by using those programs regarding how and to what extent those reductions in risk and use of herbicides were accomplished; and
- (3) Changing the title and prefatory language of the measure to conform to the new request.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Transportation and Intergovernmental Affairs that are attached to this report, your Committees concur with the intent and purpose of S.R. No. 46, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 46, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 7. Noes, none. Excused, 4 (Chumbley, Chun Oakland, Kanno, Metcalf).

SCRep. 3383 Economic Development on Gov. Msg. No. 142

Recommending that the Senate advise and consent to the nomination of the following:

BOARD OF DIRECTORS, NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY

G.M. No. 142 THOMAS P. WHITTEMORE, for a term to expire June 30, 1998; and
THOMAS P. WHITTEMORE, for a term to expire June 30, 2002.

Upon review of the statement submitted by the nominee, your Committee finds that the aforementioned nominee has been appointed based on his professional credentials, integrity, and a desire to make Hawaii better through his participation on the Board of Directors of the Natural Energy Laboratory of Hawaii Authority (NELHA).

Your Committee finds that Mr. Whittemore has been employed in the banking business in Hawaii for nearly thirty years which will be valuable in assessing the financial viability of prospective tenants of NELHA. He recognizes the value to the community of the success of NELHA. As Mr. Whittemore states in the written remarks submitted to your Committee, he is aware of NELHA's role as a part of the larger goal of economic stability within the State and is committed to representing the private sector as a Director for NELHA.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, Levin, McCartney).

SCRep. 3384 Economic Development on Gov. Msg. No. 193

Recommending that the Senate advise and consent to the nominations of the following:

AQUATIC LIFE AND WILDLIFE ADVISORY COMMITTEE, COUNTY OF KAUAI

G.M. No. 193 GEORGE R. COATES, and ELTON S. USHIO, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees have been appointed based on their professional credentials, integrity, and a desire to make Hawaii better through their participation on the Aquatic Life and Wildlife Advisory Committee (Advisory Committee).

The Department of Land and Natural Resources (DLNR) submitted written testimony in support of the nominees.

Your Committee notes the following specific qualifications of the nominees.

George R. Coates is a hunter who serves as a volunteer hunter education instructor. He has participated in projects of the Division of Forestry of DLNR including the release of pheasants.

Elton S. Ushio is both a fisherman and hunter, and also a volunteer hunter education instructor. He currently serves as the vice-chair of the Advisory Committee and has been effective in dealing with both the fishing and hunting communities.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, Levin, McCartney).

SCRep. 3385 Economic Development on Gov. Msg. No. 196

Recommending that the Senate advise and consent to the nominations of the following:

CONVENTION CENTER AUTHORITY

G.M. No. 196 RICHARD L. HUMPHREYS, for a term to expire June 30, 2002, and
ANTHONY RUTLEDGE, for a term to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees have served with compassion and diligence on the Convention Center Authority.

Your Committee further finds that the nominees have been appointed based on their professional credentials, integrity, and a desire to make Hawaii better through their participation on the Convention Center Authority.

Your Committee notes the following specific qualifications of the nominees:

Richard L. Humphreys has been in the banking business in Hawaii for the past thirty years. He serves on the Board of the Aloha United Way and is a member of the Hawaii Business Roundtable.

Anthony Rutledge is chief operating officer for Local 5, H.E.R.E., and represents more than 8,000 hotel workers in Waikiki who will be directly affected by the success or failure of the Convention Center.

Your Committee diligently questioned the nominees regarding the Convention Center Authority and believes that the nominees adequately responded to the Committee's inquiries regarding:

- (1) The relationship between the Convention Center Authority and the proposed Tourism Board; and
- (2) The need to foster communication between the Convention Center management and the surrounding community.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, Levin, McCartney).

SCRep. 3386 Judiciary on Gov. Msg. No. 242

Recommending that the Senate advise and consent to the nomination of the following:

CHAIRPERSON, HAWAII PAROLING AUTHORITY

G.M. No. 242 ALFRED K. BEAVER, SR., for a term to expire June 30, 2001.

Upon review of the statements submitted by the nominee, your Committee finds that Mr. Beaver has demonstrated during his tenure as Chairperson of the Hawaii Paroling Authority, an ability to be fair and judicious as well as exemplified exceptional leadership qualities. He is also held with great esteem in his community for his contributions as a positive role model to the youth of Hawaii.

Your Committee notes the following specific qualifications of the nominee:

Alfred K. Beaver, Sr. has participated on the Governor's Commission on Crime, served eight years as a police officer and sergeant with the Honolulu Police Department, served ten years as an educator and vice principal for Waianae High School, served ten years as an assistant football coach for the University of Hawaii, and has been a private business owner of All Claims Services, Independent Adjusters/Surveyors/Investigators. He holds a B.E. degree and Professional Certificate in Education from the University of Hawaii and a Masters degree from Pepperdine University.

Your Committee diligently questioned the nominee who appeared before the Committee about his role and actions as Chairperson of the Hawaii Paroling Authority. Further, your Committee also questioned a testifier who had submitted allegations of unethical and inappropriate behavior on the part of Mr. Beaver. After due consideration, your Committee believes that the nominee adequately responded to the Committee's inquiries, assuring your Committee that the allegations were largely unfounded.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, Sakamoto).

SCRep. 3387 Judiciary on Gov. Msg. Nos. 227 and 228

Recommending that the Senate advise and consent to the nominations of the following:

CORRECTIONAL INDUSTRIES ADVISORY COMMISSION

G.M. No. 227 CARL R. ANDERSON and LYNETTE R. CRUZ, for terms to expire June 30, 2002;

DEFENDER COUNCIL

G.M. No. 228 CALVIN K. MURASHIGE and JACQUELINE K. MURAI, for terms to expire June 30, 1999; and
PAMELA E. TAMASHIRO, for a term to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, and will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the board or commission to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Carl R. Anderson has been a private business owner of Island Instant Printing since 1970 and holds a B.S. degree in Chemical Engineering. Over the years, his company has contributed to the retraining and reintegration of many parolees back into society.

Lynette R. Cruz is the West Oahu coordinator for Angel Network Charities, Inc. and holds degrees in Anthropology. She has been an advocate for such causes as the homeless, battered women, and Hawaii's prisoners.

Calvin K. Murashige is an attorney at law in private practice for Shiraishi & Murashige and holds an A.B and J.D. degree from Hamilton College and George Washington University National Law Center, respectively. In addition, Mr. Murashige has worked with the Office of the Prosecuting Attorney of the County of Kauai, Department of the Attorney General for the State of Hawaii, and has provided community service to the Aloha Council, Kauai District.

Jacqueline K. Murai is a driver education assistant and a consultant for the Department of Public Works, Traffic Division, County of Hawaii. She holds a B.S. degree in Home Economics and Professional Diploma in Education from the University of Hawaii, Manoa and has been a member of the Lehua Jaycees.

Pamela E. Tamashiro is an attorney at law in private practice for the Law Office of Pamela E. Tamashiro and holds a B.A. and J.D. degree from the University of Hawaii and Northwestern School of Law of Lewis and Clark, respectively. She is a member of the Hui Makaala and the President of the Hawaii United Okinawa Association

Your Committee diligently questioned the nominees who appeared before the Committee about their role on the specific board or commission to which they have been nominated and believes that the nominees adequately responded to the Committee's inquiries.

As affirmed by the records of votes of the members of your Committee on Judiciary that are attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, Ihara, Sakamoto).

SCRep. 3388 Economic Development on H.C.R. No. 114

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources to issue a permit for a pilot demonstration open ocean aquaculture project to the University of Hawaii Sea Grant College Program.

Your Committee received testimony presented at the hearing in support of this measure from the Department of Land and Natural Resources, the University of Hawaii, the Hawaii Aquaculture Association, and Oceanic Institute. Written testimony in opposition was received from the Office of Hawaiian Affairs.

Your Committee finds that in 1986, the Legislature passed the Ocean and Submerged Lands Leasing Act, which established procedures for leasing State marine waters and submerged lands. To date, no lease has been granted under this authority. Your Committee further finds that open ocean aquaculture is a growing business worldwide, and could provide significant economic opportunities for Hawaii. The offshore demonstration projects of the university are the first step in the development of such an industry, while continuing to ensure adequate levels of protection for Hawaii's ocean resources.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 114, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, Levin, McCartney).

SCRep. 3389 Ways and Means on Gov. Msg. Nos. 268, 269, 270, and 271

Recommending that the Senate advise and consent to the nominations of the following:

BOARD OF TAXATION REVIEW, FIRST TAXATION DISTRICT (Oahu)

G.M. No. 268 DIANE L.Y. MERRITT for a term to expire June 30, 2002;

BOARD OF TAXATION REVIEW, SECOND TAXATION DISTRICT (Maui)

G.M. No. 269 EUGENE F. SIMON for a term to expire June 30, 2002;

BOARD OF TAXATION REVIEW, THIRD TAXATION DISTRICT (Hawaii)

G.M. No. 270 BERT M. WAGATSUMA for a term to expire June 30, 2002;

BOARD OF TAXATION REVIEW, FOURTH TAXATION DISTRICT (Kauai)

G.M. No. 271 SANDRA L. HOWATT for a term to expire June 30, 2002; and

JOSE R.S. DIOGO for a term to expire June 30, 1999.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are willing to work without compensation and will work with compassion and commitment to assist in administering the government functions related to tax appeals. Your Committee further finds that the nominees have been appointed based upon their credentials, integrity, and a desire to make Hawaii better through their participation on the respective Boards of Taxation Review to which they have been nominated.

Your Committee notes the following qualifications of the nominees:

Ms. Diane Merritt is Chair of the Board of Taxation Review, First Taxation District and is being nominated for reappointment. She is an attorney and a certified public accountant and is self-employed. She has a Juris Doctorate, a Bachelor's Degree in Business Administration, with an emphasis on accounting, and was previously employed with the accounting firms Peat Marwick Mitchell in Honolulu and with Coopers and Lybrand in New York. She is active on the respective tax committees of the Hawaii State Bar Association and the Hawaii Society of Certified Public Accountants.

Mr. Eugene Simon is a member of the Board of Taxation Review, Second Taxation District and is being nominated for reappointment. He has a Master of Arts degree and a Bachelor of Arts degree. He was employed for nearly twenty years as a tax consultant. He presently is an enrolled agent. He is active in the Hawaii Association of Public Accountants, the National Society of Enrolled Agents, the Accreditation Council for Accountancy and Taxation, and a number of community organizations, including Shriners Hospital and the YMCA.

Mr. Bert Wagatsuma has a Bachelor's degree in Business Administration, with an emphasis on accounting, and is a certified public accountant in private practice. He previously worked with the accounting firm Thayer and Associates. He is active with the Board of Public Accountancy, Hawaii Society of Certified Public Accountants, and a number of community service organizations, including the Jaycees, American Cancer Society, and Hospice of Hilo.

Ms. Sandra Howatt attended college in California. She has been a realtor for more than ten years. She is active with the Kauai Board of Realtors, Hawaii Board of Realtors, National Association of Realtors, the Residential Sales Council of Realtors National Marketing Institute, and several community service organizations, including the American Cancer Society.

Mr. Jose Diogo is being nominated to fill the vacancy of William Honjiyo. He has an Associate's degree and has been a real estate appraiser for nearly ten years.

As affirmed by the records of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Tam).

SCRep. 3390 Economic Development on H.C.R. No. 43

The purpose of this concurrent resolution is to urge the United States Congress to require that all agricultural products imported into Hawaii have a designation of country or origin and a certification of inspection based on United States Department of Agriculture (U.S.D.A.) standards.

The Department of Agriculture and the Department of Health presented testimony in support of this measure before your Committee. Your Committee also received written testimony from the Hawaii Farm Bureau in support of this measure.

Your Committee finds that such a requirement would verify that products imported into the State comply with U.S.D.A. entry standards and should minimize the presence of insect pests and bacterial contaminants. This measure would also assist in tracking imported agricultural products throughout the nation.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 43 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, Levin, McCartney).

SCRep. 3391 Economic Development on H.C.R. No. 46

The purpose of this concurrent resolution is to request that an action plan be created to promote Hawaii-grown and Hawaii-made agricultural products.

Testimony in support of this measure was presented at the hearing by the Chairperson of the Board of Agriculture, and representatives of the Office of Hawaiian Affairs, and the Hawaii Agriculture Research Center. Written testimony in support of this measure was received from the Hawaii Farm Bureau.

A representative of the Department of Business, Economic Development, and Tourism (DBEDT) presented testimony at the hearing stating that a similar measure, H.C.R. No. 40, passed the legislature last session. This measure directed DBEDT to work with local industries, the Hawaii Visitors and Convention Bureau (HVCB), the Department of Agriculture (DOA), and other appropriate agencies, such as the Office of Hawaiian Affairs to:

- (1) Showcase Hawaii-made products;
- (2) Develop a marketing plan to promote Hawaii-made or Hawaii-grown products; and
- (3) Report its progress and recommendations to the Legislature no later than twenty days before the convening of the Regular Session of 1998.

Your Committee finds that the requested report has not been received by the legislature from DBEDT. Furthermore, your Committee finds that the measure currently under consideration requests that an action plan be developed that includes:

- (1) The promotion and marketing of Hawaii-grown and Hawaii-made goods in HVCB's and Hawaii Hotel Association's tourism marketing campaigns;
- (2) A financial plan for promoting and marketing including in-kind and cash contributions by public and private sectors; and
- (3) The feasibility of establishing a "one-stop" site to promote and market Hawaii-grown and Hawaii-made goods.

Your Committee also notes that DOA is requested to submit the report on the action plan to the legislature.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 46, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, Levin, McCartney).

SCRep. 3392 Economic Development on H.C.R. No. 226

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources, and the City and County of Honolulu Department of Parks and Recreation to assist the Philippine Centennial Celebration Coordinating Committee/Hawaii in selecting an appropriate site for the bronze statue of Dr. Jose Rizal.

Testimony in support of this concurrent resolution was presented by the Chairperson of the Board of Land and Natural Resources and a representative from the Pamantasan Council of the University of Hawaii. The Chairperson of the Philippine Centennial Coordinating Committee-Hawaii (PCCCH) and the Director of Operation Manong at the University of Hawaii submitted written testimony in support of this concurrent resolution.

Testimony indicated the importance and significance of Dr. Jose Rizal to the Filipino community of this State, the history of the Philippines, and world history in general. To commemorate the centennial of the Philippine declaration of national independence, a bronze statue of the Philippine national hero, Dr. Jose Rizal, has been acquired to be erected in this State.

Upon consideration of the pertinent issues and testimony presented, your Committee finds that the State, the City and County of Honolulu, and private organizations should cooperate and participate in assisting PCCCH in selecting a location to erect the bronze statue of the Philippine national hero, Dr. Jose Rizal. Your Committee has amended the measure to change the "Director of the Department" to "Chairperson of the Board" as the recipient of a certified copy of the measure.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 226, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 226, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, Levin, McCartney).

SCRep. 3393 Economic Development on H.C.R. No. 232

The purpose of this concurrent resolution is to request the Advisory Committee on Pesticides to study the feasibility of requiring state agencies to implement integrated pest management programs.

Testimony supporting the concurrent resolution was presented at the hearing by representatives of the Board of Agriculture and Hawaii Agriculture Research Center. The Director of Health presented testimony in support of the intent of the measure. Your Committee received written testimony in support of the concurrent resolution from the Hawaii Pest Control Association and a concerned citizen.

Your Committee believes that a study determining the feasibility of requiring state agencies to implement integrated pest management programs is needed to reduce risks and decrease pest management costs to the State.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 232, H.D. 1 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, Levin, McCartney).

SCRep. 3394 Economic Development on H.C.R. No. 240

The purpose of this concurrent resolution is to recognize the organic industry as an agricultural commodity group.

Testimony in support of this measure was presented at the hearing by representatives of the Department of Agriculture and the Hawaii Organic Farmers Association. Written testimony in support of this measure was received from the Hawaii Farm Bureau and an individual.

Testimony supporting the measure with amendments was presented at the hearing by a representative of the Hawaii Agriculture Research Center. Written testimony supporting the measure with amendments was also received from RESCUE Hawaii.

Your Committee finds that Hawaii's organic industry is a viable and growing industry that contributes to Hawaii's economy.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 240, H.D. 1 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, Levin, McCartney).

SCRep. 3395 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 205

Recommending that the Senate advise and consent to the nomination of the following:

HAWAIIAN HOMES COMMISSION

G.M. No. 205 ROCKNE C. FREITAS, for a term to expire June 30, 2002.

Upon the review of the resume and other background information submitted by the nominee, your Committee finds that Rockne C. Freitas presently serves on the Hawaiian Homes Commission (Commission), the entity to which he is being reappointed.

Mr. Freitas has faithfully and diligently served on the Commission during his first term and has exhibited compassion, commitment, and sound judgment in exercising his duties as a member.

Testimony in support of the nominee was submitted by the Department of Hawaiian Home Lands, four members of the Hawaiian Homes Commission, and the Anahola Homesteaders Council.

Your Committee further finds that Mr. Freitas was reappointed based on his credentials, integrity, and a desire to improve the use and allocation of Hawaiian Home Lands through his participation.

Your Committee notes that participation on the Hawaiian Homes Commission is voluntary and that its members serve without compensation. For these reasons, your Committee thanks Mr. Freitas for his past service.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Tanaka).

SCRep. 3396 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 208

Recommending that the Senate advise and consent to the nomination of the following:

MOLOKAI IRRIGATION SYSTEM WATER USERS ADVISORY BOARD

G.M. No. 208 WILMA NOELANI N. JOY, for a term to expire June 30, 2001.

Upon review of the resume and other background information submitted by the nominee, your Committee finds that Wilma Noelani N. Joy presently serves as the Chair of the Molokai Irrigation System Water Users Advisory Board (Board), the entity to which she is being reappointed.

Ms. Joy has faithfully and diligently served on the Board since its inception and has exhibited compassion, commitment, and sound judgment in exercising her duties as a member and Chairperson.

Your Committee further finds that Ms. Joy was reappointed based on her credentials, integrity, and a desire to improve the Board and the use of the Molokai Irrigation System through her participation.

Testimony in support of the nominee was submitted by the Department of Agriculture.

Your Committee notes that participation on the Molokai Irrigation System Water Users Advisory Board is voluntary and that its members serve without compensation. For these reasons, your Committee thanks Ms. Joy for her past service.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Tanaka).

SCRep. 3397 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 209

Recommending that the Senate advise and consent to the nominations of the following:

NATURAL AREA RESERVES SYSTEM COMMISSION

G.M. No. 209 STEVEN LEE MONTGOMERY, Ph.D., for a term to expire June 30, 2000;

FRANK A. TRUSDELL, for a term to expire June 30, 2001, and

LINDA W. PRATT, for a term to expire June 30, 2002.

Upon the review of the resume and other background information submitted by the nominees, your Committee finds that Steven Lee Montgomery, Ph.D., Frank A. Trusdell, and Linda W. Pratt presently serve on the Natural Area Reserves System Commission (Commission), the entity to which they are being reappointed.

Dr. Montgomery, Mr. Trusdell, and Ms. Pratt have faithfully and diligently served on the Commission and have exhibited compassion, commitment, and sound judgment in exercising their duties as members.

Your Committee further finds that the nominees were reappointed based on their credentials, integrity, and a desire to improve the Commission and the stewardship of the State's Natural Area Reserves System through their participation.

Dr. Steven Lee Montgomery has been an active member of the Commission and provides a long-term perspective on protection of natural areas through his long association with conservation biology in Hawaii. An Entomologist by profession, Dr. Montgomery's work with insects has earned him a reputation as an outstanding field biologist. He has also won many awards for his conservation work, the latest from the Western Association of Fish and Wildlife Agencies, presented to him last month at the NARS Commission meeting. His continued presence and participation will be a valuable guide in the work of the Commission.

Mr. Frank Trusdell, a Geologist with the U.S. Geological Survey at Hawai'i Volcano Observatory, has been a very active member of the Commission, serving as Vice Chair and providing valuable geological information and guidance to Commission members. His continued participation is vital to the Commission's work.

Ms. Linda W. Pratt, a Botanist with the Biological Resources Division of the U.S. Geological Survey, was part of the botanical team which surveyed parts of Hawai'i, Moloka'i, and Kaua'i for the Department of Land and Natural Resources in the 1970's and 1980's. She is a well-recognized and published authority on Native Hawaiian ecosystems and their preservation. In May 1997, she was appointed as Commission Chair by the Governor. Her continued service will provide needed continuity and perspective to the Commission.

Testimony in support of the nominees was submitted by the Department of Land and Natural Resources and the Sierra Club, Hawaii Chapter.

Your Committee notes that participation on the Natural Area Reserves System Commission is voluntary and that its members serve without compensation. For these reasons, your Committee thanks the nominees for their past service.

As affirmed by the records of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Tanaka).

SCRep. 3398 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 231

Recommending that the Senate advise and consent to the nomination of the following:

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

G.M. No. 231 WALTER H. KUPAU, for a term to expire June 30, 2002.

Upon the review of the resume and other background information submitted by the nominee, your Committee finds that Walter H. Kupau is currently the Financial Secretary-Business Representative of the United Brotherhood of Carpenters and Joiners of America, Local 745, AFL-CIO, and has a long and distinguished history of community service.

A few of the community organizations that Mr. Kupau has given his time to in the recent past include the Hawaii State Federation of Labor, for which he served as President, the Boy Scouts of America, the Palama Athletic Association, the National Alliance of Businessmen, the Aloha United Fund, the Industrial Relations Research Association, and many others.

Your Committee further finds that Mr. Kupau was appointed based on his credentials, integrity, and a desire to improve the Hawaii Community Development Authority and its goals and operations through his participation.

Testimony in support of the nominee was submitted by the Hawaii Government Employees Association and the Bank of Hawaii.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Tanaka).

SCRep. 3399 Transportation and Intergovernmental Affairs on Gov. Msg. No. 195

Recommending that the Senate advise and consent to the nominations of the following:

CIVIL DEFENSE ADVISORY COUNCIL

G.M. No. 195 EDITH C. PASCUA, and WALTER L. ORNELLAS, for a term to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees will work with compassion and commitment to assist in administering the government functions related to civil defense. Your Committee further finds that the nominees have been appointed based upon their credentials, integrity, and a desire to make Hawaii better through their participation on the Civil Defense Advisory Council to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Edith C. Pascua has served on the Civil Defense Advisory Council since July of 1997. She has extensive managerial experience as a senior production representative with GTE Directories Corporation. Further, Ms. Pascua has hands-on experience as a radio broadcast announcer for a local radio station, and is active in numerous community and professional organizations. Ms. Pascua's broad experience in community service and public relations, coupled with this past year's contributions to the Civil Defense Advisory Council, has made her an invaluable asset.

Walter L. Ornellas is a retiree of Hawaiian Telephone Company and a resident of Maui. He has served on the Civil Defense Advisory Council since July of 1994. Mr. Ornellas has vast knowledge in electronics, radio, television, and maintenance of electronic equipment. In addition, he has military experience in the Military Police of the United States Army, and is an active participant in veteran's affairs on the Valley Isle. His impressive experience and knowledge of Hawaii, background in electronics and mobile radio, along with his numerous contributions made during the past four years in the area of civil defense, will continue to greatly benefit the Civil Defense Advisory Council.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumley, Fernandes Salling, Kanno).

SCRep. 3400 Transportation and Intergovernmental Affairs on H.C.R. No. 30

The purpose of this concurrent resolution is to request the Governor of the State of Hawaii to submit a State of Hawaii application to the United States Secretary of Transportation to authorize foreign air carriers to conduct certain expanded cargo transfer activities at international airports in the State of Hawaii.

Your Committee received testimony in support of this concurrent resolution from the Department of Transportation.

Your Committee believes that this concurrent resolution will help to identify Hawaii's availability and interest in facilitating expanded air cargo shipment activity.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 30, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 3401 Transportation and Intergovernmental Affairs on H.C.R. No. 90

The purpose of this concurrent resolution is to request that Hawaii's congressional delegation continue its support for legislation and other action to ensure that Filipino-American veterans who served honorably in an active-duty status under the command of the United States Armed Forces in the Far East or within the Philippine Army, the Philippine Scouts, or recognized guerrilla units, between September 1, 1939, and December 31, 1946, are granted the full range of veterans benefits that they were promised, that they are entitled to, and that are provided to other veterans recognized by the Department of Veterans Affairs.

Your Committee received testimony in support of this concurrent resolution from the Office of Veterans Services, and four members of the World War II Filipino American Veterans, Hawaii Chapter.

Your Committee finds that there are over three-thousand Filipino-American veterans in Hawaii who took the oath of allegiance and were inducted as soldiers of the United States. The more than four-hundred-thousand Filipino-Americans who fought for the United States in World War II between September 1, 1939, and December 31, 1946, are entitled to treatment equal to other American veterans.

Your Committee agrees that our Filipino-American veterans deserve to have their honor and dignity restored by providing full veterans benefits equal to other veterans recognized by the Department of Veterans Affairs.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 90, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 3402 Transportation and Intergovernmental Affairs on H.C.R. No. 149

The purpose of this concurrent resolution is to request that the Federal Aviation Administration, the United States Senate Committee on Commerce, Science and Transportation, and the United States House Committee on Transportation and Infrastructure promote actions to ensure that Hawaii remains a test site in the Flight 2000 demonstration project. Hawaii's congressional delegation is also strongly urged to assist the Federal Aviation Administration, and the U.S. Senate and House committees in their efforts to promote Hawaii as a test site.

Your Committee received testimony in support of this concurrent resolution from the Office of the Lieutenant Governor, and the Department of Transportation.

Your Committee finds that the Federal Aviation Administration's Free Flight Demonstration Project is intended to deploy and operationally evaluate the planned air traffic management system for the modern 2005 National Airspace System. Flight 2000 is attempting to prove the concept of "free flight" by demonstrating the application of advanced communications, navigation, surveillance, and air traffic management capabilities which can be employed to enable more flexible air traffic routing. The potential benefits of Free Flight include fuel and time savings, and more efficient use of airspace.

Your Committee understands that the Governor's Advisory Council on Airline Relations (GACAR), which is chaired by Lieutenant Governor Mazie Hirono, has been closely monitoring the status of the Free Flight program. GACAR, includes the Department of Transportation, the Honolulu Community College, and the office of United States Senator Daniel Inouye, and recognizes the key role Hawaii can play as a test site for the new avionics available to the aviation industry.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 149, H.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 3403 Health and Environment on H.C.R. No. 11

The purpose of this concurrent resolution is to request that the Family Health Services Division of the Department of Health provide early intervention services in compliance with the requirements of the Individuals With Disabilities Education Act, and the Felix v. Waihee consent decree, to help contain future costs of mental health services. It also requests that mental health services for children under five years old be assessed as early as possible.

Your Committee received testimony in support of this concurrent resolution from the Department of Health, the Hawaii Early Intervention Coordinating Council, and the Hawaii Early Intervention Association.

Your Committee finds that the concentration on more expensive treatment services for older children appears to have overshadowed the response to funding requests for Felix-related services for children ages five years old and under.

Further, your Committee understands that the first few years of a child's life are critical for normal development, and that prevention and early intervention services can decrease the risks of developmental problems.

Therefore, your Committee agrees that an assessment of mental health services for children under five years, and compliance of the Individuals With Disabilities Act, and the Felix v. Waihee consent decree, are warranted.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 11, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Slom).

SCRep. 3404 Health and Environment on H.C.R. No. 20

The purpose of this concurrent resolution is to encourage the Department of Health to adhere to Centers for Disease Control guidelines regarding improper prescriptions. It also requests the Department of Health to encourage health professional organizations to educate the medical community of the dangers of improper prescription.

Your Committee received testimony in support of this concurrent resolution from the Department of Health.

Your Committee finds that the Department of Health has monitored antibiotic resistance and has been working on preventing further spread of resistance to antibiotics since 1994. For example, the Department of Health has added vancomycin-resistant enterococci (VRE) to the lists of notifiable diseases which must be reported by health care providers and by laboratories. The department has worked with the medical and long term communities to develop a protocol for hospital patients with methicillin-resistant staphylococcus aureus (MRSA).

Your Committee agrees that lack of monitoring antibiotic resistance poses a significant public health threat, and continued support is needed to prevent its spread.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 20, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Slom).

SCRep. 3405 Health and Environment on H.C.R. No. 35

The purpose of this concurrent resolution is to request the Department of Health to develop a rural health plan for the island of Hawaii, emphasizing the districts of Puna and Ka'u, to ensure the improvement of health facilities, and to make available sufficient medical services to all residents living on the island. It also requests the Department of Health to aggressively explore ways to obtain or maximize federal funding for the purpose of implementing the rural health plan.

Your Committee received testimony in support of this concurrent resolution from the Department of Health and the State Health Planning and Development Agency.

Your Committee finds that Hawaii is no different from other parts of the country that have rural areas suffering from lack of health care personnel, comprehensive facilities, and inadequate transportation services making access to health care especially difficult and challenging.

Therefore, your Committee agrees that sufficient health and medical care services and facilities should be available to all residents throughout Hawaii, and believes that this concurrent resolution begins to address these concerns.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 35, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Slom).

SCRep. 3406 Health and Environment on H.C.R. No. 67

The purpose of this measure is to request the Department of Health to determine the amount of scrap metal currently being disposed of in landfills and to assess the impact of banning scrap metal from landfills.

Testimony supporting this measure was received from the Department of Health and Hawaii Metal Recycling Company.

Your Committee finds that it is in agreement with the intent of this measure which could lead to the conservation of valuable landfill space.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 67, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Slom).

SCRep. 3407 Health and Environment on H.C.R. No. 147

The purpose of this concurrent resolution is to request that the Hawaii Health Systems Corporation determine and recommend the steps necessary to strengthen the Corporation's position in contract negotiations that determine the reimbursable costs for medical services.

Testimony in support of this measure was received from the Hawaii Health Systems Corporation and two concerned citizens.

Your Committee finds that it is in the public interest to strengthen the bargaining position of the Hawaii Health Systems Corporation in contract negotiations that determine reimbursable costs for medical services.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 147 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Slom).

SCRep. 3408 Health and Environment on H.C.R. No. 155

The purpose of this concurrent resolution is to request the Department of Health to conduct a needs assessment of families who provide home care to their family member with a developmental disability and develop a plan to address those needs.

Your Committee received testimony in support of this measure from the Department of Health, the State Planning Council on Developmental Disabilities, the Commission on Persons with Disabilities, and the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO.

Your Committee supports this measure as a means of preserving and strengthening Hawaii's families facing unique challenges of caring for a family member with a developmental disability. In response to concerns, at the hearing, the Department of Health indicated that public employees who coordinate or provide services to the developmentally disabled in the community would be included as part of the task force.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 155 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Slom).

SCRep. 3409 Health and Environment on H.C.R. No. 244

The purpose of this concurrent resolution is to request the Department of Health to undertake studies of hepatitis C incidence and prevalence within selected populations in Hawaii.

Your Committee received testimony in support of this measure from the Department of Health and Schering-Plough Corporation.

Your Committee finds that reducing transmission of this deadly disease will substantially reduce premature mortality. The information to be gained by such a study will contribute greatly to this goal.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 244, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Slom).

SCRep. 3410 Transportation and Intergovernmental Affairs on Gov. Msg. No. 233

Recommending that the Senate advise and consent to the nominations of the following:

MEDICAL ADVISORY BOARD

G.M. No. 233 CHRISTOPHER H. MAI, M.D., NEAL JUN SHIKUMA, M.D., KEVIN K. LUI, O.D., for terms to expire JUNE 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees will work with compassion and commitment to assist in administering the government functions related to medical services. Your Committee further finds that the nominees have been appointed based upon their credentials, integrity, and a desire to make Hawaii better through their participation on the Medical Advisory Board to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Christopher H. Mai, M.D., has served on the Medical Advisory Board for the past four years. As a physician who specializes in ophthalmology, he provides his expertise and experience in evaluating the numerous drivers' applications that have been declined for medical reasons. Dr. Mai has had his private practice in Aiea since 1993, and also has practiced medicine at Stanford Medical Center. He is actively involved with the American Medical Association, American Academy of Ophthalmology, Hawaii Medical Association, and the Hawaii Ophthalmological Society.

Neal Jun Shikuma, M.D., is a cardiologist who has served the past four years on the Medical Advisory Board. Dr. Shikuma has worked as Chief of Cardiology at the John A. Burns School of Medicine, and at the Kaiser Foundation Hospital. He has received excellence in teaching awards from the University of Hawaii Integrated Medical Residency Program, and is a founding member of the Association of Professors of Cardiology. Dr. Shikuma has published many articles on his research on cardiology, sickle erythrocytes, and the history of medicine in the Hawaiian islands. He has also served on the board of the Hawaii Heart Association.

Kevin K. Lui, O.D., is an optometrist with Mid Pacific Eyecare who has been actively involved in his profession and community. Dr. Lui believes that optometry should encompass not only how practitioners care for their patients, but on how the profession fits in with the rest of the health care system. To that end, Dr. Lui has taken leadership roles as President of the Hawaii Optometrists Association and spearheaded efforts to restore funding to the State's hearing and vision screening program in Hawaii's public schools. He has served as a member of the Bank of America's Business Banking Council, the Hawaii State Diabetes Control Program Advisory Panel, the Hawaii Paraoptometric Association, and Eye Care Hawaii.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 3411 Transportation and Intergovernmental Affairs on H.C.R. No. 102

The purpose of this concurrent resolution is to strongly urge the City and County of Honolulu to resolve the problems with the Honolulu Symphony and work towards an amicable settlement of booking dates for the Honolulu Symphony.

Your Committee received testimony in support of this concurrent resolution from the Honolulu Symphony, the Honolulu Symphony Society, the Musicians Association of Hawaii, Local 677, and one concerned citizen of Hawaii.

Your Committee believes that constructive meetings between the City and County of Honolulu and the Honolulu Symphony can result in an amicable settlement. Your Committee hopes that any settlement will address the concerns of all parties, particularly, that the Honolulu Symphony experiences minimal loss of ticket revenues and attendance, that symphony musicians continue to be gainfully employed, and that the Honolulu Symphony plays a pivotal role in enhancing Hawaii's performing arts, and Hawaii's entertainment and visitor industries.

Your Committee has amended this concurrent resolution by adding that a copy of this certificate be transmitted to the Honolulu Symphony.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 102, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 102, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 3412 Economic Development on H.C.R. No. 60

The purpose of this concurrent resolution is to request that the State and the County of Hawaii construct a multi-purpose sports and recreation complex in Hilo.

Written testimony supporting this measure was received from the Department of Parks and Recreation, County of Hawaii.

Your Committee finds that the companion S.C.R. No. 40 has been heard and amended by your Committee.

After considering the pertinent issues and testimony, your Committee amended this measure to conform to the measure heard earlier by your Committee by:

- (1) Expressing support for the construction of the sports complex;
- (2) Requesting that the State and the County of Hawaii work together to plan for the design and construction of the sports complex;
- (3) Requesting that the State and the County jointly report their progress in developing the sports complex plan to the Legislature; and
- (4) Changing the title to "Supporting the Construction of a Multi-purpose Sports and Recreation Complex in Hilo."

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 60, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 60, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Chumbley, Matsunaga, McCartney).

SCRep. 3413 Economic Development on H.C.R. No. 162

The purpose of this concurrent resolution is to express support for the efforts of the Waikiki Yacht Club and its Aloha Racing Challenge for the America's Cup XXX.

Testimony in support of this measure was presented at the hearing by representatives of the Department of Business, Economic Development, and Tourism and Boats Hawaii, as well as two individuals. Written testimony in support of this measure was received from Aloha Racing Foundation and five individuals.

Your Committee finds that the endeavors of the Aloha Racing Foundation, its sponsors, and the Waikiki Yacht Club have the potential to bring economic benefits to the State and help make Hawaii a premier yachting destination.

Your Committee has amended this concurrent resolution by making technical nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 162, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 162, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Chumbley, Matsunaga, McCartney).

SCRep. 3414 Economic Development on H.C.R. No. 241

The purpose of this concurrent resolution is to urge the Department of Business, Economic Development, and Tourism (DBEDT) to convene the Petroleum Advisory Council (Council) to study gasoline prices and report its findings to the Legislature.

Testimony in support of this measure was presented at the hearing by the Director of DBEDT and the Chairperson of the Council.

Your Committee finds that the Council was convened on April 17, 1998. Members of your Committee impressed upon the Director of DBEDT and the Chairperson of the Council that the report requested in this measure include recommended actions that can be taken to resolve problems related to a possible unfair pricing structure of gasoline in the State.

Your Committee has amended this measure by:

- (1) Deleting the request that DBEDT convene the Council;
- (2) Revising the last WHEREAS provision to reflect that the Council was convened on April 17, 1998;
- (3) Including the Chairperson of the Council as recipient of a certified copy of this concurrent resolution; and
- (4) Revising the title to read "Urging the Petroleum Advisory Council to Study Gasoline Prices and Hawaii's Gasoline Market".

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 241, as amended herein, and recommends that it be referred to the Committee on Commerce, Consumer Protection, and Information Technology, in the form attached hereto as H.C.R. No. 241, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Chumbley, Matsunaga, McCartney).

SCRep. 3415 (Joint) Commerce, Consumer Protection, and Information Technology and Health and Environment on H.C.R. No. 53

The purpose of this concurrent resolution is to request that the State Auditor analyze the probable effects of the proposed regulation of mental health counselors and rehabilitation counselors to determine if regulation of these professions is consistent with State policy.

Your Committees received testimony in support of this measure from the Commission on Persons with Disabilities, Sestak Rehabilitation Services, Hawaii Rehabilitation Counseling Association, Damien Memorial High School, Child & Family Service, Hawaii Counseling Association, Developing Options to Violence, a counselor at Windward Community College, Healthy Start Waianae, and twenty citizens who signed a petition.

Your Committees find that the sunrise review is necessary in order for the State to begin licensing mental health and rehabilitation counselors.

Your Committees further find that currently, approximately forty-four other states license these professions.

Your Committees believe that licensure of these professions would protect consumers as well as encourage and promote the professional and ethical conduct of counselors.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Health and Environment that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 53, H.D. 1, and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 2 (Kanno, Solomon).

SCRep. 3416 Transportation and Intergovernmental Affairs on H.C.R. No. 83

The purpose of this concurrent resolution is to request the Department of Transportation, in coordination with the Department of Business, Economic Development, and Tourism, the United States Immigration and Naturalization Service, the United States Custom Service, and the Hawaii Airlines Association, to seek out and assess technologies that will expedite the customs and immigration clearance process at the Honolulu Airport.

Your Committee received testimony in support of this concurrent resolution from the Department of Business, Economic Development, and Tourism, the Department of Transportation, the High Technology Development Corporation, the Airlines Committee of Hawaii, the World Travel and Tourism Council, and Hilton Resorts Hawaii.

Your Committee finds that the United States Immigration and Naturalization Service is presently seeking to enter into a memorandum of understanding with the individual air carriers to obtain advanced passenger information which in turn would assure participating carriers that their passengers will be processed within thirty, or less, minutes of arrival by April 1, 2000. Currently, the standard of forty-five minutes for processing is being observed by the federal agencies. Recent surveys have indicated that the average processing time for an arriving passenger to clear the international arrivals areas has ranged from nineteen to thirty-five minutes. Longer times have also been experienced during periods of extremely heavy arrivals.

Further, your Committee is aware that Hawaii ranks near the bottom in regards to attitude and efficiency among the customs services in other parts of the country. Although the Department of Transportation has recently instituted training programs to assist in this area, your Committee urges that continued steps be taken to consistently improve the quality of service and attitude among personnel at Hawaii's airports.

Your Committee agrees that reducing barriers to travel will help to improve the experience of visitors to Hawaii upon arrival, and therefore, has amended this concurrent resolution by:

- (1) Deleting references to the Department of Transportation, the Department of Business, Economic Development, and Tourism, and the Hawaii Airlines Association, from the title;
- (2) Adding new language stating that on February 19, 1998, the Department of Transportation advised the United States Immigration and Naturalization Service of a follow up inquiry from representatives of Fastgate to install their version of the automated passenger processing system at Honolulu International Airport;
- (3) Adding new language stating that should the Fastgate system be installed, it is estimated that the automated passenger processing system would improve security, reduce costs, enhance the passenger experience, and would not require any capital investment from the United States Immigration and Naturalization Service;
- (4) Adding new language stating that the letter of inquiry from the Department of Transportation to the United States Immigration and Naturalization Service also requests a determination of whether the INSPASS automated passenger processing system is available for introduction at the Honolulu International Airport at an earlier date by using an internet registration procedure rather than waiting for the development of the Airport Enrollment Office as previously planned;
- (5) Adding new language clarifying that the INSPASS automated passenger processing system utilizes cards that are encoded with biometric characteristics, and is designed to expedite the immigration clearance process through automation;
- (6) Adding new language stating that the Department of Transportation has requested the United States Immigration and Naturalization Service to advise whether the Fastgate system or the INSPASS automated passenger processing system could be installed, and the conditions under which such an installation would be permitted at the Honolulu International Airport;
- (7) Clarifying that the United States Customs Service, and the United States Immigration and Naturalization Service are urged to seek out and assess technologies that will expedite the customs and immigration clearance process at the the Honolulu International Airport;
- (8) Deleting a request to have the Department of Transportation report findings and recommendations to the Legislature twenty days prior to the convening of the Regular Session of 1999;
- (9) Adding new language to urge the United States Immigration and Naturalization Service to provide a determination on whether the installation of the Fastgate system, the INSPASS system, or a comparable system at the Honolulu International Airport is an acceptable alternative for an automated passenger processing system; and
- (10) Clarifying that certified copies of this concurrent resolution be transmitted to the Director of the Department of Transportation, the Regional Director of the United States Immigration and Naturalization Service, the Regional Director of the United States Customs Service, and Hawaii's congressional delegation.

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

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 83, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 83, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 3417 (Joint) Health and Environment and Commerce, Consumer Protection, and Information Technology on H.C.R. No. 223

The purpose of this concurrent resolution is to request the Auditor to conduct a study of mandatory health insurance coverage for mental health.

Your Committees received testimony in support of this measure from the Department of Health, the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, the Hawaii Medical Service Association, the Hawaii Psychiatric Association, the Hawaii Psychological Association, the Equal Insurance Coalition, NAMI Oahu, and two individuals. The Hawaii Academy of Physician Assistants submitted comments.

Your Committees find that while studies have been conducted on the utilization of mental health and substance abuse treatment services, analysis has not been captured on the utilization of benefits, particularly by those who have exhausted lifetime limits; as well as a breakdown of utilization of benefits by age. Your Committees believe this further analysis is critical to any decisions about health coverage.

Your Committees have amended this concurrent resolution to:

- (1) Change the title to: "REQUESTING THE AUDITOR TO CONDUCT A STUDY OF MANDATORY HEALTH INSURANCE COVERAGE FOR MENTAL HEALTH AND SUBSTANCE ABUSE";
- (2) Expand the scope of the concurrent resolution to include substance abuse;
- (3) Include in the WHEREAS clauses, references to two additional bills that propose amendments to section 431M-4(a), Hawaii Revised Statutes, S.B. No. 2436, S.D. 2, and S.B. No. 2439, S.D. 1;
- (4) Include in the WHEREAS clauses, reference to the Auditor's 1997 "Study of Proposed Mandated Additional Mental Health and Alcohol and Drug Abuse Insurance Benefits";
- (5) Include in the WHEREAS clauses, the importance of additional information and analysis; and
- (6) Add four additional BE IT FURTHER RESOLVED clauses:
 - (A) Data collection and analysis shall not be limited to the Hawaii Medical Service Association (HMSA) and the Kaiser Permanente Medical Care Program;
 - (B) Insurers shall separate data according to mental health and substance abuse utilization, and according to treatment utilization by adults, adolescents, and children;
 - (C) Data submitted shall include an analysis of those who have exhausted their mental health or substance abuse treatment benefits, including their two episodes per lifetime treatment limit for substance abuse; and
 - (D) The Auditor shall consult with the Department of Health, the Insurance Commissioner with all interested parties, to include the Board of Medical Examiners, the Board of Psychology, and representatives of insurance carriers, nonprofit mutual benefit associations, health maintenance organizations, public and private providers, consumers, employers and labor organizations, and State agencies which implement policies under chapter 431M, Hawaii Revised Statutes.

As affirmed by the records of votes of the members of your Committees on Health and Environment and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 223, H.D. 1, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 223, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 2 (Kanno, Solomon).

SCRep. 3418 (Joint) Commerce, Consumer Protection, and Information Technology and Health and Environment on H.C.R. No. 14

The purpose of this concurrent resolution is to request that the State Auditor assess the social and financial effects of requiring post-mastectomy breast reconstruction surgery insurance coverage by health insurers.

Your Committees received testimony in support of this measure from the American Cancer Society, Hawaii Medical Service Association, Hawaii State Commission on the Status of Women, and an interested citizen.

Your Committees find that a mastectomy is often a required treatment for breast cancer, and can be the only one, or one of few viable options to ensure survival.

Your Committees further find that breast reconstruction after a mastectomy not only is important for a woman's psychological well-being, but is also important for a woman's physical well-being. The negative effects of a mastectomy could include postural imbalance due to improper weight distribution, and immobility of a woman's arms from removal of lymph nodes.

Your Committees note that studies have documented the correlation between high patient morale and quicker recovery rates, thereby resulting in reduced health care costs.

Your Committees amended the concurrent resolution by:

- (1) Adding provisions relating to an analysis of the probable effects of requiring licensure rather than certification of physician assistants;
- (2) Amending the title of the concurrent resolution to reflect the request for the additional study; and
- (3) Making technical, nonsubstantive changes for clarity and style.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Health and Environment that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 14, H.D. 1, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 14, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 8. Noes, none. Excused, 2 (Kanno, Solomon).

SCRep. 3419 Economic Development on H.C.R. No. 9

The purpose of this concurrent resolution is to support the efforts to establish a professional sports franchise in Hawaii.

Testimony in support of this measure was presented at the hearing by a representative of the Department of Business, Economic Development, and Tourism (DBEDT).

Your Committee finds that establishing professional sports franchises in Hawaii would provide economic benefits to the State. Your Committee further finds that it heard the companion S.C.R. No. 9.

After considering the pertinent issues and testimony, your Committee has amended the measure in order to conform it to S.C.R. No. 9, S.D. 1, by:

- (1) Requesting that DBEDT conduct a study to include:
 - (A) Ongoing efforts of state and county agencies and private organizations to provide infrastructure for professional sports activity in Hawaii;
 - (B) Projected future needs to provide for the continued expansion of professional sports activity in Hawaii; and
 - (C) Investigation of the wide-range of professional sports activities that could be brought to Hawaii, including women's sports franchises such as the WNBA;
- (2) Changing the title to clarify that the subject of the measure refers not to just baseball as the phrase "major league" appears to imply, but to any professional sports franchise;
- (3) Including the Governor, the President of the Senate, and the Speaker of the House of Representatives as recipients of certified copies of the concurrent resolution;
- (4) Removing the reference to funding a non-profit organization to pursue a major sports franchise in Hawaii in the fourth WHEREAS provision; and
- (5) Making technical, non-substantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 9, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 9, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Chumbley, Matsunaga, McCartney).

SCRep. 3420 Economic Development on H.C.R. No. 112

The purpose of this concurrent resolution is to establish a program to be called the "Business Aloha Team Program" which creates public-private member "teams" to assist the Department of Business, Economic Development, and Tourism (DBEDT) in business retention and attraction.

Testimony in support of this measure was presented at the hearing by the Director of DBEDT. Written testimony in support of the measure was received from an individual.

Your Committee finds that this measure formalizes the efforts of DBEDT to foster public-private cooperation to:

- (1) Identify barriers affecting new and existing business;
- (2) Create incentives to attract new businesses; and

- (3) Facilitate new business recruitment efforts.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 112 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Chumbley, Matsunaga, McCartney).

SCRep. 3421 Economic Development on H.C.R. No. 202

The purpose of this concurrent resolution is to request that large landowners provide long term leases and that financial institutions consider flexible financing for diversified agricultural endeavors.

Testimony supporting the intent of this measure was presented at the hearing by the Chairperson of the Board of Agriculture who submitted proposed amendments to the measure. The amendments called for the Governor to convene a Task Force to assess the problems relating to leasing and financing for the development of diversified agriculture.

Written testimony supporting the measure was also received from the Hawaii Farm Bureau and the Honolulu Poi Company.

Your Committee is in agreement with the testimony of the Chairperson of the Board of Agriculture. However, your Committee finds that at this point it is not feasible to convene a formal task force to accomplish the goals of the concurrent resolution as presented in the proposed draft.

Your Committee has amended this concurrent resolution by:

- (1) Adding a WHEREAS provision acknowledging the need for financial institutions to consider more flexible agricultural loan practices; and
- (2) Replacing the RESOLVED provisions with provisions requesting that:
 - (A) The Chairperson of the Board of Agriculture convene a series of meetings with agricultural producers, landowners, financial institutions, and legislators;
 - (B) The meeting agendas include assessing and developing recommendations regarding land tenure and flexible agricultural financing;
 - (C) The meeting agendas also include reviewing and recommending statutory or administrative rule changes to provide assistance to agricultural producers;
 - (D) State agencies, major landowners, and financial institutions assist in the effort to develop diversified agriculture in the State;
 - (E) The Chairperson of the Board of Agriculture report to the Legislature on the results of these meetings; and
 - (F) The Chairperson of the Board of Agriculture receive a certified copy of the concurrent resolution and distribute it to major landowners and financial institutions in the State.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 202, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 202, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Chumbley, Matsunaga, McCartney).

SCRep. 3422 Economic Development on H.C.R. No. 220

The purpose of this concurrent resolution is to request that the Department of Business, Economic Development, and Tourism (DBEDT) work with appropriate public agencies and private organizations to ensure that the National Quarterback Awards Dinner is held in Hawaii during the Pro Bowl Week.

Testimony in support of this measure was presented at the hearing by representatives of DBEDT and the National Quarterback Club. Written testimony in support of this measure was received from the Department of Education, the Hawaii Visitors and Convention Bureau, Hawaii Winter Baseball, the Athletic Directors and Coaches Association of Hawaii, and an individual.

Ho'olana, a nonprofit corporation that works with at-risk college preparatory students, presented testimony at the hearing supporting the measure with a suggested amendment to include Ho'olana as a potential recipient of funds from the proceeds of the dinner.

Your Committee finds that the National Quarterback Awards Dinner will generate valuable media coverage for Hawaii as a visitor destination. Proceeds from the dinner will support Hawaii high school athletics through gifts to charitable organizations to be determined at a later date.

Your Committee has amended this measure by:

- (1) Including Ho'olana as a possible recipient of proceeds from the event;

- (2) Including Ho'olana as a recipient of a certified copy of the resolution; and
- (3) Making a technical amendment for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 220, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 220, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Chumbley, Kawamoto, McCartney).

SCRep. 3423 Economic Development on H.C.R. No. 242

The purpose of this concurrent resolution is to request the development of a program to promote the consumption of Hawaii-grown and Hawaii-processed products on designated days.

Testimony in support of this measure was presented at the hearing by a representative of the Department of Agriculture. Written testimony supporting this measure was received from the Hawaii Farm Bureau and the University of Hawaii.

Your Committee finds that it is important to the economic vitality of the State to develop programs such as the one called for in this measure. Such programs contribute to the on-going effort to encourage consumers to purchase Hawaii-grown and Hawaii-made products.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 242, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Chumbley, Matsunaga, McCartney).

SCRep. 3424 Education on H.C.R. No. 55

The purpose of this concurrent resolution is to request reports from the Department of Education and the University of Hawaii of the status of efforts to promote fairness and equity for Filipino-Americans.

Your Committee received testimony in support of this measure from the Department of Education, the University of Hawaii, the University of Hawaii Pamantasan Council, Operation Manong, the Filipino Coalition for Solidarity, Inc., and two individuals.

Your Committee finds that the information requested by this concurrent resolution is important in determining if further efforts need to be made to increase the numbers of Filipino-Americans in education.

Your Committee is concerned, however, that other under-represented groups also need encouragement. Your Committee has amended this concurrent resolution accordingly, to:

- (1) Amend the title to: "REQUESTING REPORTS OF THE STATUS OF EFFORTS TO PROMOTE FAIRNESS AND EQUITY FOR FILIPINO-AMERICANS AND OTHER UNDER-REPRESENTED GROUPS";
- (2) Add "other under-represented groups" to the final WHEREAS clause;
- (3) Request information on programs and policies to increase the number of other under-represented groups at the Department of Education and the University of Hawaii;
- (4) Urge the University to encourage other under-represented groups in the third BE IT FURTHER RESOLVED clause; and
- (5) Request that the Superintendent of Education submit findings to the President of the University of Hawaii for inclusion in the University's report, rather than reporting directly to the Legislature.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 55, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Judiciary, in the form attached hereto as H.C.R. No. 55, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Slom).

SCRep. 3425 Education on H.C.R. No. 213

The purpose of this concurrent resolution is to request that the University of Hawaii, in conjunction with the Leeward District of the Department of Education, and the Department of Business, Economic Development, and Tourism, study the feasibility of converting the former Sheraton Makaha Inn to an educational, training, conference, and outreach facility.

Your Committee received testimony in support of this concurrent resolution from the Department of Education.

Your Committee agrees with the Department of Education that there exists a need for students to experience apprenticeship opportunities in actual work environments as well as educational experiences in the workplace. In addition, your Committee

understands that the visitor industry must continue to stimulate Hawaii's economy and help improve Hawaii's labor and management force.

Therefore, your Committee believes that a study and report on the feasibility of using the former Sheraton Makaha Inn for educational and outreach purposes would greatly benefit our community.

Your Committee has amended this concurrent resolution by clarifying that the study conducted by the University of Hawaii, in conjunction with the Leeward District of the Department of Education, and the Department of Business, Economic Development, and Tourism, shall be done with existing resources and funds.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 213, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 213, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Slom).

SCRep. 3426 Human Resources on H.C.R. No. 50

The purpose of this concurrent resolution is to request the Department of Human Services (DHS) to formulate a new QUEST distribution methodology.

Your Committee received testimony in support of this measure from AlohaCare, Hawaii State Primary Care Association, Waianae Coast Comprehensive Health Center, Kokua Kalihi Valley, and a private citizen. Testimony in opposition was received from the DHS and Straub Clinic and Hospital.

Your Committee believes that there is a problem with the current methodology of reimbursement to community health centers as used by the DHS for the QUEST program. QUEST is a state medical insurance program for the needy and other persons qualifying for free coverage or coverage at a reduced premium. Community health centers are nonprofit organizations providing medical care to the QUEST population. The issue concerns the amount that DHS pays the community health centers. The heart of the problem is that the community health centers, the State's largest QUEST provider, also happens to have the sickest patients needing the most care. The dispute centers on whether or not DHS is using the proper methodology in determining the amount of reimbursement to the community health centers under QUEST. Community health centers maintain that the reimbursement is inadequate and threatens their existence.

This measure asks the DHS to formulate a new reimbursement methodology based on "patient health risk factors," which considers the type of diseases being treated, rather than the current methodology which distributes funds based on aid category, age, gender, and geography (each island).

Your Committee has amended this measure by deleting three BE IT RESOLVED clauses and inserting language recommended by the DHS to specify that the DHS consult with QUEST health plans and implement the new methodology for the next contract period.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 50, H.D. 2, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 50, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 3427 Human Resources on H.C.R. No. 38

The purpose of this concurrent resolution is to request public and private agencies serving children to adopt a state policy for improving the well-being of children, youth, and families.

Your Committee received testimony in support of this measure from the Office of the Governor and Department of Human Services.

Your Committee has amended this measure by deleting its contents and inserting provisions of S.C.R. No. 126, S.D. 1, establishing a state policy for improving the well-being of children, youth, and families.

Your Committee finds that families are vitally important to the well-being of children and youth. As amended, this measure delineates certain outcomes that Hawaii should focus on in the process of providing programs for the support of children, youth, and families. This outcomes-based system in health and social services is in keeping with the accountability movement that is transforming policies and programs in the public and private sectors of society. This amended measure provides a mechanism for the on-going evaluation of progress toward achieving outcomes relating to children, youth, and families. This amended measure also recognizes that families are critical to the development of children, the well-being of individuals, and the strength of society.

Your Committee notes that this measure builds on the valuable work of groups such as the Governor's Family Policy Academy, Hawaii Kids Count, Good Beginnings Alliance, Adolescent Wellness Coalition, Education Goals 2000, Hawaii's Promise, and the Governor's Children and Youth Panel.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 38, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 38, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 3428 Human Resources on H.C.R. No. 139

The purpose of this concurrent resolution is to request the Governor to convene a statewide conference on the future role of the residential care home industry in Hawaii.

Your Committee received testimony in support of the concurrent resolution from the American Association of Retired Persons. The Director of Health submitted testimony requesting that the measure be deferred.

Your Committee believes that the nature of care for elders and dependent adults is in a state of transition and that a statewide conference would serve to unify the industry, clarify the future needs of the affected community, and provide recommendations for efficient use of public funds to meet those needs.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 139 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 3429 Education on H.C.R. No. 120

The purpose of this concurrent resolution is to establish an eleven member Joint Legislative Committee on Early Childhood Education and Care (Joint Legislative Committee) to work on various issues, programs, and policies concerning early childhood education and care, and to submit an interim report of its activities and progress to the Legislature no later than twenty days prior to the convening of the Regular Session of 1999, and a final report no later than twenty days prior to the convening of the Regular Session of 2000.

Your Committee received testimony in support of the concurrent resolution from the Superintendent of Education and Good Beginnings Alliance. The Director of Human Services submitted written testimony stating the Director's belief that the measure is unnecessary.

Your Committee agrees with the stated principle of the measure and believes that the Legislature's policy decisions must recognize the critical importance of the early years and provide support for families with young children. It is your Committee's intention that the Joint Legislative Committee act as a vehicle for providing concrete recommendations for implementing its policy decisions.

Consequently, your Committee amended this concurrent resolution by adding the development of a plan of action to implement its recommendations to the list of committee responsibilities. Your Committee also made technical, nonsubstantive changes for grammar and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 120, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 120, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Slom).

SCRep. 3430 Education on H.C.R. No. 163

The purpose of this concurrent resolution is to request that the Department of Education allow the Big Island's Youth Leadership Demonstration Project to use existing general funds in a manner that would generate additional sources of revenue to financially sustain future student programs.

Your Committee received testimony in support of this measure from the North Hilo Community Council, two teacher advisors, and thirteen students from the Hilo area.

Your Committee finds that the budget flexibility requested in the concurrent resolution would encourage continued student commitment to the project, while not placing an undue burden on the Department of Education, which is responsible for administration of the funding.

Your Committee believes this flexibility is particularly important in the current economic climate, and applauds the students' initiative. Your Committee has amended this concurrent resolution to add an additional "BE IT FURTHER RESOLVED" clause to request that the Department of Education allow such flexibility for similar projects with the potential for generating additional sources of revenue to sustain student programs.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 163, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 163, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Ige, M., Iwase).

SCRep. 3431 Human Resources on H.C.R. No. 36

The purpose of this measure is to approve adjustments to the compensation plans made by the Public Employees Compensation Appeals Board and the Conference of Personnel Directors.

Testimony in support of this measure was received from the Department of Human Resources Development and the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO.

Adoption of the final compensation plans, as reported by the Public Employees Compensation Appeals Board, will result in implementation of the compensation plans on July 1, 1998.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 36 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 3432 Human Resources on H.C.R. No. 88

The purpose of this concurrent resolution is to request the Auditor to conduct an actuarial study and a programmatic audit of the public employees health fund operations, and to request the Legislative Reference Bureau to assess the policy issues relating to the change in the structure of governance of the health fund to an employer-union trust concept.

Your Committee received testimony in support of this measure from Hawaii Public Employees Health Fund, Hawaii Government Employees Association, Department of Budget and Finance, and Hawaii State Teachers Association. Testimony in opposition to this measure was received from the United Public Workers.

Your Committee has amended this measure by:

- (1) Deleting the study by the Legislative Reference Bureau;
- (2) Inserting provisions of S.C.R. No. 20, S.D. 1, requesting the Auditor to conduct a management and financial audit of the school-to-work opportunities system; and
- (3) Amending the title to accurately reflect the contents of the measure.

Your Committee believes that an actuarial study by the Auditor of the Public Employees Health Fund as well as a management and financial audit by the Auditor of the school-to-work opportunities system are needed to improve the efficiency and functioning of both.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 88, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 88, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 3433 (Joint) Water, Land, and Hawaiian Affairs and Economic Development on H.C.R. No. 21

The purpose of this concurrent resolution is to authorize the Board of Land and Natural Resources to reissue leases in the Ala Wai Small Boat Harbor.

Specifically, the measure authorizes the Department of Land and Natural Resources to reissue leases for the submerged lands presently occupied and utilized by the Waikiki Yacht Club and the Hawaii Yacht Club for the purpose of mooring and berthing recreational boats in conjunction with yacht club operations and activities, and submerged lands adjacent to the fuel dock necessary to support marine fueling and ancillary services, pursuant to the restrictions and conditions set forth in chapter 171, Hawaii Revised Statutes.

Your Committees find that it is in the public interest to authorize a long-term lease for the submerged lands utilized by the clubs. Additionally, your Committees find that the long-term leasing of the marine fueling facility is also in the public interest.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Economic Development that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 21, H.D. 1, and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 9. Noes, none. Excused, 6 (Baker, Chumbley, Fukunaga, Ige, D., Levin, Matsunaga).

SCRep. 3434 (Joint) Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs on H.C.R. No. 69

The purpose of this concurrent resolution is to request the planning and implementation of beach restoration and nourishment projects in Hawaii.

Your Committees find that coastal erosion is a significant problem facing Hawaii. Your Committees further find that the close cooperation of government agencies, including the military, is necessary if effective solutions to this problem are to be developed and implemented.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Transportation and Intergovernmental Affairs that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 69, H.D. 1, and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 6 (Baker, Chumbley, Fernandes Salling, Fukunaga, Ige, D., Ihara).

SCRep. 3435 (Joint) Water, Land, and Hawaiian Affairs and Economic Development on H.C.R. No. 103

The purpose of this concurrent resolution is to authorize the lease of fast and submerged lands at Hale O Lono Harbor on Molokai for a private company to redevelop, manage, and operate the facility for recreational purposes.

Your Committees find that allowing a private developer to develop Hale O Lono Harbor will result in increased recreational activity opportunities for the residents and visitors to the island of Molokai.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Economic Development that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 103, H.D. 1, and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 6 (Baker, Chumbley, Fukunaga, Ige, D., Levin, Matsunaga).

SCRep. 3436 Water, Land, and Hawaiian Affairs on H.C.R. No. 135

The purpose of this concurrent resolution is to request the Department of Hawaiian Home Lands to create and oversee a forum to discuss the merits and practicality of an elected Hawaiian Homes Commission (Commission).

The Commission is the state entity with the primary responsibility of implementing the State's fiduciary duty under the Hawaiian Homes Commission Act (HHCA), 1920, on behalf of eligible native Hawaiians.

Your Committee believes that the proposed forum is a necessary component in the process of:

- (1) Improving the management and administration of the Hawaiian Home Lands program; and
- (2) Furthering the native Hawaiian community's goal of increased self-determination and governance.

Your Committee finds that the concept of an elected commission may be desirable as native Hawaiians move toward increased self-determination. This measure is a step in that direction.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 135, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Ige, D.).

SCRep. 3437 Water, Land, and Hawaiian Affairs on H.C.R. No. 143

The purpose of this concurrent resolution is to request the State Auditor to update its 1991 study of the Department of Hawaiian Home Lands' land entitlements.

Your Committee finds that in 1991, the Office of the Auditor published a report entitled, "Study of Revenue Entitlements of the Department of Hawaiian Home Lands", Report No. 91-1, in which it reviewed the then-current procedures for tracking all revenues due the Department of Hawaiian Home Lands for the use of sugarcane lands.

The Auditor's report:

- (1) Faulted the Department of Land and Natural Resources for conveying sugarcane lands without consulting the Department of Hawaiian Home Lands;
- (2) Found that the Department of Land and Natural Resources did not give the Department of Hawaiian Home Lands sufficient information to keep the Department of Hawaiian Home Lands abreast of significant land transactions; and
- (3) Concluded that the Department of Land and Natural Resources did not use a consistent process for appraising sugarcane lands, to the Department of Hawaiian Home Lands's detriment.

The report also faulted the Department of Hawaiian Home Lands for not being diligent in keeping apprised of transactions involving sugarcane lands and in obtaining its entitlements.

Your Committee believes that it is time for the State Auditor to reevaluate the operations of the two departments with regard to this issue to see if significant progress has been made in the past six years.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 143, H.D. 3, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Ige, D.).

SCRep. 3438 Water, Land, and Hawaiian Affairs on H.C.R. No. 156

The purpose of this concurrent resolution is to request the Legislative Reference Bureau (LRB) to identify, compile, evaluate, and summarize available demographic data on native Hawaiians.

Your Committee finds that decisions relating to the funding and implementation of programs benefitting native Hawaiians rely heavily on current and projected demographic data. This measure will enable LRB to determine what kind of information is available at the present time. After this determination is made, the State will be in a better position to make demographic projections in the future.

Based on the testimony provided by LRB, your Committee has amended the measure by deleting the first "BE IT FURTHER RESOLVED" clause on page 3 of the measure, relating to LRB providing projections on the data for the next twenty-five years.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 156, as amended herein, and recommends that it be referred to the Committee on Ways and Means in the form attached hereto as H.C.R. No. 156, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Ige, D.).

SCRep. 3439 (Joint) Water, Land, and Hawaiian Affairs and Economic Development on H.C.R. No. 177

The purpose of this concurrent resolution is to endorse the efforts of the Ala Wai Canal Watershed Improvement Project.

Understanding that the Senate version of this concurrent resolution is moving forward in the House of Representatives, your Committees have amended the measure by amending its title, deleting its contents, and inserting provisions that call for the Department of Land and Natural Resources and the University of Hawaii to adopt the recommendations of the State Auditor regarding the management and stewardship of the Mauna Kea Science Reserve.

Your Committees find that in 1968, the Board of Land and Natural Resources approved a 65-year lease for lands above the 12,000-foot level of Mauna Kea so that the University of Hawaii could utilize the area for the study of astronomy. In 1969, the University established the Institute for Astronomy and began to actively develop telescopes on the summit. Currently, thirteen separate telescopes and one antenna have been built or are under construction on Mauna Kea.

Your Committees also find that since then, the University of Hawaii and the Department of Land and Natural Resources have managed the Mauna Kea summit and the Mauna Kea Science Reserve primarily for the development of astronomy facilities, with little regard toward the protection of the mountain's natural environment.

In light of the growing concern over the protection of Mauna Kea's natural environment, the 1997 Hawaii State Legislature, through Senate Concurrent Resolution No. 109, requested the Auditor to conduct an audit of the management of Mauna Kea and the Mauna Kea Science Reserve.

In the report entitled Audit of the Management of Mauna Kea and the Mauna Kea Science Reserve, the Auditor recommended in pertinent part, that the University of Hawaii:

- (1) Ensure that the Institute for Astronomy begin the planning process for a new master plan;
- (2) Seek input from the Department of Land and Natural Resources and the general public early in the planning process;
- (3) Clearly identify in the master plan and attending environmental impact statement areas suitable for astronomical development; critical habitats of plants, invertebrates, and other rare or endangered species; and areas where no development should be planned;
- (4) Develop rules and regulations; hire rangers/guards; require the public to register at the visitor station; conduct periodic inspections for trash; remove old equipment; and develop a forum for continuous community input;
- (5) Develop a new methodology to measure the impact of future development on Mauna Kea which assesses the impact of each project, as well as the impact on the total development; and
- (6) Obtain approval on the new methodology from the Board of Land and Natural Resources.

With regard to the Department of Land and Natural Resources, the Auditor recommended that the department:

- (1) Review and rewrite applicable environmental impact statements' mitigating measures as specific Conservation District Use Permit conditions;
- (2) Include permit conditions (and time frames) that require the implementation of management plans that are approved by its board;
- (3) Establish controls to ensure the timely completion of administrative requirements;
- (4) Ensure that enforcement of rules not related to the department clearly rest with the university;

- (5) Complete and implement the Historic Preservation plan; and
- (6) Adopt rules for the Historic Preservation Program, Chapter 6E, Hawaii Revised Statutes.

Your Committees further find that the existing Mauna Kea Science Reserve Master Plan, established in 1983, was never fully implemented. Your Committees believe that rather than expending additional time and resources on developing an entirely new master plan, the existing one should be updated and implemented.

Your Committees also believe that the Department of Land and Natural Resources and the University of Hawaii should work toward establishing clear lines of jurisdiction over the management of the Science Reserve and the facilities in the Science Reserve. Specifically those regarding the Department of Land and Natural Resources' inherent responsibility to protect conservation lands and steward any use approved thereon.

In an effort to address these concerns, the University of Hawaii stated in its testimony that it has established a Mauna Kea Advisory Committee to act as a consulting body, particularly in the area of cultural issues.

Your Committees also learned that the Bishop Museum has been contracted to catalog cultural attributes of Mauna Kea. Your Committees believe that Bishop Museum, as the State Museum of Natural and Cultural History, should play a more integral role in protecting and managing Mauna Kea. As such, the Department of Land and Natural Resources and the University of Hawaii should actively pursue opportunities to increase the Bishop Museum's participation in current and future activities atop Mauna Kea.

As affirmed by the records of votes of the members of your Committees on Water, Land, and Hawaiian Affairs and Economic Development that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 177, H.D. 1, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 177, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 6 (Baker, Chumbley, Fukunaga, Ige, D., Levin, Matsunaga).

SCRep. 3440 Water, Land, and Hawaiian Affairs on H.C.R. No. 245

The purpose of this concurrent resolution is to transfer lands from the City and County of Honolulu Board of Water Supply to the Department of Hawaiian Home Lands to promote housing construction in the area of Kalawahine, Oahu.

Specifically, the measure authorizes the withdrawal of 4.5 acres from Governor's Executive Order No. 1529 and the subsequent transfer of the land to the Department of Hawaiian Home Lands so that the department may construct additional housing units for Native Hawaiians.

Your Committee finds that Governor's Executive Order No. 1529, dated October 1, 1952, set aside certain lands at Kalawahine, Honolulu, Oahu, for a water supply pumping station site. Subsequent to this Executive Order, Governor's Executive Order No. 3281, dated March 2, 1985, reclaimed the majority of lands from Governor's Executive Order No. 1529 for the State, leaving 6.0 acres of land at Kalawahine, Oahu, to be under the control and management of the City and County of Honolulu Board of Water Supply. Since then, the Board of Water Supply has determined that 4.5 acres of the 6.0 acre site are not needed for the pumping station.

Your Committee also finds that the Department of Hawaiian Home Lands has requested that the Board of Land and Natural Resources approve and recommend to the Governor the withdrawal of this land from the City and County of Honolulu so that the Department of Hawaiian Home Lands may incorporate the withdrawn land into its planned Kalawahine homestead development.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 245, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Ige, D.).

SCRep. 3441 Transportation and Intergovernmental Affairs on H.C.R. No. 26

The purpose of this concurrent resolution is to request that the Department of Transportation, with the assistance from the Legislative Reference Bureau, review Hawaii's impaired driving statutes and make recommendations for uniform statutory construction. It also requests that the Department of Transportation solicit input from an advisory panel made up of representatives from the police, prosecutors, defense bar, Judiciary, substance abuse treatment providers, the Department of Health, Administrative Driver's License Revocation Office, emergency room physicians, Governor's Highway Safety Council, and Mothers Against Drunk Driving.

Your Committee received testimony in support of this concurrent resolution from the Department of Transportation, the Governor's Highway Safety Council, the Police Department of the City and County of Honolulu, and Mothers Against Drunk Driving.

Your Committee finds that the practice of amending Hawaii's statutory laws on a piecemeal basis has led to significant gaps in consistency, particularly in laws relating to driving under the influence of alcohol and drugs.

Therefore, your Committee agrees that an effort to review Hawaii's impaired driving statutes should be made by requesting the Department of Transportation, with the assistance of the Legislative Reference Bureau, to make recommendations for conformity.

Your Committee has amended this concurrent resolution by indicating that a certified copy be transmitted to the Legislative Reference Bureau.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 26, H.D. 2, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 26, H.D. 2, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 3442 Transportation and Intergovernmental Affairs on H.C.R. No. 80

The purpose of this concurrent resolution is to urge the Department of Defense, Civil Defense Division, to implement the recommendations in the report on emergency/disaster sheltering. It also requests that the Department of Defense, Civil Defense Division, report on the availability and condition of hurricane-resistant public shelters within each county, including any recommendations for legislative action that may be necessary.

Your Committee received testimony in support of this concurrent resolution from the Department of Defense, and the Department of Education.

Your Committee agrees that with the effects of such weather forces as El Nino and other prevalent natural conditions which may result in the increase of hurricanes and other natural disasters in Hawaii, it is warranted to study the availability and condition of public shelters in each county.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 80 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Ihara).

SCRep. 3443 (Joint) Human Resources and Transportation and Intergovernmental Affairs on H.C.R. No. 24

The purpose of this concurrent resolution is to urge the U.S. Congress, the President of the United States, and the Secretary of Health and Human Services to support the Hawaii congressional delegation's effort to amend the Social Security Act to increase Hawaii's federal Medicaid assistance percentage (FMAP).

Your Committees received testimony in support of this measure from the Department of Human Services (DHS) and State Planning Council on Developmental Disabilities.

Your Committees find that this measure has a direct impact on federal funding for Hawaii's Medicaid program as well as many Department of Health programs receiving Medicaid reimbursements. The amount of federal reimbursement is based upon the FMAP, which is calculated according to a formula based on per capita income in the individual state in relation to the per capita income of the United States.

Your Committees further find that the cost of living in Hawaii is much higher than the mainland, yet the formula for FMAP does not account for this difference. The result is that Hawaii receives less Medicaid funding, which means that the State must bear more of the financial burden for Medicaid.

Your Committees have amended this measure on recommendation of U.S. Representative Patsy Mink, by:

- (1) Adding the U.S. Senate and House bill numbers referred to in the measure; and
- (2) Modifying the language of the last WHEREAS clause for clarity and specificity in expressing Hawaii's intent in the measure.

As affirmed by the records of votes of the members of your Committees on Human Resources and Transportation and Intergovernmental Affairs that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 24, H.D. 1, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 24, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.
Ayes, 6. Noes, none. Excused, 5 (Chumbley, Fernandes Salling, Fukunaga, Ihara, Anderson).

SCRep. 3444 (Joint) Human Resources and Transportation and Intergovernmental Affairs on H.C.R. No. 141

The purpose of this concurrent resolution is to urge the United States Congress to restore food stamp benefits to legal noncitizen immigrants.

Testimony in support of this measure was received from the Department of Human Services.

Your Committees find that as a result of the enactment of welfare reform measures by the United States Congress, approximately 6,960 low-income legal immigrants in the State of Hawaii have been denied the benefits of the Food Stamp Program which was implemented to raise levels of nutrition among low-income households.

As affirmed by the records of votes of the members of your Committees on Human Resources and Transportation and Intergovernmental Affairs that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 141 and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 6. Noes, none. Excused, 5 (Chumbley, Fernandes Salling, Fukunaga, Ihara, Anderson).

SCRep. 3445 Human Resources on H.C.R. No. 225

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to assess the financial and social impact when expanding the residential and community-based long-term care setting option to nursing facility level elderly and disabled clients.

Your Committee received testimony in support of this measure from the Hawaii Long Term Care Association, Department of Human Services (DHS), State Planning Council on Developmental Disabilities, Healthcare Association of Hawaii, and American Association of Retired Persons.

On recommendation of a number of testifiers, your Committee has amended this measure by deleting its contents and inserting provisions of S.C.R. No. 146, S.D. 2, which propose that the study be undertaken by a subcommittee of the Joint Legislative Committee on Long-Term Care. The study will assess the extensiveness of the problem of organizing various forms of residential care facilities for long-term care, relative to the variety of small facilities, their respective regulations or lack thereof, departmental authorization issues, and financing, training, and monitoring requirements and their consequences.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 225, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 225, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 3446 (Joint) Commerce, Consumer Protection, and Information Technology and Human Resources on H.C.R. No. 119

The purpose of this concurrent resolution is to convene a task force and to request a study and report on a new health care assurance program.

Your Committees received testimony in support of this measure from the Department of Human Services, State Insurance Commissioner, Kokua Kalihi Valley, Healthcare Association of Hawaii, and a private citizen.

This measure requests the Insurance Commissioner to convene a task force to conduct a study and prepare a report of findings and recommendations on a viable alternative to the QUEST program to provide comprehensive medical insurance coverage to a wider population than currently enrolled in QUEST, which will expire in March, 1999. Your Committees believe that while QUEST has been successful, it may have reduced costs by reducing the number of persons covered. This does not appear to your Committees to be the intent of QUEST. With the guidance of the Insurance Commissioner, your Committees hope that this measure will shed light on a significant problem in Hawaii.

According to testimony of the Insurance Commissioner, no additional funds will be necessary for this study as originally thought.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Human Resources that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 119, H.D. 1, and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 7. Noes, none. Excused, 4 (Fukunaga, Levin, Solomon, Anderson).

SCRep. 3447 (Joint) Human Resources and Commerce, Consumer Protection, and Information Technology on H.C.R. No. 121

The purpose of this concurrent resolution is to urge the Children's Insurance Program Planning Committee to develop universal health coverage for all of Hawaii's children.

Your Committees received testimony in support of this measure from the Department of Human Services, Department of Health, and Healthcare Association of Hawaii.

Your Committees believe that universal health coverage for all of Hawaii's children is a goal that should be achieved. Of particular concern to your Committees is the plight of uninsured children. This measure is the beginning of an organized and systematic effort to cover all children in Hawaii, so that no child should go without health coverage.

As affirmed by the records of votes of the members of your Committees on Human Resources and Commerce, Consumer Protection, and Information Technology that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 121 and recommend that it be referred to the Committee on Ways and Means.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 7. Noes, none. Excused, 4 (Fukunaga, Levin, Solomon, Anderson).

SCRep. 3448 Education on H.C.R. No. 197

The purpose of this concurrent resolution is to request the University of Hawaii and the Department of Education to address the teacher shortage and teacher training needs.

Your Committee received testimony in support of this measure from the Department of Education and the University of Hawaii.

Your Committee finds that this is an increasingly critical issue, which requires a concentrated effort to resolve in a timely manner. Your Committee believes that it would be more effective if the University were responsible for developing an implementation plan to address the teacher shortage, including issues of retention of new teachers. Your Committee has amended this concurrent resolution accordingly, to:

- (1) Request that the University of Hawaii College of Education (University), with assistance from the Department of Education (DOE), provide a detailed plan of action outlining the steps that the University of Hawaii College of Education is taking and will take to address the teacher shortage and training needs of DOE, as well as the retention of new teachers;
- (2) Request the Board of Education and the DOE to adopt the action plan; and
- (3) Delete the requirement that the DOE submit a joint report to the Legislature.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 197, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 197, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Slom).

SCRep. 3449 Education on H.C.R. No. 212

The purpose of this concurrent resolution is to request the Department of Education and the University of Hawaii to consider input from the private sector in formulating curriculum.

Your Committee received testimony in support of this measure from the University of Hawaii. The Department of Education submitted comments.

Your Committee finds that private input can provide valuable information in developing curriculum. However, your Committee believes this input would be more effectively developed in concert with more partnerships between public education and the private sector.

Your Committee has amended this concurrent resolution accordingly, to:

- (1) Amend the title to:
"ENCOURAGING THE DEPARTMENT OF EDUCATION, THE UNIVERSITY OF HAWAII, AND THE PRIVATE SECTOR TO DEVELOP PARTNERSHIPS, TO PROVIDE ADDITIONAL SUPPORT FOR EDUCATION THROUGH CURRICULUM DEVELOPMENT AND RELATED TRAINING OPPORTUNITIES";
- (2) Add a WHEREAS clause regarding the importance of the private sector assuming an active role; and
- (3) Amend the language in the first two BE IT RESOLVED clauses to reflect the changes.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 212, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 212, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Slom).

SCRep. 3450 (Joint) Commerce, Consumer Protection, and Information Technology and Transportation and Intergovernmental Affairs on H.C.R. No. 117

The purpose of this concurrent resolution is to request that the Department of Transportation examine the feasibility of establishing a state-sponsored driver's education course along with a possible reduction of automobile insurance premiums for course graduates, and evaluate the rating criteria and rate discounts for all drivers in the State.

Your Committees received testimony in support of the intent of this measure with certain reservations from the Department of Transportation and the Department of Commerce and Consumer Affairs (DCCA). Testimony supporting the measure was received from the City and County of Honolulu, Mothers Against Drunk Driving, the Hawaii Insurers Council, the American Institute for Public Safety, and an interested citizen.

Your Committees find that the Governor's Highway Safety Council Impaired Driving Task Force is already studying the feasibility of establishing a statewide driver's education course, and is expected to make its recommendations prior to the 1999 legislative session.

Your Committees believe that the DCCA's Insurance Division is better qualified to evaluate insurance rating criteria and rate discounts for drivers who complete a driver's education course.

Your Committees note that pursuant to section 431:20C-207, Hawaii Revised Statutes, insurers are prohibited from basing any standard or rating plan upon a person's age or length of driving experience as well as other factors.

Accordingly, your Committees amended the concurrent resolution by:

- (1) Including a provision that recognizes the study being conducted by the Governor's Highway Safety Council Impaired Driving Task Force on the feasibility of establishing a statewide driver's education course;
- (2) Directing the concurrent resolution requests for action to the DCCA instead of, but with the assistance of, the Department of Transportation; and
- (3) Deleting the existing requests for examining the feasibility of establishing a state-sponsored driver's education course and evaluating the rating criteria and rate discounts for all drivers in the State, and inserting a request for the DCCA and other entities to work with the Governor's Highway Safety Council Impaired Driving Task Force to examine the feasibility of establishing a special rate discount on motor vehicle insurance for persons successfully completing the statewide driver's education course.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Information Technology and Transportation and Intergovernmental Affairs that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 117, H.D. 1, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as H.C.R. No. 117, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committees.

Ayes, 9. Noes, none. Excused, 4 (Chumbley, Chun Oakland, Fernandes Salling, Ihara).

SCRep. 3451 Government Operations and Housing on Gov. Msg. No. 210

Recommending that the Senate advise and consent to the nominations of the following:

PROCUREMENT POLICY BOARD

G.M. No. 210 STANLEY S. INKYO, for a term to expire June 30, 2001, and

HARUO SHIGEZAWA, for a term to expire June 30, 2002.

Your Committee notes that Governor's Message No. 274 dated April 13, 1998, withdrew from consideration by the Senate, the nomination of Jane Renfro Smith to the Procurement Policy Board, which was also included in Governor's Message No. 210.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, who will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the Procurement Policy Board.

Your Committee specifically notes the following:

Upon review of the resume and background information submitted by Stanley S. Inkyo, your Committee finds that he holds a B.A. in Sociology from the University of Colorado and an M.S.W. from the University of Hawaii School of Social Work. He has received thorough and extensive training in leadership, children's services, management, gang and drug policy, and community service. Mr. Inkyo also has extensive work experience involving human services, administration, procurement, and consulting.

Testimony in support of Stanley S. Inkyo was received from the Representative of the 44th Representative District, Honolulu Community Action Program, Inc., The Salvation Army - Hilo/Kona Interim Home, Opportunities for the Retarded, Inc., and four individuals who have had personal and professional associations with Mr. Inkyo.

Upon review of the resume and background information submitted by Haruo Shigezawa, your Committee finds that he holds a B.A. from the University of Hawaii and an MBA degree from Pepperdine University. He is also a graduate of the U.S. Army Command and General Staff College, and the Army War College. Mr. Shigezawa has experience as the Central Purchasing and Contracts Administrator for the City and County of Honolulu and served as the initial chairman of the Procurement Policy Board from May 1994 through June 30, 1996.

Testimony in support of Haruo Shigezawa was received from the administrator of the State Procurement Office and the Chairman of the Procurement Policy Board.

Your Committee diligently questioned the nominees who appeared before the Committee about their role on the Procurement Policy Board, the relevance of their previous experience, and the goals they wish to accomplish during their term on the board. Your Committee believes that the nominees adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 3452 Human Resources on Gov. Msg. No. 198

Recommending that the Senate advise and consent to the nomination of the following:

BOARD OF TRUSTEES, DEFERRED COMPENSATION PLAN

G.M. No. 198 RONALD N. HIRANO, for a term to expire June 30, 2002.

Upon review of the resume and other background information submitted by the nominee, your Committee finds that Ronald N. Hirano is currently serving in the position to which he is being nominated for another term. The nominee is the Executive Officer of the Aloha Tower Development Corporation and was previously the Deputy Director of the State Department of Transportation. He received a Bachelor of Science in Civil Engineering degree from the University of Hawaii. Your Committee further finds that the nominee has been nominated based on his professional experience and qualifications.

Your Committee received testimony in support of Ronald N. Hirano from the Department of Human Resources Development and Hawaii Government Employees Association.

Your Committee diligently questioned the nominee who appeared before your Committee about his current service in the position to which he is being nominated for another term. Your Committee believes the nominee adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Sakamoto).

SCRep. 3453 Human Resources on Gov. Msg. No. 201

Recommending that the Senate advise and consent to the nominations of the following:

POLICY ADVISORY BOARD FOR ELDER AFFAIRS

G.M. No. 201 WINIFRED N. ODO and WENDELL P.K. SILVA, for terms to expire June 30, 1999;

CHRIS J. KANAZAWA, for a term to expire June 30, 2000; and

ARTHUR W. MARTIN, for a term to expire June 30, 2001.

Upon review of the resume and other background information submitted by each nominee, your Committee finds that each nominee is qualified to be appointed to the Policy Advisory Board for Elder Affairs. Your Committee further finds that each nominee has been nominated based upon the nominee's professional credentials, integrity, and a desire for public service through participation on the Policy Advisory Board for Elder Affairs.

Your Committee notes the following specific qualifications of the nominees:

Winifred N. Odo is a health care consultant for Acordia of the Pacific. She was the Hawaii State Medicaid Administrator for the Department of Human Services until 1996, and she is a member of the Board of Directors of the Hawaii Long Term Care Association, Certificate of Need Panel of the State Health Planning and Development Agency, and Hawaii Healthcare Association. She received a Master of Social Work degree and a Bachelor of Art degree in sociology from the University of Hawaii. Testimony in support of the nominee was received from the Executive Office on Aging.

Chris J. Kanazawa is the President of the Real Estate Division of Amfac/JMB Hawaii, Inc. He is involved with a number of professional and community organizations, including the Land Use Research Foundation, Hawaii Resort Developer's Council, Urban Land Institute, Boy Scouts of America, Ewa Villages Nonprofit Development Corporation, Japanese Cultural Center of Hawaii, and Diamond Head Theater. He received a Bachelor of Art degree in economics from the University of Hawaii and a Master of Business Administration degree in accounting and finance from the University of Southern California. Testimony in support of this nominee was received from the Executive Office on Aging.

Arthur W. Martin is in a sales position with the Seventh Gate Christian Bookstore. He has experience as a Methodist minister and as a teacher at Ka'u High School. He is a retired member of the Hawaii State Teachers Association and is a member of the Hawaii Conference of the United Church of Christ. He received a Bachelor of Art degree from Hope College and a Master of Divinity degree from the Garrett Evangelical Seminary. Testimony in support of the nominee was received from the Office of the Governor.

Wendell P.K. Silva is Director of Wendell Silva & Associates, a cultural and managerial consulting firm. He was previously the Executive Director of the State Foundation on Culture and the Arts. He has a long list of credentials in cultural, community, and Hawaiian affairs. He received a Bachelor of Art degree from the University of Hawaii. Testimony in support of this nominee was received from the Executive Office on Aging.

Your Committee diligently questioned the nominees who appeared before your Committee about their qualifications and commitment to the position to which they have been nominated. Your Committee believes that each nominee adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Sakamoto).

SCRep. 3454 Human Resources on Gov. Msg. No. 203

Recommending that the Senate advise and consent to the nominations of the following:

HAWAII SCHOOL-TO-WORK OPPORTUNITIES EXECUTIVE COUNCIL

G.M. No. 203

ALBERT S. NISHIMURA, for a term to expire June 30, 1998;

WILLIAM ROY JOHNSON, GLENN K.Y. HONG, WILLIAM T. HONJIYO, and MURRAY TOWILL, for terms to expire June 30, 1999;

BRUCE A. COPPA, RICHARD E. MEIERS, and JAMES L. WALTER, for terms to expire June 30, 2000; and

LOIS HASEGAWA, KATHRYN K. INKINEN, TARA LULANI MCKENZIE, THERESIA C. MCMURDO, ALBERT S. NISHIMURA, MAHANA WILCOX, and LYNNE E. WOODS, for terms to expire June 30, 2001.

Upon review of the resume and other background information submitted by each nominee, your Committee finds that each nominee is qualified to be appointed to the Hawaii School-to-Work Opportunities Executive Council. Your Committee further finds that each nominee has been nominated based upon the nominee's professional credentials, integrity, and a desire for public service through participation in the Hawaii School-to-Work Opportunities Executive Council.

Your Committee notes the following specific qualifications of the nominees:

Albert S. Nishimura is retired from First Hawaiian Bank as a Senior Vice President and Hawaii Region Supervisor. He is currently a member of a number of community volunteer organizations, including the Hawaii Island Chamber of Commerce and the Japanese Chamber of Commerce and Industry of Hawaii. He has served on the Advisory Board of the Department of Social Services and Housing (now the Department of Human Services) and the Public Health Facility Management Advisory Committee for East Hawaii Region. He is a graduate of the Pacific Coast Banking School.

William Roy Johnson is the industry training coordinator for apprenticeship and training for the architectural metals and glassworkers industry. He is the former President of the Western Apprenticeship Coordinators Association and Apprenticeship and Training Coordinators Association of Hawaii. He is also a labor trustee for the Pension, Annuity, Health and Welfare, Vacation and Holiday Funds for the architectural metal and glassworkers industry.

Glenn K.Y. Hong is President of Hawaiian Tug & Barge and Young Brothers, Ltd., subsidiaries of Hawaiian Electric Industries. He was formerly with GTE-Hawaiian Telephone Company and Peat, Marwick, Mitchell & Main in auditing and accounting management positions. He is a certified public accountant and active in many community organizations. He received a Bachelor of Science degree in accounting from the University of Southern California.

William T. Honjiyo is an independent consultant on matters pertaining to commercial leasing and sales. He was the Vice President of Grove Farm Land Corporation in Puhii, Hawaii from 1984-1996. He is currently the President of the Kauai Vietnam Veterans Association.

Murray Towill is President of the Hawaii Hotel Association and is the former Director of the Department of Business, Economic Development, and Tourism. He was also the Deputy Director of the Office of State Planning and the Department of Planning and Economic Development. His background is in urban and regional planning. He received a Master of Urban and Regional Planning degree from the University of Pittsburgh Graduate School of Public and International Affairs.

Bruce A. Coppa is the Director of the Joint Trust Fund Program of the construction industry which compiles data to promote public awareness and support of quality construction, labor-management teamwork on workplace issues, and regulatory fairness. He was formerly with E.E. Black Limited as a Vice President for operations and for marketing and planning. He has been extensively involved with community and professional voluntary service. Testimony in support of this nominee was received from the Principal of W.R. Farrington High School, Alexander & Baldwin, Inc., and a law firm.

Richard E. Meiers is President and Chief Executive Officer of Healthcare Association of Hawaii. He is a Diplomat of the American College of Healthcare Executives and a member of the American Hospital Association. He has a distinguished military career in managing Army hospitals and he is active in local pro bono health care committees, including the Joint Legislative Task Force on Long-Term Care and the Governor's QUEST Advisory Board.

James L. Walter is the Executive Director of Unity House, Inc. and President of Innovative Financial Services, Inc., a subsidiary of Unity House, Inc. He was President, Treasurer, and General Manager of the Waikiki Marina Hotel, Inc. and Vice President, General Manager of the Park Plaza Waikiki Hotel. He has been active in many business and community organizations, including the Waikiki Life Long Learning Center, Pacific Rim Foundation, and Japan-American Society. He was active as an arbitrator for the American Arbitration Association. He received a Bachelor of Arts degree from Central Washington University.

Lois Hasegawa is the Managing Director of Communications-Pacific, Inc., a media relations firm handling such accounts as Nieman Marcus, McDonald's Restaurants of Hawaii, Meadow Gold Dairies, Girl Scout Council of Hawaii, and Easter Seal Society of Hawaii. She was previously an information officer for the Energy, Research, and Technology Division of the Department of Business, Economic Development, and Tourism, where she initiated the Governor's Energy Awards program and oversaw the marketing program. She has been the President of the Consumer Education Information Association, a nonprofit consumer education group. She received a Bachelor of Arts degree in education and a Master of Education degree in speech communications from the University of Hawaii.

Kathryn K. Inkinen is President of Inkinen & Associates, an international and local executive search recruiting firm and a human resources and training consulting firm. She was the Senior Vice President and Director of Human Resources for City Bank. She is the

former Chairman of the Board of the Japanese Cultural Center of Hawaii and is a member of many community cultural and business organizations, including the Japanese Women's Society, Japan America Society, and a board member of the Organization of Women Leaders.

Tara Lulani McKenzie is the President and Chief Executive Officer of Alu Like, Inc. and is the former Director of the Hawaiian Sovereignty Elections Council of the Office of State Planning. She was the Program Manager of the Public Administration Program at the University of Hawaii. She was the writer and producer of "To Build A Nation," a thirty minute video program on a brief history of Hawaiians and nationhood. She received a Bachelor of Arts degree in drama and theater, a Certificate in Public Administration, and a Master of Arts in political science from the University of Hawaii.

Theresa C. McMurdo is Manager for Community Affairs for the Estate of James Campbell. She is also Vice President of the Lanikuhonua Cultural Institute, which promotes and preserves Hawaiian culture at Lanikuhonua (Campbell Estate's beachfront property at Ko Olina), and Administrator of the James and Abigail Campbell Foundation, a grantmaking organization. She has created award-winning community programs for the Campbell Estate, and has been instrumental in many efforts benefiting the Department of Education. She is a director of the Leeward YMCA and the Leeward Partnership for School-to-Work. She received a Bachelor of Arts degree (with honors) in journalism and communication from the University of Hawaii.

Mahana Wilcox is a student at Hawaii Community College, majoring in welding and sheet metal. Upon completing the Associate of Arts degree, she plans to open her own welding business or continue her education by pursuing a Bachelor of Arts degree in metals technology and returning to Kona as a metals teacher. She was very active in the partnership building phase of the school-to-work initiative, assisting in the development of the vision, mission, goals, and objectives of the partnership, and planning and implementing programs in the partnership. She is active in the West Hawaii Partnership as a student member of the Governance Committee.

Lynne Woods is President of the Maui Chamber of Commerce. She has a background in manufacturing, sales, and real estate. She has served on a number of Maui business and community nonprofit boards and committees. Testimony in support of this nominee was received from the National Federation of Independent Business and Maui Chamber of Commerce.

Testimony in support of all nominees was received from Lieutenant Governor Maize K. Hirono, the Department of Business, Economic Development, and Tourism, and the University of Hawaii.

Your Committee diligently questioned the nominees who appeared before your Committee about their qualifications and commitment to the position to which they have been nominated. Your Committee believes each nominee adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Sakamoto).

SCRep. 3455 Human Resources on Gov. Msg. No. 225

Recommending that the Senate advise and consent to the nominations of the following:

CIVIL SERVICE COMMISSION

G.M. No. 225 KENNETH I. CRAW, for a term to expire June 30, 2000;
 NORMITA F. FENN, for a term to expire June 30, 2001; and
 JAMES T. SATO, for a term to expire June 30, 2002.

Upon review of the resume and other background information submitted by each nominee, your Committee finds that each nominee is qualified to be appointed to the Civil Service Commission. Your Committee further finds that each nominee has been nominated based upon the nominee's professional credentials, integrity, and a desire for public service through participation on the Civil Service Commission.

Your Committee notes the following specific qualifications of the nominees.

Kenneth I. Craw has been a Fair Employment Specialist, Administrative Assistant in the Governor's Office, Office of Affirmative Action. His career has been in personnel management in the public and private sectors. He received a Bachelor of Science degree in Personnel/Business Administration from the University of Denver's George Meany Center for Labor Studies, including studies in arbitration and health and safety. Testimony in support of the nominee was received from The Gas Company, Fidelity National Title Insurance Company, and Mediredit Federal Credit Union.

Normita F. Fenn is the administrative manager for Foremost Dairies--Hawaii. She received a Bachelor and Master of Business Administration degree from Golden Gate University.

James T. Sato retired in 1992 as Director of Civil Service for the City and County of Honolulu (now called Department of Personnel). He was awarded the 1983 City Manager of the Year by the City and County of Honolulu, and in 1993 he received the Hawaii Public Administration Award by the Hawaii Chapter of the American Society for Public Administration.

Your Committee diligently questioned the nominees who appeared before your Committee about their qualifications and commitment to the position to which they have been nominated. Your Committee believes each nominee adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Sakamoto).

SCRep. 3456 Human Resources on Gov. Msg. No. 255

Recommending that the Senate advise and consent to the nominations of the following:

GENERAL ASSISTANCE ADVISORY COUNCIL

G.M. No. 255 FRED C. HOLSCHUH, M.D., RUTH ELLEN LINDENBERG, MILDRED R. TANABE, Dr.P.H., and GINGER STRAWN, for terms to expire June 30, 1999;

M. VICTOR GEMINIANI, KATHLEEN E. HASEGAWA, DEBRA K. SHIMIZU, and CLAIRE WOODS, for terms to expire June 30, 2000; and

SANDRA K. MEEHAN, MARION F. POIRIER, and ESETA A. ULU, for terms to expire June 30, 2001.

Upon review of the resumes and other background information submitted by each nominee, your Committee finds that each nominee is qualified to be appointed to the General Assistance Advisory Council. Your Committee further finds that each nominee has been nominated based upon the nominee's professional credentials, integrity, and a desire for public service through participation on the General Assistance Advisory Council.

Your Committee notes the following specific qualifications of the nominees:

M. Victor Geminiani is the Executive Director of the Legal Aid Society of Hawaii. His entire career has been in providing legal services to the indigent as an attorney and as an executive in Hawaii and on the mainland. In 1977, he co-founded the Lokahi Coalition for Welfare Reform and the Strength Coalition to Preserve General Assistance, in both of which he is presently a board member. He received a Bachelor of Arts degree from Fordham University and a Juris Doctor degree from Villanova University.

Kathleen E. Hasegawa is the Executive Director of the Affordable Housing and Homeless Alliance and a member of the Steering Committee of the Welfare and Employment Rights Coalition. She previously worked for the Department of Health as a homeless specialist. Her background is in working on homeless issues for the poor. She received a Bachelor of Arts degree from the University of the Pacific and a Master of Science degree in community economic development from New Hampshire College.

Fred C. Holschuh, M.D., is an emergency physician in Honokaa. He co-founded the Hawaii Emergency Physicians Association in 1971. He is a past President of the Hawaii Medical Association and of the Hawaii County Medical Society. He received a Bachelor of Science degree from the Rausselaer Polytechnic Institute and a Doctor of Medicine degree from Columbia University College of Physicians and Surgeons.

Ruth Ellen Lindberg is a retired faculty member of the Cleveland State University. She has a background in social work and is active in the American Association of Retired Persons. She received a Bachelor of Arts degree from Oberlin College and a Master of Social Work degree from the University of Pennsylvania.

Sandra K. Meehan is an outreach coordinator for the Hawaii Centers for Independent Living. She has been a President of the Parent Teacher Association for Holomua Elementary School and has a background in outreach legal services for battered women. She was educated at the University of Hawaii.

Marion F. Poirier is the Executive Director of the Oahu Alliance for the Mentally Ill, Inc. She has a background in numerous community associations, including the Epilepsy Foundation of Hawaii, Alzheimer's Association, Hemophilia Foundation of Hawaii, and Hawaii Children's Cancer Foundation. She has been elected by the Hawaii Nurses Association to be a member of the Congress of Nursing Practice. She received a Bachelor of Science degree from Chaminade University, a Master of Arts degree in healthcare administration from Central Michigan University, and is a Doctor of Philosophy candidate in healthcare administration at Kennedy Western University. Testimony in support of the nominee was received from a private citizen.

Debra K. Shimizu is a social worker and represents the National Association of Social Workers in the Hawaii State Legislature. In 1990, she was named Social Worker of the Year in Professional Education and Training by the National Association of Social Workers. She was educated at Whittier College and the University of Hawaii.

Mildred R. Tanabe, Dr.P.H., is the Director of the Healthcare for the Homeless Project for the Kalihi-Palama Health Center. She was formerly the Executive Director of the Moiliili Community Center. She has been a member of the Board of Directors of the Mental Health Association of Hawaii and the Affordable Housing and Homeless Alliance. She is currently on the Mayor's Committee for Persons with Disabilities. She received a Bachelor of Education, Master of Public Health, and Doctor of Public Health degrees from the University of Hawaii.

Eseta A. Ulu is a welfare rights advocate from Waianae. She is active in community welfare and employment activities, including the Hawaii Community Action Program and working with youth in Waianae. She is with the American Red Cross for disaster response.

Claire Woods is the Executive Director of the Salvation Army. She has been a resource teacher for the Department of Education. She has a background in social work activities, including board membership in the Hawaii Substance Abuse Coalition, Alliance for Health and Human Services, Hawaii Early Intervention Coordinating Council, and Welfare and Employment Rights Coalition. She is

a member of the Organization of Women Leaders and is a graduate of the Weinberg Fellows Program. She received a Bachelor of Education degree from the University of Hawaii and a Master of Education degree from the University of North Carolina.

Ginger Strawn is an administrative assistant and social services liaison for United Self-Help. She has a background in human services volunteer organizations, including HIV prevention among substance abusers and mental health.

Testimony in support of each nominee was received from the Department of Human Services.

Your Committee diligently questioned the nominees who appeared before your Committee about their qualifications and commitment to the position to which they have been nominated. Your Committee believes each nominee adequately responded to the Committee's inquiries.

As affirmed by the records of votes of the members of your Committee on Human Resources that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 3457 Human Resources on Gov. Msg. No. 273

Recommending that the Senate advise and consent to the nominations of the following:

HAWAII WORKFORCE DEVELOPMENT COUNCIL

G.M. No. 273 CHARLEEN T. GOO, GLENN K. MURANAKA, EILEEN WACHI, and JAMES G. WESTLAKE, for terms to expire June 30, 2000;

SUSAN AU DOYLE, RICHARD T. HASHIMOTO, ALAN GARSON, Ed.D., and CHARLES KAWAKAMI, for terms to expire June 30, 2001; and

EDWARD M. BOUGHTON, WAYNE H. KISHIDA, JOHN J.K. LEE, and M. WINONA CABRAL WHITMAN, for terms to expire June 30, 2002.

Upon review of the resumes and other background information submitted by each nominee, your Committee finds that each nominee is qualified to be appointed to the Hawaii Workforce Development Council. Your Committee further finds that each nominee has been nominated based upon the nominee's professional credentials, integrity, and a desire for public service through participation on the Hawaii Workforce Development Council.

Your Committee notes the following specific qualifications of the nominees:

Richard T. Hashimoto was with the ITT Sheraton Corporation from 1959 to 1995, most recently as the Senior Vice President and Area Director of Human Resources for Sheraton Hotels in Hawaii. He held similar positions for Sheraton Hotels Japan/Hawaii, Asia-Pacific Division, and Waikiki. He has been the director, chair, or trustee of numerous community and business groups, including the Hawaii Joint Training Coordinating Council and Oahu Private Industry Council. He received a Bachelor of Business Administration degree from the University of Hawaii.

Edward M. Boughton is the President of Hawaii Industrial Laboratory, Inc., a consulting organization specializing in commercialization of high technology research results. He has more than forty years of experience in the software and computer applications, electronics, and alternate and conventional energy systems. He was formerly the President of the Maui Economic Development Board. He received a Bachelor of Science degree from the California Institute of Technology and advanced management certifications from the University of California at Los Angeles.

Susan Au Doyle is the Executive Director and Chief Executive Officer of the YWCA of Oahu. She was formerly the Special Projects Director for the Office of the Governor and Deputy Director of Commerce and Consumer Affairs. She participates in numerous volunteer activities, including being an interim member of the Hawaii Workforce Development Council. She received a Bachelor of Arts degree from Brown University and a Master of Business Administration degree from the University of Hawaii. Testimony in support of the nominee was provided by the YWCA of Oahu.

Alan Garson, Ed.D., is an independent consultant and owner of G and G Consultant Services, specializing in business-education partnerships, school community based management facilitation, school-to-work programs, and grant writing. He is also the coordinator for the California State University at Long Beach in the master's degree program for occupational studies, and an observer and evaluator for the directed teaching practicum for the University of Hawaii and Chapman University. He belongs to numerous community organizations, including chairing the Kahua 'Oihana Workforce Development Committee. He belongs to several education associations, including the Hawaii Association of Middle Schools and Association for Supervision and Curriculum Development. He received a Bachelor of Arts degree from Occidental College, a Master in Educational Administration degree from California State University at Los Angeles, and a Doctor in Education degree in educational administration from Arizona State University.

Charlene T. Goo is the General Manager of the Keauhou Beach Hotel in Kailua-Kona. She has been a division manager for the Mauna Lani Bay Hotel. She is on the Board of Directors of the Hawaii Island United Way, Kona YWCA, Kona Kohala Chamber of Commerce, and Kona Coffee Cultural Festival. She received a Bachelor of Business Administration degree from the University of Hawaii.

Charles Kawakami is President of Big Save, Inc., a supermarket and food retailer in Kauai, including Subway stores, Kauai Kitchens, and Kauai Kookie Kompany. He is an officer or director of several trade and economic development organizations. He received a Bachelor of Science degree in business management from the University of Southern California.

Wayne H. Kishida is most recently a field representative and organizer for the Hawaii Carpenters Union. He has been involved in workforce development and training programs for over twenty-five years. He is also involved in personal development and training seminars and workshops. His community service includes Girl Scouts, Boy Scouts, Police Activities League, Aloha United Way, Oahu Private Industry Council, and Vocational Rehabilitation Advisory Council.

John J.K. Lee is Network Manager for AT&T in overseeing activities relating to the Hawaii Information Transfer System (HITS). He was previously a telecommunications manager for the Pacific Missile Range Facility at Barking Sands. His background and expertise is in information systems and telecommunications management. He studied at the University of Maryland for a Bachelor of Science degree in business administration.

Glenn K. Muranaka is President and General Manager of Meadow Gold Dairies, Inc. He has extensive work experience in accounting, personnel management, interdepartmental coordination, and administration. He is a member of the Institute of Management Accountants. He received an Associate of Accounting degree from Kapiolani Community College and took continuing education courses at the University of Hawaii.

Eileen Wachi is an administrative manager for Maui Electric Company, Ltd., where she has overall responsibility for human resources, labor relations, and employee relations and training. Her background is in personnel management. She is the Chairperson of the Maui Tech Prep School-to-Work Consortium. She received a Bachelor of Business Administration degree from the University of Hawaii.

James G. Westlake is the Executive Director of the Hawaii Construction Industry Association. He is formerly the Manager of the General Contractors Association of Hawaii. He was the Chairman of the Commission on Employment and Human Resources and the State Council on Vocational Education. He is currently a member of the Vocational Education Coordinating Advisory Council. He received a Bachelor of Arts degree from the University of Hawaii.

M. Winona Cabral Whitman is the Employment and Training Program Administrator for Alu Like, Inc. Her background is in job training for Hawaiians, American Indians, and Native Alaskans. She has worked as a teacher for the Kentucky State Department of Education, Bureau of Vocational Education. She is a national representative for Hawaiians on the Native American Employment and Training Council and a Hawaii representative on the U.S. Department of Labor, Bureau of Apprenticeship and Training, Nontraditional Employment Task Force. She received a Bachelor of Arts and Master of Arts degrees from Morehead State University.

Informational testimony on the Hawaii Workforce Development Council was provided by the Executive Director of the Council, along with background information on each nominee.

Your Committee diligently questioned the nominees who appeared before your Committee about their qualifications and commitment to the position to which they have been nominated. Your Committee believes each nominee adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 3458 Education on H.C.R. No. 17

The purpose of this concurrent resolution is to request that the Governor establish the Wahiawa Centennial Celebration Commission by executive order.

Testimony in support of this measure was received from the Hawaii Restaurant Association and the Wahiawa Community and Business Association.

Your Committee finds that the Wahiawa Community and Business Association has planned a series of events to celebrate Wahiawa's centennial. In order to protect this entity from civil liability, an executive order from the Governor is needed.

Your Committee has amended this measure by including the Wahiawa Community and Business Association as a recipient of a certified copy of the concurrent resolution.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 17, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 17, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Slom).

SCRep. 3459 Commerce, Consumer Protection, and Information Technology on H.C.R. No. 74

The purpose of this concurrent resolution is to declare the legislature's opposition to United States Senate Bill No. 625 and United States House Resolution No. 2021, the federal auto choice no-fault insurance measures, and to reaffirm its commitment to the states' regulation of their insurance business.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, Hawaii Independent Insurance Agents Association, and the Consumer Lawyers of Hawaii.

Your Committee finds that federal no-fault auto insurance laws would preempt state no-fault auto insurance laws in any area where the two conflict.

Your Committee believes federal occupation of the no-fault auto insurance field is contrary to the states' inherent authority to legislate to protect the health, safety, or general welfare of its residents.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 74 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Kanno, Solomon).

SCRep. 3460 Human Resources on H.C.R. No. 84

The purpose of this concurrent resolution is to request that all state employees use the word "Aloha" as the official greeting when meeting the public or answering telephone calls from the public, as a way of embodying and perpetuating the Aloha spirit.

Your Committee received testimony in support of this concurrent resolution from the Aloha Preservation Association, the Office of Hawaiian Affairs, and a member from the City Council of the City and County of Honolulu. The Department of Business, Economic Development, and Tourism submitted comments.

Your Committee finds that the word "Aloha" is recognized throughout the world as a special greeting denoting the warmth and friendliness of the people of Hawaii. In turn, your Committee recognizes the value of promoting the "Aloha Spirit" in the workplace and the use of "Aloha" as an official expression of the "Aloha Spirit" is an outward indication of the courtesy with which the people should be greeted by public servants.

Your Committee notes that the City and County of Honolulu adopted a similar use of "Aloha" and has received positive and appreciative responses from the public and city employees.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 84 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 3461 Ways and Means on H.C.R. No. 9

The purpose of this Concurrent Resolution is to request the Department of Business, Economic Development, and Tourism to conduct a study on the efforts of state and county agencies and private organizations to provide infrastructure for professional sports activity in Hawaii.

The Concurrent Resolution also requests that the study: project future needs to provide for the continued expansion of professional sports activity in Hawaii; and investigate the wide range of professional sports activities, including women's sports, that could be attracted to Hawaii.

Your Committee is cognizant of the significant economic stimulus and widespread promotion that a major professional sports franchise or event located in Hawaii would provide. Your Committee also is aware that efforts are ongoing in this area. Accordingly, your Committee believes that this Concurrent Resolution will provide critical information to ensure that a coordinated and comprehensive effort is made to attract major professional sports activity to Hawaii.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 9, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3462 Ways and Means on H.C.R. No. 11

The purpose of this Concurrent Resolution is to enhance the development of infants and toddlers with disabilities and minimize their potential for developmental delay by providing needed services as early as possible for children under five years of age.

Specifically, this Concurrent Resolution requests that the Family Health Services Division of the Department of Health provide early intervention services in compliance with the requirements of P.L. 102-119, Individuals with Disabilities Education Act, and the Felix v. Waihee consent decree, to help contain future costs of mental health services and that mental health services for children under five years of age be assessed as early as possible.

In light of the increased requests for mental health services for older children, the importance of funding early intervention programs becomes even more significant. Your Committee recognizes the tremendous impact that prevention and early intervention have on the lives of these children, and finds it critical to invest its scarce resources on these programs.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 11, H.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Taniguchi).

SCRep. 3463 Ways and Means on H.C.R. No. 20

The purpose of this Concurrent Resolution is to prevent the spread of antibiotic resistance by encouraging the Department of Health to continue to monitor local adherence to Centers for Disease Control guidelines and to encourage professional organizations to educate the medical community on improper prescription practices.

Your Committee finds that antibiotic treatment is a double-edged sword that can help cure certain seriously ill persons, but can, if improperly used, result in the development of drug-resistant disease-bearing bacteria like *Staphylococcus aureus*. While antibiotics can significantly increase survival rates among patients with bacterial infections, the improper prescription and uses of antibiotic medications may spell the end of effective application of these scientific miracles. Patients who are made ill by bacteria that have developed a resistance to antibiotics require close monitoring and isolation which increases the cost of medical care. Patients who are elderly and the very young are especially vulnerable to bacterial infections and if those bacteria are also resistant to antibiotics, susceptibility to death is ever present.

Your Committee finds that the reasons for increased antibiotic resistance are due to many factors, including: (1) expectations in the patient community that every illness deserves antibiotic treatment; (2) failure by the prescribing agent such as a physician or pharmacist, to properly instruct the patient to complete the entire cycle of medication; (3) failure by the patient to properly follow instructions for taking the medication; and (4) lack of intelligent appreciation in the general population that the development of antibiotic resistance can have dangerous consequences for all humankind. Your Committee finds, therefore, that the reaffirmation of support for the Department of Health's continued vigilance and adherence to guidelines developed by the Centers for Disease Control is important.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 20, H.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3464 Ways and Means on H.C.R. No. 26

The purpose of this Concurrent Resolution is to request the Department of Transportation, with the assistance of the Legislative Reference Bureau, to review Hawaii's impaired driving statutes and report findings and make recommendations for uniform statutory construction.

The Concurrent Resolution also urges the Department of Transportation to solicit input from an advisory panel made up of representatives from the police, prosecutors, defense bar, Judiciary, substance abuse treatment providers, Department of Health, Administrative Driver's License Revocation Office, emergency room physicians, Governor's Highway Safety Council, and Mothers Against Drunk Driving.

Your Committee is cognizant that significant gaps and inconsistencies exist with respect to the State's impaired driving laws as a result of piecemeal legislation. Accordingly, your Committee finds that a review of these laws by the Department of Transportation and recommendations for uniform statutory construction would be extremely beneficial.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 26, H.D. 2, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3465 Ways and Means on H.C.R. No. 30

The purpose of this Concurrent Resolution is to assist the local economy by requesting authority to conduct expanded foreign cargo transfers.

This Concurrent Resolution asks the Governor to apply to the United States Secretary of Transportation for expanded authority to handle foreign cargo shipments. The expanded authority would allow Hawaii to develop its international airports as transit destinations. The Concurrent Resolution also requests the support of Hawaii's congressional delegation.

Your Committee finds that Hawaii is perfectly suited to establish itself as an international cargo transfer station. The Secretary of Transportation has elaborated a policy that assists states with special needs, are geographically isolated, and are dependent on air transportation services. Alaska is already operating in this capacity.

Your Committee finds that expanding the ability to market the international airports in the State will ensure the continuation of air transportation services. Additionally, the expanded authority for foreign cargo will provide a new revenue opportunity to the economy.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 30, H.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3466 Ways and Means on H.C.R. No. 35

The purpose of this Concurrent Resolution is to request the Department of Health to develop a rural health plan for the island of Hawaii.

In addition, the Concurrent Resolution requests that the Department's plan make available sufficient medical services to all residents living on the island, while emphasizing the districts of Puna and Ka'u. The Concurrent Resolution further requests the Department to aggressively explore ways to obtain or maximize federal funding to implement the plan, and report findings and recommendations to the Legislature before the convening of the 1999 Regular Session.

Your Committee finds that a recent Department of Health study found that the districts of Puna and Ka'u ranked first and second, respectively, as the highest risk areas in the State in terms of health and socioeconomic risk. Risk factors include the percentage of the population living in poverty, unemployment rate, percentage of households on public assistance, infant mortality, and inadequate prenatal care. While medical services within these communities are inadequate, your Committee finds that the problems in Ka'u and Puna also apply to the rest of the Big Island. Your Committee finds that the development of a rural health plan will ensure the improvement of health facilities for such services as emergency care, x-ray services, mental health services, substance abuse treatment, and prenatal care, and make available sufficient medical services to all residents of the island of Hawaii.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 35, H.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3467 Ways and Means on H.C.R. No. 36

The purpose of this Concurrent Resolution is to approve the compensation plans and the costs thereof submitted by the personnel directors of the State, the Judiciary, and the counties, including the report published by the Public Employees Compensation Appeals Board, as required by law.

Your Committee finds that the Public Employees Compensation Appeals Board has completed hearings on pricing and repricing appeals from affected persons and parties, made final adjustments to the tentative compensation plans, and prepared written findings in its "Report of Findings on Adjustments to the Compensation Plans". Subsequent to any final adjustments made by the Appeals Board, the Conference of Personnel Directors is required to submit to the Legislature, through the Office of the Governor, the proposed compensation plans and the costs thereof for approval. The Governor has transmitted the written findings of the Appeals Board and the compensation plans and costs thereof to the Legislature as required by law.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 36 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3468 Ways and Means on H.C.R. No. 46

The purpose of this Concurrent Resolution is to request the development of an action plan to promote and market Hawaii-grown and Hawaii-made agricultural products.

Specifically, the Hawaii Visitors and Convention Bureau (HVCB) and the Hawaii Hotel Association (HHA), in cooperation with the Department of Agriculture (DOA), the Department of Business, Economic Development, and Tourism, the Hawaii Farm Bureau Federation, the Agribusiness Development Corporation, and other agricultural commodity groups are requested to develop the action plan. The idea behind the plan is to strengthen and broaden the market for locally-made products by associating such products and goods with Hawaii's traditional attractions that are promoted by the HVCB and the HHA. Thus, the Concurrent Resolution requests the HVCB and the HHA to promote and market Hawaii-grown and Hawaii-made goods in its tourism and marketing campaigns that are televised worldwide.

The Concurrent Resolution also requests the development of a promotion and marketing financial plan and a determination of the feasibility of establishing a "one-stop" site to showcase and sell Hawaiian goods. Lastly, the DOA is requested to submit a report on the action plan to the Legislature in 1999.

Your Committee believes that this action plan will provide a stronger marketing link or association between Hawaii's reputation as a tourist destination and the goods and products produced here to ultimately benefit both.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 46, H.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3469 Ways and Means on H.C.R. No. 53

The purpose of this Concurrent Resolution is to request the Auditor to analyze the probable effects of the regulation of professional mental health counselors and professional rehabilitation counselors as proposed in S.B. No. 2341.

Furthermore, this Concurrent Resolution also requests the Auditor to assess whether enactment of the proposed legislation is consistent with state policy.

Your Committee finds that increased demands for mental health care services and the proliferation of service providers raises the issue of whether licensure of the providers is necessary to ensure quality control and consumer safety.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 53, H.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3470 Ways and Means on H.C.R. No. 60

The purpose of this Concurrent Resolution is to request the State and the county of Hawaii construct a multi-purpose sports and recreation complex in Hilo.

Your Committee finds that in these tough economic times, the island of Hawaii and the district of Hilo, in particular, has been severely affected by loss of jobs due to the closure of the sugar plantation. While tourism continues to contribute to the economy, direct flights from places like Japan go to the Kona airport instead of to the Hilo airport. Your Committee finds that there is more land, at perhaps lower rates, available in the Hilo area for parking and buildings than can be found on the more urbanized Oahu. Furthermore, your Committee finds that the Hilo community supports the social activities that co-exist with strong family ties including group sports activities and school intramural functions. Hilo has also proven it can promote these types of social functions as evidenced by the successful production of Merrie Monarch festivities. Hawaii can promote its well-known healthy lifestyle by providing a location that will contribute to bringing together a variety of sports and sport-related activities. Your Committee finds that a multipurpose sports complex would be a positive addition to rebuilding Hilo's economy.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 60, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3471 Ways and Means on H.C.R. No. 80

The purpose of this Concurrent Resolution is to request the Department of Defense, Civil Defense Division to conduct a study on the availability and condition of hurricane-resistant public shelters within each county.

In addition, this Concurrent Resolution encourages the Department of Defense, Civil Defense Division to implement the recommendations contained in its review of the actions needed to convert public facilities into acceptable hurricane shelters.

Your Committee finds that the desire to create sufficient hurricane shelter space by using public facilities that can be quickly converted to public shelters must be tempered by the fact that not all public buildings were designed and constructed to withstand hurricane force winds and to protect their occupants from flying debris. Although new state facilities should satisfy the primary purpose for which they were designed and constructed, these facilities should also be designed and constructed to serve as hurricane shelters when needed. The mitigation of hazards associated with natural disasters is important for public safety and economic reasons, and the formation of the State Mitigation Forum to coordinate various state and county agencies damage prevention initiatives is a step in the right direction.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 80 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3472 Ways and Means on H.C.R. No. 83

The purpose of this Concurrent Resolution is to enhance the first impressions of foreign visitors to Hawaii by encouraging the continued efforts to expedite the customs and immigration clearance process.

The Department of Transportation has been working with the United States Immigration and Naturalization Service to provide improved facilities and processing of foreign arrivals through Honolulu International Airport. Several new technologies have been developed that would improve the current situation. The United States Immigration and Naturalization Service must advise the Department of Transportation which technology and under what conditions it can be installed before these improvements can be made. This Concurrent Resolution urges the United States Immigration and Naturalization Service and the United States Customs Service to assess the technologies and determine which are acceptable to be installed at Honolulu International Airport.

Your Committee finds that although the current customs and immigration processing time has been reduced from two hours to about forty-five minutes, a goal established by the International Civil Aviation Organization, a significant inconvenience still exists at Honolulu International Airport that must be addressed. The first impressions of our international visitors are critical to the continuing economy of the State. Hawaii must continue to work and plan in order to exceed the expectations of our visitors.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 83, H.D. 1, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3473 Ways and Means on H.C.R. No. 107

The purpose of the Concurrent Resolution is to request the Judiciary to examine the issue of juror fees and mileage reimbursement rates.

Specifically the Concurrent Resolution requests the Judiciary to include an examination of the following issues:

- (1) Adoption of a fee formula;
- (2) A sliding fee scale for partial days versus full days;
- (3) Recouping of juror fees paid to state or county employees;
- (4) Revision of exemptions from jury duty;
- (5) Requiring persons exempt from jury duty to make a financial contribution to a jury fund; and
- (6) Requiring parties to jury trials to bear all or part of the cost of jury fees.

The Concurrent Resolution also requests the Judiciary to report its findings and recommendations, including any proposed legislation, to the Legislature no later than twenty days before the convening of the Regular Session of 1999.

Your Committee finds that jurors serving in Hawaii state courts presently receive a fee of \$30 per day. This is equivalent to \$3.75 an hour (assuming an eight-hour work day), which is far below the current minimum wage of \$5.25. Your Committee notes that the last increase in juror fees was in 1986. Accordingly, your Committee finds that it is appropriate for the Judiciary to examine and report to the Legislature on the issue of juror fees and mileage reimbursement rates.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 107 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3474 Ways and Means on H.C.R. No. 112

The purpose of this Concurrent Resolution is to request the Department of Business, Economic Development, and Tourism to establish a "Business Aloha Team Program" to assist individual businesses in creating and retaining jobs within the State.

The Concurrent Resolution further requests that the Program be comprised of an ad hoc group of senior decision-makers from public and private sector organizations, and provides that the purposes of the Program are to help businesses by:

- (1) Addressing and helping to resolve and remove obstacles that businesses face in conducting business in the State; and
- (2) Assisting businesses in achieving the conditions necessary to create and retain jobs.

In addition, the objectives of the Program include:

- (1) Enlisting local, community, and state officials, and private sector resources to negotiate, streamline, and expedite business development, retention, and expansion;
- (2) Identifying and explaining incentives for businesses to expand and locate in Hawaii; and
- (3) Helping businesses overcome barriers to job creation;

The Department is further requested to report back to the Legislature on actions taken before the convening of the 1999 Regular Session.

Your Committee finds that given Hawaii's lagging economy and high bankruptcy rate, there is an urgent need to develop a comprehensive program to aggressively encourage out-of-state businesses to locate their operations in the State and assist existing Hawaii businesses by helping them to prosper. Your Committee therefore agrees with the intent of this Concurrent Resolution, and finds that the establishment of a Business Aloha Team Program will help to foster a business-friendly climate by providing support and services to businesses through incentives and problem-solving mechanisms, as well as support efforts by the public and private sectors to stimulate and revitalize the State's economy.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 112 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3475 Ways and Means on H.C.R. No. 114

The purpose of this Concurrent Resolution is to request the Department of Land and Natural Resources to issue a permit to the Sea Grant College Program of the University of Hawaii in order that the program may proceed with an offshore aquaculture demonstration experiment on submerged lands.

Your Committee finds that the Board of Land and Natural Resources may lease submerged lands for marine activities with the prior authorization of the Legislature by concurrent resolution and the prior approval of the Governor.

Your Committee affirms that this Concurrent Resolution constitutes the Legislature's prior authorization for the Board to lease those lands to the University. Your Committee believes that open ocean aquaculture using submerged offshore cages presents a unique opportunity to simultaneously promote the State's fishing industry and conserve ocean resources.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 114, H.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3476 Ways and Means on H.C.R. No. 117

The purpose of this Concurrent Resolution is to request the Department of Commerce and Consumer Affairs to evaluate the rating criteria and rate discounts for all drivers in the State.

Furthermore, this Concurrent Resolution requests the Department of Transportation, the mayors of each county, and the Hawaii Insurers Council to provide assistance to the Department of Commerce and Consumer Affairs.

Your Committee finds that recent efforts at automobile insurance rate reductions may be frustrated if those efforts are ignored in insurers' rating criteria and rate discounts. Your Committee accordingly believes that an accurate understanding of present systems of rating criteria and rate discounts is needed before meaningful reform can be truly effectuated with regard to rate reductions.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 117, H.D. 1, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3477 Ways and Means on H.C.R. No. 119

The purpose of this Concurrent Resolution is to request the Insurance Commissioner to convene a task force to study and report on a new health care assurance program as an alternative to the QUEST program.

Your Committee finds that all residents of Hawaii deserve to have access to adequate, insured medical care. Hawaii's QUEST program provides basic medical coverage to eligible residents, but is scheduled to expire in March 1999, leaving its 130,000 insureds without health care coverage. The cost to the State to insurers for health care premiums is over \$1,000,000,000 which must be reduced if possible, or at least not increased, given the State's current economic problems. Your Committee finds that a healthy resident population is necessary for economic growth, for a healthy workforce is productive. As the end of the QUEST program nears, it is imperative to find an alternative. This Concurrent Resolution will start this process by asking a task force to examine and prepare a report for the next regular session of the Legislature to take up the issue.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 119, H.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3478 Ways and Means on H.C.R. No. 120

The purpose of this Concurrent Resolution is to establish a Joint Legislative Committee on Early Childhood Education and Care.

Your Committee finds that recent research has demonstrated the importance of early childhood development that is vital to the positive growth and development of children into adults. In light of this understanding, the Legislature under Act 77, Session Laws of Hawaii 1997, recognized a public and private partnership between the State and the Good Beginnings Alliance to enhance, develop, and coordinate quality early childhood education and care services. Consistent with that effort, this Concurrent Resolution establishes a Joint Legislative Committee to develop policies and strategies for early childhood education and care.

The Joint Committee will support the Good Beginnings Alliance and recommend and encourage various issues including: public funds for early childhood education and care, maintaining current levels of funding for early childhood programs and support services, an integrated and responsive policy, a data and collection system to track program effectiveness, implementation of Title XXI, intensive home visitation services, a comprehensive community support system, a result-based accountability system, and a plan of action to implement the Committee's recommendations.

The Joint Committee will include six members of the House of Representatives with at least one member from each of the Committees on Human Services and Housing, Health, Education, Labor and Employment, Finance and one member from the minority party. All members will be appointed by the Speaker of the House of Representatives.

The Joint Committee will also include five members from the Senate with at least one member from each of the Committees on Human Resources, Health and the Environment, Education, Ways and Means, and one member from the minority party. All members will be appointed by the President of the Senate.

Your Committee finds that the Joint Committee will provide the necessary consideration and coordination of early childhood issues and problems to develop meaningful policies and strategies for early childhood education and care.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 120, H.D. 1, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3479 Ways and Means on H.C.R. No. 121

The purpose of this Concurrent Resolution is to urge the Children's Health Insurance Program Planning Committee to develop universal health coverage for all of Hawaii's children.

In addition, this Concurrent Resolution requests that the Planning Committee decide the eligibility criteria to be used and the benefit package to be provided, designate premium and cost-sharing options, implement option and service delivery mechanisms, determine administration, decide the timeline and assignments, and create a mechanism to provide universal access to health coverage for all children from birth to age eighteen. The Committee is requested to submit its plan to the Legislature before the convening of the 1999 Regular Session.

Your Committee agrees with the intent of this Concurrent Resolution to provide for the development of a plan to provide universal health coverage for Hawaii's children. Your Committee finds that the Children's Health Insurance Program offers new opportunities and a ten-year commitment of federal funds for expanding health insurance coverage for children. A Planning Committee has been convened to ensure that the State meets a June 30, 1998, federal deadline for submittal of the State's plan to secure federal funding for federal fiscal year 1998. This federal funding, when matched by state funds, may be used to expand Medicaid programs, obtain health benefit coverage, provide health care services, or implement a combination of the three. The development of a plan is therefore crucial to obtain federal funding for this worthwhile goal.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 121 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3480 Ways and Means on H.C.R. No. 139

The purpose of this Concurrent Resolution is to request the Governor to convene a state conference on the future role of the residential care home industry in Hawaii.

Your Committee finds that this State can expect its elderly population, especially those over eighty-five years old to increase over the next few decades. These elderly will require varying degrees of help and more and more will not live in institutionalized nursing homes, but in residential care home settings. Residential care homes must provide safe, healthy, positive caregiving environments to those individuals who need some assistance in daily living. While the elderly may be the greatest number of users of these services, there are other groups such as mentally retarded adults and those with developmental disabilities who also find residential care homes necessary refuges.

Your Committee finds that an important feature of good residential care homes is the knowledge and expertise of the caregivers. Long-term caregiving requires providing supervision and acceptable activities for the residents, and knowledge of nutrition and first aid, to name only a few topics. Providing good care costs money and time. In order to be prepared for efficient use of public funds, the State must prepare now for the time when the need for these services explodes. Therefore, this Concurrent Resolution calls for the convening of a statewide conference in preparation for the increase in long-term services in the residential care home industry. The conference will bring together all the principals involved in the residential care home industry, identify needs and potential problems, and propose solutions, among other things.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 139 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3481 Ways and Means on H.C.R. No. 141

The purpose of this Concurrent Resolution is to urge the United States Congress to restore food stamp benefits to legal, noncitizen immigrants who have been denied participation in the federal Food Stamp Program under Public Law 104-193 (PRWORA).

Your Committee finds that the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 barred legal, noncitizen immigrants from food stamp eligibility until they have worked for forty quarters or meet the five-year military exemptions. Approximately 730,000 people lost benefits under PRWORA, including over 8,000 in Hawai'i. A large proportion of the households who lost benefits included vulnerable children, the disabled, and the elderly. Many of the children are United States citizens.

Food stamps are a part of the integrated system of care that this country has afforded the poorest segment of society in order to help them to meet the responsibilities of economic self-sufficiency. Depriving these vulnerable groups of people, who are legally in the country, of adequate nutrition undermines their ability to become fully-functional members of society.

Last year's federal Balanced Budget Act began to restore other benefits that had been denied to legal, noncitizen immigrants, such as indigent health care and disability benefits. The Clinton administration has promised to propose restoring federal food stamp benefits to the 730,000 legal, noncitizen immigrants who lost these benefits under PRWORA. Your Committee finds that Congress

should be urged to extend the benefits to legal, noncitizen immigrants, as it will benefit not only the individuals involved but the nation as well.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 141 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3482 Ways and Means on H.C.R. No. 147

The purpose of this Concurrent Resolution is to request the Hawaii Health Systems Corporation to determine and recommend to the Legislature the necessary steps to enhance the Corporation's ability to negotiate contracts that determine the reimbursable costs for medical services.

Your Committee finds that the Hawaii Health Systems Corporation must negotiate with various insurers to determine the level of reimbursable costs for medical services provided in community hospitals, but that this kind of negotiation requires data that the Corporation currently lacks. Your Committee further finds that there are thirteen community hospitals across the State that would be affected by these negotiations. Many of these hospitals serve outlying rural areas where the population does not have ready access to medical services. Your Committee finds that it would be in the best interest of these communities for the Hawaii Health Systems Corporation to negotiate from a position of strength so that the management and administration of all community hospitals can be improved. Accordingly, your Committee finds that this Concurrent Resolution's request will help the corporation to help itself, as well as the small communities that are dependent upon the services provided by community hospitals.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 147 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3483 Ways and Means on H.C.R. No. 155

The purpose of this Concurrent Resolution is to request the Department of Health to convene a task force to conduct a needs assessment of families who provide home care to their family member with a developmental disability and develop a plan to address those needs.

Your Committee finds that there is a population of developmentally disabled individuals who receive support and services in a home, rather than in an institutional setting. An adequate support system allows the developmentally disabled person to participate in community activities and make what contributions are possible within their sphere of abilities. There has been a change in attitude in recent years toward helping persons with developmental disabilities and a three-year grant from the Robert Wood Johnson foundation will help Hawaii design and implement a participant managed support system based on the principles of self-determination. For this reason, your Committee finds that a task force made up of affected individuals, their families, service providers, legislative members, researchers, and others will be useful to collecting and assessing the needs of the developmentally disabled community. We need to know basic facts about the developmentally disabled, including how many there are, the kinds of services they receive, and the problems encountered by their support and care givers. Your Committee finds that only after an assessment of this type is made can a useful plan be drawn up to help people with developmental disabilities. This Concurrent Resolution is the first step towards developing this plan.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 155 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3484 Ways and Means on H.C.R. No. 163

The purpose of this Concurrent Resolution is to request the Department of Education to allow the use of general funds appropriated to the Youth Leadership Demonstration Project on the Big Island to be used in a manner that would generate additional sources of revenue to sustain future student programs.

This Concurrent Resolution addresses a policy that limits the Youth Leadership Demonstration Project from being self-sustaining. The Department of Education has not allowed allocated general funds to be used for "fundraising." This Concurrent Resolution seeks to resolve this issue by encouraging, within the limits of the law, flexibility on the use of appropriated funds to allow the money to be used to sustain future student programs. This Concurrent Resolution also encourages the Department of Education to consider the same type of flexibility for similar projects.

Your Committee finds that providing this type of flexibility will encourage student commitment to a project. Student participation in activities that will result in the continued success of the Project teaches a valuable lesson that is the essence of the Youth Leadership Demonstration Project. Your Committee also finds that encouraging this type of flexibility for similar projects may lead to more self-sustaining school programs.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 163, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3485 Ways and Means on H.C.R. No. 162

The purpose of this Concurrent Resolution is to extend support to the Aloha Racing Foundation, its sponsors, and the Waikiki Yacht Club in their endeavor to bring the America's Cup to the United States and establish Hawaii as the premier yacht racing capital of the world.

The Aloha Racing Foundation is the first time an official challenge for America's Cup has been made in Hawaii. This Concurrent Resolution shows the support of the people of Hawaii and by the Department of Business, Economic Development, and Tourism through appropriate promotion of the event in order to ensure success.

Your Committee finds that the America's Cup is one of the premier sporting events in the world. Should Honolulu become the host city for the next challenge, America's Cup XXXI, in 2003, the State could realize a potential financial gain of several billion dollars. Your Committee encourages supporting this activity that has the potential to bring prestige as well as prosperity to Hawaii.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 162, H.D. 1, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3486 Ways and Means on H.C.R. No. 197

The purpose of this Concurrent Resolution is to request the University of Hawaii College of Education, with assistance from the Department of Education, to develop a detailed plan of action to address the teacher shortage and training needs of the Department of Education, as well as retention of new teachers.

The Concurrent Resolution urges the University of Hawaii to maintain the focus on this critical function of teacher training, by considering shifting resources to the College to provide tuition waivers for education students. Finally, the Concurrent Resolution requests submission of findings and recommendations for an implementation plan no later than twenty days before the convening of the Regular Session of 1999.

Your Committee finds that considerable updating of the teacher training curriculum and structure of the College of Education is necessary to address contemporary issues faced by teachers and the inadequacies and challenges that exist in our public schools. Your Committee believes that a detailed action and implementation plan is an appropriate first step in that direction.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 197, H.D. 1, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3487 Ways and Means on H.C.R. No. 212

The purpose of this Concurrent Resolution is to encourage the Department of Education and the University of Hawaii to develop partnerships with the private sector to provide additional support for education through curriculum development and related training opportunities.

Your Committee finds that inasmuch as an educated workforce is key to the long-term economic recovery of the State, that workforce is only as good as the demand it fills in the marketplace. Students must be trained for jobs that are in demand by employers. This can only happen if employers in the private sector communicate with our public educational institutions.

This Concurrent Resolution encourages such an alliance between the private sector and public educational institutions to allow the private sector to participate as partners in developing an educational infrastructure that facilitates the training of a qualified and educated workforce. This partnership has proven successful in other states, and has resulted in enhanced economic benefits for all those concerned. The Concurrent Resolution also requests the Superintendent of Education and the President of the University of Hawaii to submit reports to the Legislature in 1999 and 2000.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 212, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3488 Ways and Means on H.C.R. No. 213

The purpose of this Concurrent Resolution is to request the University of Hawaii, in conjunction with the Leeward District Office of the Department of Education and the Department of Business, Economic Development, and Tourism, to study the feasibility of converting the former Sheraton Makaha Inn to an educational, training, conference, and outreach facility.

The Concurrent Resolution also indicates that the study be conducted using existing resources and funds and requests a report of findings and recommendations be submitted to the Legislature no later than twenty days before the convening of the Regular Session of 1999.

Your Committee finds that the former Sheraton Makaha Inn has great potential as an educational, training, conference, and outreach facility for University of Hawaii at West Oahu, Leeward Community College, and the Department of Education students in the Leeward area, as well as other community organizations, and that a study on the feasibility of such use is appropriate.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 213, H.D. 1, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3489 Ways and Means on H.C.R. No. 223

The purpose of this Concurrent Resolution is to request the Auditor to conduct a study of mandatory health insurance coverage for mental health.

Specifically, this Concurrent Resolution, by requesting the Auditor to assess the social and financial effects of the proposed mandated coverage contained in H.B. No. 427, H.D. 1; S.B. No. 2436, S.D. 2; and S.B. No. 2439, S.D. 1, satisfies the requirements of sections 23-51 and 23-52, Hawaii Revised Statutes, that proposals for mandatory health insurance coverages be accompanied by a concurrent resolution.

Your Committee finds that issues regarding insurance coverage for mental health and substance abuse involves a delicate balancing of interests between medicine and insurance, and accordingly requires thorough and exacting analysis.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 223, H.D. 1, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3490 Ways and Means on H.C.R. No. 226

The purpose of this Concurrent Resolution is to request the Department of Land and Natural Resources and the City and County of Honolulu Department of Parks and Recreation to assist the Philippine Centennial Celebration Coordinating Committee/Hawai'i with selecting an appropriate site for the bronze statue of Dr. Jose Rizal.

Your Committee finds that June 19, 1998, marks the one hundred and thirty-seventh anniversary of the birth of Dr. Jose Rizal, the national hero of the Philippines, who epitomizes the very principles of freedom, democracy, and social justice for which he gave his life. Dr. Rizal was instrumental in the struggle by the Filipino people for freedom and independence from Spanish colonial rule, which ultimately culminated in the establishment of the Republic of the Philippines on June 12, 1898.

Your Committee further finds that the Philippine Centennial Celebration Coordinating Committee/Hawai'i is searching for an appropriate site for a bronze statue of Dr. Rizal. The committee's dedication of Dr. Rizal's statue will be a featured highlight of the celebration of the Centennial of the Philippine Independence movement.

Your Committee further finds that time is of the essence in finding a site for the statue. The statue will be unveiled on June 19, 1998, the anniversary of Dr. Rizal's birth. Accordingly, an appropriate site must be found by the end of May 1998.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 226, H.D. 1, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3491 Ways and Means on H.C.R. No. 240

The purpose of this Concurrent Resolution is to recognize the organic food industry as an agricultural commodity group.

Your Committee finds that the organic food industry in this country generates annual revenues of \$3,500,000,000. Locally, the organic food industry rivaled the hog industry with revenues of \$6,800,000 in 1996. Despite its recent growth and prosperity, the industry continues to find ways to improve and expand its market viability.

This Concurrent Resolution supports the industry by not only acknowledging its accomplishments and economic potential, but by also recognizing the industry as an agricultural commodity group to allow it to fully participate as an active member of the agricultural community and a vital contributor to the State's economic recovery.

As affirmed by the records of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 240, H.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3492 Ways and Means on H.C.R. No. 242

The purpose of this Concurrent Resolution is to revitalize the agriculture industry in Hawaii by promoting consumption of Hawaii agricultural products.

The Concurrent Resolution requests the Governor, the Department of Agriculture, the Department of Business, Economic Development, and Tourism, and the Hawaii Farm Bureau Federation to develop a program that encourages people to consume locally-grown or processed food on designated days. The Concurrent Resolution also asks the University of Hawaii College of Tropical Agriculture and Human Resources to join with the others and form a task force to develop a plan to finance and implement the program.

Your Committee finds that establishing this kind of participatory program will benefit the State by developing support for the new diversified agriculture products that are emerging to replace the sugar and pineapple industries. This type of program will also serve to educate the local community about Hawaii's high quality foods that contribute to the economic base of the State.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 242, H.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3493 Ways and Means on H.C.R. No. 244

The purpose of this Concurrent Resolution is to request the Department of Health to study the incidence and prevalence of Hepatitis C in selected populations in Hawai'i.

Your Committee finds that Hepatitis C is a chronic liver disease, classified as a silent killer as it causes no signs or symptoms until severe liver damage has occurred. Approximately 4,500,000 Americans have this disease, and there are 30,000 new infections each year in the United States alone. The National Institute of Health convened an international conference on Hepatitis C diagnosis, control, and treatment last year, and the United States Department of Health and Human Services has launched a comprehensive plan to address this significant threat to public health. There is no vaccine for this disease.

Your Committee finds that the prevalence of this disease in selected groups more likely to have this silent killer should be determined by the Department of Health. The Concurrent Resolution also requests the Department to promote public awareness of this disease and how to prevent its transmission, both of which will benefit the public health and welfare of the people of this State.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 244, H.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3494 Ways and Means on S.R. No. 18

The purpose of this Resolution is to request 'Olelo: the Corporation for Community Television to undertake a full management and financial audit by an impartial auditor, with the audit to be overseen by the Department of Commerce and Consumer Affairs.

Your Committee finds that 'Olelo receives millions of dollars each year for public, government, and education (PEG) cable-casting through its contract with the State. Although the money comes from cable subscribers and cable companies and no government sources, the State is the entity that contracts with 'Olelo to provide these services and directs payment of the fees to 'Olelo. The State has a vested interest, as the funding conduit, in ensuring that these moneys are being spent for their intended purpose.

While the State cannot command 'Olelo to undergo an audit, the State can so request. If 'Olelo does not comply and assure the State of its ability to handle these funds for the public benefit, in a prudent and reasonable manner, this will give the state grounds for action to protect the public. The full range of remedies available for breach of contract would be available to the State, as well as the option of looking for a new PEG access entity when 'Olelo's contract with the State expires.

Your Committee finds that the requested audits are reasonable and will benefit the public. Oversight of both the auditor selection and the scope of the audits by the Department of Commerce and Consumer Affairs will ensure that the process is fair.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 18, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3495 Ways and Means on H.C.R. No. 14

The purpose of this Concurrent Resolution is to request the Auditor to study the financial and social impacts of requiring all employer group health policies to provide coverage for post-mastectomy breast reconstructive surgery, and to analyze the probable effects of the proposed statutory changes for physician assistants.

Your Committee finds that insurance companies do provide some coverage for reconstructive surgery after mastectomy; however, this coverage is limited and often covers only first-stage reconstructive surgery of the cancerous breast, and provides no coverage for the non-cancerous breast to create a more natural symmetry between the breasts. The reason for the limited coverage is that such full reconstruction is considered "cosmetic". However, these insurance companies provide full coverage for reconstruction after tumor removal from other body parts, such as the nose, hips, and eyes, and there is no reason to discriminate against breast cancer patients by providing only partial coverage.

Your Committee notes that thirteen states have adopted legislation requiring coverage of post-mastectomy breast reconstruction surgery, and legislation is pending in an additional four states. This legislation is supported by major nationwide medical

organizations, such as the American Medical Association and the American Cancer Society. Your Committee finds it credible that post-mastectomy breast reconstructive surgery will help restore a significant degree of emotional and psychological well-being to victims of breast cancer, and will encourage more women to participate in early detection of breast cancer.

Your Committee finds that House Bill No. 620 (1997) requires post-mastectomy breast reconstructive surgery, and that section 23-5, Hawaii Revised Statutes, requires an Auditor's study before passage of any legislative mandate for specific health services. Therefore, the purpose of this Concurrent Resolution is to direct the Auditor to study the social and financial impact of this legislation to give the Legislature further direction on this issue.

Your Committee also finds that physician assistants have been authorized to practice in Hawai'i for over twenty-five years and have an unblemished record in providing safe, high-quality, and cost-effective care to the people of Hawai'i. At present, they are not licensed, although the Department of Commerce and Consumer Affairs treats them as such. The standard in the majority of states is to license physician assistants, and the Board of Medical Examiners has repeatedly requested that a legislative change to licence physician assistants be enacted.

Your Committee finds that it is in the best interests of the people of this State to have physician assistants be used in an optimal capacity. Therefore, the Auditor is requested to analyze the probable effects of the proposed regulatory changes for physician assistants contained in Senate Bill No. 3234 (1998) in order to fulfill the statutory requirements of section 26H-6, Hawaii Revised Statutes, and give the Legislature direction on adopting state licensure requirements for physician assistants.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 14, H.D. 1, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3496 Ways and Means on H.C.R. No. 24

The purpose of this Concurrent Resolution is to urge the United States Congress, the President of the United States, and the Secretary of Health and Human Services to support the Hawaii Congressional delegation's effort to amend the Social Security Act to increase Hawaii's Federal Medical Assistance Percentage.

Your Committee finds that federal funding to Hawaii under the federally mandated Medicaid program is based on the Federal Medical Assistance Percentage (FMAP). The higher the FMAP, the greater the share of federal funding. The State's relatively low FMAP results in the cost burdens of the federal Medicaid program being unfairly shifted from the federal government to the State.

Your Committee finds that the FMAP relates the per capita income of the individual state to that of the nation. Cost of living factors are not taken into consideration. Accordingly, the FMAP, based on per capita income calculations, is an inadequate measure of the State's relative ability to bear the cost of federal Medicaid services.

Your Committee further finds that besides the cost of living, other factors overlooked in the calculation of the FMAP are the State's per capita contribution to Medicaid and the costs to provide health care services. The legislation proposed by Hawaii's Congressional delegation seeks to incorporate these factors into Hawaii's FMAP in a like manner as that which was recently done for Alaska.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 24, H.D. 1, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3497 Ways and Means on H.C.R. No. 38

The purpose of this Concurrent Resolution is to establish a state policy for improving the well-being of children, youth, and families.

Your Committee finds that families are vitally important to the well-being of children and youth. As amended, this measure delineates certain outcomes that Hawaii should focus on in the process of providing programs for the support of children, youth, and families. This outcomes-based system in health and social services is in keeping with the accountability movement that is transforming policies and programs in the public and private sectors of society. This Concurrent Resolution provides a mechanism for the on-going evaluation of progress toward achieving outcomes relating to children, youth, and families. This Concurrent Resolution also recognizes that families are critical to the development of children, the well-being of individuals, and the strength of society.

Your Committee notes that this measure builds on the valuable work of groups such as the Governor's Family Policy Academy, Hawaii Kids Count, Good Beginnings Alliance, Adolescent Wellness Coalition, Education Goals 2000, Hawaii's Promise, and the Governor's Children and Youth Panel.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 38, H.D. 1, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3498 Ways and Means on H.C.R. No. 48

The purpose of this Concurrent Resolution is to invite the Rescue Mission to hold the Children's Millennium Conference in Honolulu in October 1999.

The Rescue Mission of the Peace Child Charitable Trust is a United Kingdom-based education foundation founded in 1982, which is supported by the United Nations through UNICEF and UNESCO. The Children's Millennium Conference is a project of the Rescue Mission that will involve one thousand youths from ages twelve to seventeen who will convene to set priorities for the twenty-first century on issues of concern to young people. These issues include drug abuse, health, gender issues, education, jobs, eradication of poverty, sustainable tourism and leisure, agriculture, sustainable development, and human rights.

Your Committee finds that the host city will serve as an affiliate to the Rescue Mission and receive the legacy of a special project. Hawai'i's participation in the Children's Millennium Conference will bring a global service learning project to the community, and provide Hawai'i's youth the opportunity to participate in some of the projects planned by the Conference, such as a play, a video, and publications. Your Committee finds that hosting the Conference will showcase the beauty of the State for an international audience.

Your Committee notes that the Rescue Mission is in the process of raising \$3,000,000 for the Conference, and that the Hawaii Community Services Council's Ke Ala Hoku project has taken responsibility as the initial convener here. Your Committee sees this as a win-win opportunity for the State to assist a worthwhile charitable and educational project and benefit local youth and the economy.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 48, H.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3499 Ways and Means on H.C.R. No. 50

The purpose of this Concurrent Resolution is to request that the Department of Human Services formulate a new QUEST distribution methodology.

In addition, this Concurrent Resolution requests that the new methodology for distribution of QUEST funds be based upon such patient health risk factors as pregnancy, HIV infection, chronic disease diagnoses, and historical consumption of health care services. The Department is also requested to consider using the risk adjusted methodology in paying health plans based on SOBRA (Sixth Omnibus Budget and Reconciliation Act) by using current available HEDIS (Health Employer Data Information System) reports to identify births by plans. The Concurrent Resolution further calls for the Department to consider implementing the new risk adjustment methodology within the next three-year contract period which begins July 1, 1999, if all contracted health plans agree to implement any revisions to the proposed methodology.

Your Committee finds that there is a need to change the current QUEST distribution methodology, which is based on actuarial assumptions from outdated Medicaid data that encourages plans to seek to attract the healthiest enrollees in QUEST. This methodology overcompensates QUEST health plans and providers who service a relatively healthy population, while undercompensating plans and providers that care for a disproportionate share of patients who are at high risk and need more than average medical attention. Your Committee finds that a new distribution methodology based on patient health risk factors will correct this inequitable situation and will help to ensure that providers who care for patients with the greatest health care needs receive more compensation through redistribution of existing resources.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 50, H.D. 2, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3500 Ways and Means on H.C.R. No. 67

The purpose of this Concurrent Resolution is to request the Department of Health to determine the amount of scrap metal currently being disposed of in Hawaii landfills and to assess the impact of banning scrap metal from landfills.

Your Committee has amended this Concurrent Resolution by deleting its contents and inserting provisions:

- (1) Endorsing the efforts of the Ala Wai Canal Watershed, Water Quality Improvement Project; and supporting community stakeholder stewardship of the Ala Wai Canal Watershed; and
- (2) Requesting the Governor to recommend that the capital improvement projects identified in the Ala Wai Canal Watershed, Water Quality Improvement Project, Management and Implementation Plan serve as a resource for agency actions and reviews under the Hawaii State Planning Act and the law relating to environmental impact statements.

Your Committee finds that, for many years, the Ala Wai Canal has been the source of heated contention between environmentalists who complained about its adverse impact on nearshore water quality, recreationalists who complained about its ill effect on health, and engineers and planners who maintained that it was serving its intended purpose--flood control. The Department of Health, through a court-ordered consent decree, was instrumental in the evolution of the Ala Wai Canal Watershed, Water Quality Improvement Project and the subsequent development of its Management and Implementation Plan. The Department of Health, in conjunction with the United States Environmental Protection Agency, is now providing oversight over a broader effort that involves the engagement of community-based stakeholder stewardship.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 67, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 67, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3501 Ways and Means on H.C.R. No. 88

The purpose of this Concurrent Resolution is to request the Auditor to conduct:

- (1) An actuarial study and a programmatic audit of the Public Employees Health Fund operations; and
- (2) A management and financial audit of the school-to-work opportunities system.

The Concurrent Resolution specifies that the study and audit of the Public Employees Health Fund are intended to assess future costs and liabilities of public employer contributions. The study is requested to include a comparison of the fifty state employee and retiree health care benefit plans and long-term strategies to finance the retiree health benefit program and control expenditures. The Auditor is also requested to make recommendations on the advisability of replacing the Health Fund with a system based on an employer-union trust structure. In addition, the Concurrent Resolution requests the Legislative Reference Bureau to assist the Auditor in drafting any proposed legislation that the Auditor may recommend as a result of its studies.

The management and financial audit of the school-to-work opportunities system is requested to include such items as the approval process for the awarding of grants and contracts; planning for the transition from the current five-year federal funding commitment to possible funding scenarios including a blending of funds from federal, state, and private sources; and a review of the implementation of Acts 343 and 344, Session Laws of Hawaii 1997, including why job site safety inspections required as a condition of receiving state-sponsored workers' compensation benefits for participants have not occurred. Finally, the Auditor is requested to report findings and recommendations of its study and audits to the Legislature before the convening of the 1999 Regular Session.

With respect to the Public Employees Health Fund, your Committee finds that there is a need to obtain actuarial projections of the expected growth of the public employee labor force in order to estimate the projected costs to continue to fund the Health Fund, either under its current structure or under a new governance structure such as an employer-union trust concept. The large number of "baby boomers" approaching retirement, increasing health care costs, and retirees' increased life expectancy also threaten the future financial stability of the current "pay-as-you-go" funding method. In addition, an actuarial study is necessary to determine whether the Health Fund has been operating efficiently, so that the Legislature can make informed decisions regarding proposed measures that seek to change Health Fund benefits and beneficiaries.

With respect to the school-to-work opportunities system, under which Hawaii will receive \$10,200,000 in federal funds over a five-year period, your Committee finds that building such a system is a difficult undertaking requiring systemic change involving business, industry, labor, and all levels of education. Your Committee further finds that there are concerns that school personnel may not be adequately monitoring the school attendance and academic performance of those students who are working too many hours per week, or who are working too late on evenings preceding school days. Your Committee finds that a management and financial audit of the school-to-work opportunities system is necessary to improve the efficient functioning of that system.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 88, H.D. 1, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3502 Ways and Means on H.C.R. No. 90

The purpose of this Concurrent Resolution is to request Hawaii's congressional delegation to continue its support for legislation and other action to ensure that Filipino-American veterans of World War II are granted the full range of veterans benefits that they were promised, that they are entitled to, and that are provided to other veterans of World War II.

Your Committee finds that while Filipino-American veterans who served honorably in an active-duty status under the command of the United States Armed Forces in the Far East (USAFFE) or within the Philippine Army, the Philippine Scouts, or recognized guerrilla units, between September 1, 1939, and December 31, 1946, braved the same dangers and were entitled to apply for naturalization, only those persons who served in the armed forces of the United States or joined the Philippine Scouts before October 6, 1945, currently are entitled to the full-range of veterans benefits.

Your Committee believes that it should be the right of every Filipino-American veteran of World War II, who served honorably in an active-duty status under the command of the USAFFE or within the Philippine Army, the Philippine Scouts, or recognized guerrilla units, to receive the full-range of veterans benefits, including, but not limited to, a nonservice disability burial allowance and pension, treatment for nonservice connected disabilities at Veterans Hospitals in the United States, home loan guarantees, burial in a national or state veterans cemetery and headstones, contract national service life insurance and educational assistance for spouses and surviving spouses.

In the words of President Abraham Lincoln, upon the establishment of the Veterans Administration (now the United States Department of Veterans Affairs), this country has a sacred duty "to care for him who shall have borne the battle, and for his widow and his orphan". Awarding the full-range of veterans benefits to former soldiers is the very least that a grateful nation can do for those persons who placed themselves in harm's way to protect the United States from its enemies.

Your Committee has amended this Concurrent Resolution by changing its title to clarify that the full-range of veterans benefits be provided for Filipino-American veterans who served honorably in an active-duty status under the command of the USAFFE or within the Philippine Army, the Philippine Scouts, or recognized guerrilla units between September 1, 1939, and December 31, 1946.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 90, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 90, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3503 Ways and Means on H.C.R. No. 102

The purpose of this Concurrent Resolution is to strongly urge the City and County of Honolulu to resolve the problems with the Honolulu Symphony and work towards an amicable settlement of booking dates for the Honolulu Symphony.

Your Committee finds that the Honolulu Symphony is a critical component of Hawaii's performing arts community, providing pleasurable and educational experiences for tens of thousands of Hawaii residents, school children, and visitors. The inability to resolve satisfactorily the booking dates for the Honolulu Symphony could substantially impact ticket revenues and attendance and concomitantly affect the employment of the Honolulu Symphony's eighty musicians. Your Committee strongly supports efforts to achieve an amicable settlement of this issue.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 102, H.D. 1, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3504 Ways and Means on H.C.R. No. 116

The purpose of this Concurrent Resolution is to request the Governor to enter into an agreement with the National Performance Review to reduce barriers to reinventing government by shifting to performance management and performance partnerships.

In addition, this Concurrent Resolution requests the Governor to convene a steering committee composed of persons with experience in management, measurement of results, and re-engineering of service delivery, fiscal, and governance systems, to:

- (1) Advise the Governor on the goals of the National Performance Review partnership;
- (2) Develop plans for a results measurement system that provides regular reports on progress towards achieving outcomes; and
- (3) Develop plans for a performance partnership development mechanism that convenes stakeholders in achieving individual benchmarks.

Your Committee finds that Hawaii's citizens have already adopted benchmarks representing public goals, and indicators representing progress toward achieving these goals. The formation of performance partnerships with the federal government, the counties, and the private sector will allow the State to achieve these goals through collaboration and without the need for additional state moneys. In fact, the federal government is exploring the possibility of rewarding additional moneys as an incentive to states that make improvements, and of rewarding high performing states with additional flexibility or reduced matching requirements.

Your Committee also finds that the Governor has already invited the National Performance Review, under the direction of Vice President Al Gore, to explore mutual goals for reinventing government and improving intergovernmental service delivery. Staff from the National Performance Review visited Hawaii in November 1997 and met with community-government partnerships, legislators, and groups of concerned citizens that support a shift to measuring performance results to chart progress towards public goals.

Your Committee has amended this Concurrent Resolution by:

- (1) Requesting that representatives nominated by the Legislature, and members of the Hawaii Community Services Council's Ke Ala Hoku Project, the Hawaii Business Roundtable, and the Community Revitalization Coalition be included as members of the steering committee;
- (2) Requesting that persons with experience in "assessment", rather than "measurement of results", be included as members of the steering committee; and
- (3) Making technical nonsubstantive changes for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 116, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 116, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3505 Ways and Means on H.C.R. No. 202

The purpose of this Concurrent Resolution is to request the Board of Agriculture to develop recommendations regarding land tenure and agricultural financing to develop diversified agriculture in the State.

Your Committee finds that agriculture in Hawaii continues to struggle to maintain its economic viability. A problem that has long frustrated local farmers is their inability to secure long-term leases at reasonable rates. Long-term leases are crucial to farmers because they allow farmers to secure loans to invest in capital improvements and to improve their overall farming operations. Long-term leases for farmers, however, are the exception rather than the rule.

This Concurrent Resolution is an attempt to address this issue by requesting the Chair of the Board of Agriculture to convene a series of meetings with agricultural producers, landowners, financial institutions, and legislators to assess and develop recommendations regarding land tenure and flexible agricultural financing to assist diversified agriculture development. Based on these recommendations and the statutory and rule recommendations requested by this Concurrent Resolution, the Legislature will be better able to address this perplexing and difficult problem.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 202, S.D. 1, and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3506 Ways and Means on H.C.R. No. 225

The purpose of this Concurrent Resolution is to request a study of long-term care residential facilities.

This Concurrent Resolution requests the Joint Legislative Committee on Long-Term Care to conduct a study through the creation of a subcommittee that will assess the extensiveness of the problems created by the fragmented and numerous specialized programs for residential care providers. It also requests the Legislative Reference Bureau to provide research information to the Committee and assist in drafting the final report. The Concurrent Resolution identifies various organizations that the subcommittee should confer with when conducting the study. Finally, the Concurrent Resolution requests that the study propose a plan that provides optional strategies along with the findings and recommendations in a report due before the Regular Session of 1999.

Your Committee finds that the growing population of elderly and disabled people in Hawaii and the rapidly changing community of residential care facilities requires an overall review of the system. Your Committee believes that re-organization of the various forms of residential care providers now will help to develop a more efficient and better care system for future years when the population of elderly increases.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 225, H.D. 1, S.D. 1 and recommends its adoption.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 7. Noes, none. Excused, 6 (Fernandes Salling, Ige, M., Ihara, Iwase, McCartney, Anderson).

SCRep. 3507 Health and Environment on H.C.R. No. 235

The purpose of this Concurrent Resolution is to encourage retailers to impose a core charge--or refundable deposit--on each lead acid battery sold without a used lead acid battery being returned in order to promote the recycling of used lead acid batteries.

Your Committee finds that electrolyte from abandoned lead acid batteries (i.e., sulphuric acid) can seriously injure children and adults. The dissolved lead in the electrolyte from discarded lead acid batteries can contaminate drinking water and soil, which in turn can damage the human brain and central nervous system if ingested. Over 300,000 lead acid batteries are purchased each year by Hawaii motorists and boaters, and an estimated 15,000 used lead acid batteries are never returned or recycled and are presumed to be abandoned. At least one lead acid battery retailer, however, has been successful in obtaining close to a one hundred per cent recovery rate using the core charge method of recapturing used lead acid batteries that are sold over-the-counter, as the core charge provides for a deposit refund upon the return of the used battery.

Your Committee received testimony in support of this Concurrent Resolution from the Department of Health and the Hawaii Automotive Repair & Gasoline Dealers Association.

Your Committee has amended this Concurrent Resolution by:

- (1) Adding provisions requesting the Legislative Reference Bureau to conduct a study on the effects of the availability of citizens' suit provisions under the federal Endangered Species Act and the endangered species laws of other jurisdictions;
- (2) Adding provisions requesting the Department of Health to conduct a study on the establishment of rules and provisions for unisex toilet facilities (for persons requiring assistance) in places of public accommodations; and
- (3) Changing its title to reflect the scope of its expanded and somewhat diverse content, and making technical nonsubstantive (i.e., organizational and structural) changes for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 235, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 235, H.D. 1, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3508 Health and Environment on Gov. Msg. No. 137

Recommending that the Senate advise and consent to the nominations of the following:

ENDANGERED SPECIES RECOVERY COMMITTEE

G.M. No. 137 FREDERICK R. WARSHAUER, for a term to expire June 30, 1999; and

MARIE PATRICIA MORIN, Ph.D., for a term to expire June 30, 2001.

Upon review of the testimony submitted by the Chairperson of the Board of Land and Natural Resources, Earthjustice Legal Defense Fund, and Sierra Club, Hawai'i Chapter, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, and will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the board to which they were nominated.

Your Committee notes the following specific qualifications of the nominees.

Frederick R. Warshauer is a biologist and botanist with over twenty-five years of field experience in Hawaii. He is currently serving as a field botanist and biologist with the U.S. Geological Survey, Biological Resources Division on the Big Island. Mr. Warshauer has a Bachelor of Science and Master of Science Degree in zoology and has completed additional work in botany at the graduate level. He has also served as a planner for the County of Hawaii and as a member of the Forest Stewardship Committee of the Department of Land and Natural Resources. Mr. Warshauer's recent focus on endangered plant distribution and ecosystem protection and management will be of great assistance to the ongoing work of the Endangered Species Recovery Committee.

Marie Patricia Morin, Ph.D., is a field biologist who has extensive experience with Hawaii's endangered birds and in conservation and ecosystem management. Dr. Morin's professional experience includes working as a biologist for the Department of Land and Natural Resources, University of Hawaii, U.S. Fish and Wildlife Service, National Park Service, and Academy of Natural Sciences in Philadelphia. With over twenty years of experience as a biologist in Hawaii and an extensive familiarity with Hawaii's endangered species, Dr. Morin will be a valuable addition to the Endangered Species Recovery Committee.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 2 (Chun Oakland, Metcalf).

SCRep. 3509 Health and Environment on Gov. Msg. No. 229

Recommending that the Senate advise and consent to the nomination of the following:

DRUG PRODUCT SELECTION BOARD

G.M. No. 229 TODD K. INAFUKU, for a term to expire June 30, 2002.

Upon review of the statement submitted by the Director of Health, your Committee finds that the aforementioned nominee is a volunteer, willing to serve without compensation, who will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominee has been appointed based upon his professional credentials, integrity, and a desire to make Hawaii better through his participation on the board to which he was nominated.

Your Committee notes the following specific qualifications of the nominee. Todd K. Inafuku is a pharmacist who has been a member of numerous professional and community organizations including the Board of Pharmacy. He is the present chairperson of the Drug Product Selection Board, has given more than fifty lectures on generic drugs in the State, and has won numerous awards including the First Lady's Outstanding Volunteer Award in 1984 and the Hawaii Pharmacist of the Year Award in 1982 and 1984.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 2 (Chun Oakland, Metcalf).

SCRep. 3510 Health and Environment on Gov. Msg. No. 261

Recommending that the Senate advise and consent to the nomination of the following:

HAWAI'I COUNTY SUBAREA HEALTH PLANNING COUNCIL

G.M. No. 261 JOHN MCNEIL, for a term to expire June 30, 2000.

Testimony in support of the nomination was received from the State Health Planning and Development Agency.

Your Committee finds that John McNeil is the administrator of the North Hawaii Community Hospital. He has a Master's degree in hospital administration from the University of Colorado School of Business. Mr. McNeil is a member of the Waimea Rotary Club and the American College of Healthcare Executives. He has also served as a staff nurse manager in ICU/CCU in Portland, Oregon. Mr. McNeil's direct care and hospital management expertise will be a strong addition to the Hawaii County Subarea Health Planning Council.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3511 Health and Environment on Gov. Msg. No. 278

Recommending that the Senate advise and consent to the nominations of the following:

EMERGENCY MEDICAL SERVICES ADVISORY COMMITTEE

G.M. No. 278 GERALDINE L. MASUNAGA, for a term to expire June 30, 2000;

ROBERT K. OVERLOCK, M.D., for a term to expire June 30, 2001; and

DAVID M. NELSON, M.D., THOMAS A. VEATCH, LINDA W. WONG, and RANDOLPH K.M. WONG, M.D., for terms to expire June 30, 2002.

The Department of Health testified in support of the nominations.

Your Committee notes the following specific qualifications of the nominees:

Geraldine L. Masunaga is a registered nurse in the emergency department at Maui Memorial Hospital and serves as the Trauma Service Coordinator for quality improvement of Maui's trauma care system.

Robert K. Overlock, M.D., is a primary care physician from Kauai who is recognized for his medical expertise in diving injuries and decompression medicine at the Hyperbaric Treatment Center. He has supported the Kauai emergency medical services system since the early 1980's.

David M. Nelson, M.D., has been an emergency physician at Maui Memorial Hospital for the past eight years. He serves on the statewide physicians trauma committee, is the medical director for American Medical Response, and is a member of the Hawaii disaster medical assistance team.

Thomas A. Veatch is a mobile intensive care technician with American Medical Response and is the supervisor of the Waimea, Kauai ambulance unit. Mr. Veatch is a member of the Kauai Emergency Medical Services Quality Improvement Program designed to maintain and enhance quality prehospital emergency ambulance services on the island of Kauai.

Linda W. Wong is the business manager for Surgical Associates and is recognized for her contribution and support in planning and development of Hawaii's emergency medical services system. As a consumer representative her sensitivity to the emergency medical concerns of the community will assist with broad based planning of emergency medical programs.

Randolph K.M. Wong, M.D., is an internist at Straub Clinic and Hospital. He has been actively involved with the mobile intensive care technician training programs teaching pathophysiology, cardiology, and burn care.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3512 Judiciary on Gov. Msg. No. 319

Recommending that the Senate advise and consent to the nomination of the following:

COMMISSION TO PROMOTE UNIFORM LEGISLATION

G.M. No. 319 ELIZABETH KENT, for a term to expire June 30, 2002.

Upon review of the statement submitted by the nominee, your Committee finds that the aforementioned nominee is a volunteer, willing to serve without compensation, and will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominee has been appointed based upon her professional credentials, integrity, and a desire to make Hawaii better through her participation on the Commission to Promote Uniform Legislation.

Your Committee notes the following specific qualifications of the nominee:

Elizabeth Kent is the Director of the Hawai'i Judiciary's Center for Alternative Dispute Resolution. After graduating from the William S. Richardson School of Law, she served as a law clerk at the United States Court of Appeals for the Second Circuit, as a staff attorney at the United States Court of Appeals for the Ninth Circuit and as an attorney at Paul, Johnson, Park & Niles. Ms. Kent has taught business law at the University of Hawaii at the graduate and undergraduate levels for the past six years. She is also a mediator for the Neighborhood Justice Center, an arbitrator in the Court Annexed Arbitration Program and currently sits on the Medical Claims Conciliation Panel.

Recommending that the Senate advise and consent to the nomination of the following:

CRIMINAL INJURIES COMPENSATION COMMISSION

G.M. No. 253 PAULA CHUN, for a term to expire June 30, 2002.

Upon review of the statement submitted by the nominee, your Committee finds that the aforementioned nominee will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominee has been appointed based upon her professional credentials, integrity, and a desire to make Hawaii better through her participation on the Criminal Injuries Compensation Commission.

Your Committee notes the following specific qualifications of the nominee:

Paula Chun is a managing partner for Catalyst Productions. She received her master's degree in social work from Indiana University where she specialized in community organization and planning. Ms. Chun is the author of Hawaii Master Plan on Adult Sex Offender Treatment and from 1988-1992 was the coordinator and consultant for the Hawaii Sex Offender Treatment team.

Your Committee diligently questioned the nominee who appeared before the Committee about her role on the Criminal Injuries Commission and believes that the nominee adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Ihara, McCartney, Sakamoto).

SCRep. 3515 Commerce, Consumer Protection, and Information Technology on Gov. Msg. Nos. 288 and 290

Recommending that the Senate advise and consent to the nominations of the following:

STATE BOARD OF CHIROPRACTIC EXAMINERS

G.M. No. 288 JAMES H. HATTAWAY, D.C., and DOROTHY K. ONO, for terms to expire June 30, 2002; and

BOARD OF DENTAL EXAMINERS

G.M. No. 290 ROBERT A. BAYSA, D.D.S., DENNIS N. ISHIMOTO, MELISSA PAVLICEK, and JANET M. Y. PRIMIANO, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, and will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the board or commission to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

James H. Hattaway, D.C., is a Doctor of Chiropractic with over eighteen years of experience, and is active in the Hawaii State Chiropractic Association, Maui Chiropractic Society, American Chiropractic Association/International Chiropractic Association, and the American Back Society.

Dorothy K. Ono, is a registered nurse and a retired public health administrator with extensive health care experience, and is active in the Hawaii Nurses Association/American Nurses Association, Hawaii League of Nursing/National League of Nursing, American Public Health Association, Public Health Association of Hawaii, Society of Public Health Educators, and the Hemophilia Foundation of Hawaii.

Robert A. Baysa, D.D.S., is a dentist with twelve years of experience in dentistry practice and in the Dental Corps of the Hawaii Air National Guard. Doctor Baysa is also actively involved with the Board of Dental Examiners as a grader for the Hawaii State Boards, the American Dental Association, and the Academy of General Dentistry.

Dennis N. Ishimoto, D.D.S., is a dentist with over twenty-seven years of experience in private dentistry practices and in the Dental Corps of the United States Army. Doctor Ishimoto is also active in the American Dental Association, Hawaii Dental Association, Maui County Dental Society, American Academy of General Dentistry, and the Maui County Dental Society.

Melissa Pavlicek, Esq., is an attorney with over four years of legal experience, and is active in the Hawaii State Bar Association, Teaming for Tomorrow Mentor for the Girl Scout Council of Hawaii, YMCA Youth Instructor Volunteer, and a YMCA Sustaining Member Drive Volunteer.

Janet M. Y. Primiano, is a dental hygienist with twenty years of experience who is an interim member of the Board of Dental Examiners, and is active in the Hawaii Dental Hygienists' Association and the Hawaii Dental Association.

Your Committee reviewed the testimony submitted on each of the nominees' behalf and believes that the support shown by the nominees' peers and colleagues attests to their professional integrity and dedication to their professions and the community.

As affirmed by the records of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee, after full consideration of the background, character, experience, and

qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Kanno, Solomon, Tanaka).

SCRep. 3516 Commerce, Consumer Protection, and Information Technology on Gov. Msg. Nos. 282 and 283

Recommending that the Senate advise and consent to the nominations of the following:

PEST CONTROL BOARD

G.M. No. 282 MICHAEL JOHN BOTHA, for a term to expire June 30, 2001; and

BOARD OF SPEECH PATHOLOGY AND AUDIOLOGY

G.M. No. 283 PAULINE A. MASHIMA and JAMES T. YATES, Ph.D., for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, and will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the board to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Michael John Botha, is the owner of a termite and pest control company with over fourteen years of experience in the pest control industry, and is active in the Hawaii Pest Control Association and Board.

Pauline A. Mashima, is a speech-language pathologist with twenty years of experience, and is active in the Hawaii Speech-Language-Hearing Association, American Speech-Language-Hearing Association, Hui Olelo, Hawaii Chapter of the International Association of Laryngectomees, and the American Cancer Society.

James T. Yates, is an audiologist with twenty-three years of experience in audiology, and is active in the American Audiological Association, Honors of State of Hawaii Association, Honors of State of Texas Professional Association, and has been an international scholar in the International Exchange of Experts Program.

Your Committee diligently questioned Mr. Botha who appeared before the Committee about his role on the Pest Control Board, and commends him on his clear ideas for changes that include rewriting outdated exams and creating a link between the Department of Commerce and Consumer Affairs (DCCA) and the Department of Agriculture (DOA). This link would ensure that people certified by the DOA cannot purchase pesticides without being licensed by the DCCA which is now the case.

Your Committee reviewed the testimony submitted on each of the nominees' behalf and believes that the support shown by the nominees' peers and colleagues attests to their professional integrity and dedication to their professions and the community.

As affirmed by the records of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Kanno, Levin).

SCRep. 3517 Education on Gov. Msg. No. 280

Recommending that the Senate advise and consent to the nominations of the following:

KING KAMEHAMEHA CELEBRATION COMMISSION

G.M. No. 280 OLIVER K. FERNANDEZ, for a term to expire June 30, 2001; and

LIBERTA L. H. ALBAO, LOUISE M. BUSH, and LEIGHTON R. TSEU, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, and will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the King Kamehameha Celebration Commission to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Oliver K. Fernandez is Assistant District Manager for Maui County with Matson Navigation Company, and is active with Hale Makua, Maui United Way, and Maui Foodbank. He is a graduate of Punahou School and the University of Hawaii.

Liberta L. H. Albao is self employed on the island of Kauai. She is a member of Aha Hui Kaahumanu, a volunteer with the Kauai Historical Society, and has been a volunteer for the Royal Courts for the Kamehameha Day Parade for the past three years. Ms. Albao is a graduate of Kamehameha Schools and Kauai Technical School.

Louise M. Bush is with Kamehameha Schools/Bernice Pauahi Bishop Estate on the island of Molokai. She is secretary of the Ho'olehua Homestead Association, a board member of Alu Like, Inc., Molokai representative to the Native Hawaiian Library Services Advisory Council, and a member of Hula Halau O Moloka'i. Ms. Bush is a graduate of Wai'anae High School and is currently attending Maui Community College.

Leighton R. Tseu is with Matson Navigation Company and is active in the Mililani Town Community, the Kamehameha Schools Outreach Program, the Polynesian Voyaging Society, and the Royal Order of Kamehameha I, Ali'i Chapter. He attended Kamehameha Schools and Calhoun Mesa Engineering School.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Slom).

SCRep. 3518 Education on Gov. Msg. No. 285

Recommending that the Senate advise and consent to the nomination of the following:

WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION (WICHE)

G.M. No. 285 DORIS M. CHING, Ed.D., for a term to expire June 30, 2002.

Upon review of the statements submitted by the nominee, your Committee finds that Dr. Ching understands and supports the aspirations of Hawaii's students, and is well informed on current issues facing higher education. In addition, Dr. Ching is involved in national educational associations and participates in on-going policy discussions at the national level.

Your Committee notes the following special qualifications of the nominee:

Doris M. Ching, Ed.D., is Vice President for Student Affairs, University of Hawaii, a position she has held since 1986. Dr. Ching has also served as the Education and International Chair for Pacific International Center for High Technology Research (PICHTR) and is the President-Elect of the National Association for Student Personnel Administrators. Dr. Ching is also involved with community organizations such as the Hawaii Commission on National and Community Service and the Aloha United Way.

Your Committee diligently questioned the nominee who appeared before the Committee about her role as a member of the Western Interstate Commission for Higher Education to which she has been nominated and believes that the nominee responded to all the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Slom).

SCRep. 3519 Education on Gov. Msg. No. 204

Recommending that the Senate advise and consent to the nominations of the following:

HAWAII TEACHER STANDARDS BOARD

G.M. No. 204 CATHERINE H. PAYNE, for a term to expire June 30, 1998; and

GERVACIO BUENCONSEJO, EDWIN T. GINOZA, PETER C. MORTON, SHARON T. NAKAGAWA, CATHERINE H. PAYNE, CHERYL M. SHINTANI, and TWYLLA-DAWN STEER, for terms to expire June 30, 2001.

Your Committee notes that Governor's Message No. 251, dated April 7, 1998, amended the expiration terms of the nominees to the Hawaii'i Teacher Standards Board.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, who will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the Hawaii'i Teacher Standards Board to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Catherine H. Payne has been a school administrator with the Department of Education since 1984. A graduate of the University of Hawaii'i, with Bachelor's and Master's degrees in education, she was honored as State Secondary Principal of the Year in 1991 and as

a Milken Educator in 1995. Ms. Payne is also active in Alpha Delta Kappa and Delta Kappa Gamma, both honorary societies for women educators.

Gervacio Buenconsejo, Principal of Mililani Waena Elementary School since 1987, is a graduate of Eastern Oregon College and the University of Hawai'i with a Master's degree in educational administration. Mr. Buenconsejo has served as a mentor principal, and among his many professional memberships, is currently a Commission Member of the Western Association of Schools and Colleges Accrediting Commission for Schools.

Edwin T. Ginoza teaches science at Maui High School and is the school's Math Science Learning Center Coordinator. He has been the science department chairperson for the past twenty years, is active with the Science Club, and was instrumental in building one of Hawaii's first full-sized solar cars in 1988-1989 with Maui High School students. Mr. Ginoza has both a Bachelor's and Master's degree from Adams State College in Colorado, and is a member of numerous professional educational and scientific organizations.

Peter C. Morton teaches math at Hilo Intermediate School, and has a Master of Science degree in Oceanography and an undergraduate degree in mathematics from the University of Hawai'i. He has held a variety of teaching, counseling, and research positions, and served as a Cooperating Teacher, supervising student teachers from the University of Illinois and the University of Hawai'i at Hilo. Mr. Morton's primary professional interests are middle school curriculum, interdisciplinary instruction, and teacher education.

Sharon T. Nakagawa has a Master's degree in education from Indiana University and has held a variety of teaching and administrative positions with the Department of Education from 1976 to 1985. In continuing education opportunities, Ms. Nakagawa has studied anthropology, elementary education, and American studies.

Cheryl M. Shintani is a behavior management resource teacher at West Kaua'i Complex. She holds both undergraduate and Master's degrees from the University of Hawai'i, as well as continuing education credentials in a variety of areas. Ms. Shintani received a Milken Family Foundation National Educator Award in 1992 and was Kaua'i District Teacher of the Year in 1992-1993. She has contributed to professional publications and is active in community organizations on Kaua'i.

Twylla-Dawn Steer is a science teacher and chair of the science department at Aiea High School. She holds an undergraduate degree from Oklahoma State University and is a Master's degree candidate at the University of Hawai'i. Ms. Steer is on the Board of Directors of the Hawaii State Teachers Association and a member of Phi Kappa Delta, among many other professional and community organizations.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Slom).

SCRep. 3520 Education on G.M. No. 291

Recommending that the Senate advise and consent to the nominations of the following:

EDUCATION COMMISSION OF THE STATES

G.M. No. 291 KAREN Y. AKA, Ph.D., and CARL T. TAKAMURA, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, who will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the Education Commission of the States to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Karen Y. Aka, Ph.D., is an educational consultant active in the areas of research, policy analysis, program development, and facilitation for school improvement and systemic reform. Her long and distinguished career in education includes work with schools and educational organizations in Hawaii and Pennsylvania. Dr. Aka has presented numerous papers on educational topics at both national and international conferences. She is a graduate of Ohio University, and holds a Master of Education from the University of Pittsburgh, and a Ph.D. in educational policy from Union Institute of Ohio.

Carl T. Takamura is the Executive Director of Hawaii Business Roundtable, a position he has held since 1990. He also has extensive experience in government and government relations, and was an instructor at Windward Community College, where he received an Excellence in Teaching Award. Mr. Takamura is a graduate of the University of Hawaii and holds a master's degree from Cornell University. Mr. Takamura is also active in community organizations, including McKinley High School Foundation, Moiliili Community Center, and the University of Hawaii Alumni Association.

Your Committee believes these two nominees will represent Hawaii effectively and productively as members of the Education Commission of the States.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Slom).

SCRep. 3521 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 206

Recommending that the Senate advise and consent to the nominations of the following:

BOARD OF LAND AND NATURAL RESOURCES

G.M. No. 206 RUSSELL S. KOKUBUN and COLBERT M. MATSUMOTO, for terms to expire June 30, 2002.

Upon the review of the resumes and other background information submitted by the nominees, your Committee finds that both Russell S. Kokubun and Colbert M. Matsumoto bring a unique range of skills, abilities, and experiences to the Board of Land and Natural Resources which make them ideally suited to serve on the Board.

Russell S. Kokubun, throughout his professional career, has demonstrated strong, innovative, and proactive leadership skills, combined with excellent interpersonal communication skills. Mr. Kokubun is currently the Deputy Planning Director for the County of Hawaii, where he has served for the past one and a half years, after spending two years as the Executive Assistant to the Mayor of the County of Hawaii. Throughout his four years as Hawaii County Council member (1984-1988) and his four-year term as its Council Chairman (1998-1992), Mr. Kokubun has garnered respect for his facilitation and conflict resolution skills. He has a reputation for being thoughtful and considerate, but not afraid of making tough decisions.

Mr. Kokubun has always been grounded in strong community and land roots. He was born in Honolulu in 1948 and now lives in Volcano with his wife Anne and their two children. Mr. Kokubun started his working career as an owner and operator of a farm in Volcano. His strong interest in the community has been demonstrated by his service as a volunteer fire fighter, Board of Advisors of Mental Health Help Hawaii, Trustee of the Historic Hawaii Foundation, and member of the State Forest Stewardship Committee.

Mr. Kokubun has gained knowledge in a diverse range of natural resource fields as well as Federal, State, and County environmental laws and regulations. He has worked in a wide range of non-governmental agencies and has experience in real estate transactions, legal contracts, and grant management. He also understands how to develop and implement natural resource policy and legislation.

Over the years, Mr. Kokubun has worked with the Department's Historic Preservation Division, initially with the Hawaii Main Street Program and subsequently through his positions in county government. In these various capacities, he has proven to be very much in tune with the pulse of the Big Island community. He excels in working with others, and finding solutions to sensitive issues in a manner acceptable to all parties. His judgment is sound and he does not lose sight of the ultimate objective of making Hawaii a better place to live.

Colbert M. Matsumoto brings to the Land Board an impeccable professional record and personal qualities of honesty and integrity. His values of hard work and commitment to the community make him an asset to the Board. In addition to being well-informed about the complex issues which face the Board, Mr. Matsumoto has exhibited fairness and is not afraid to make hard decisions.

Mr. Matsumoto's plantation roots give him an understanding and feeling for how decisions on land affect people personally. He comes from a plantation community on Lanai and received degrees from the University of San Francisco and Boalt Hall School of Law at the University of California at Berkeley.

Presently, Mr. Matsumoto is a partner with the Matsumoto LaFontaine & Chow law firm, concentrating on insurance coverage law, insurance regulatory law, professional liability insurance defense litigation and general business law. He is a member of the Defense Research Institute and the Hawaii Insurance Defense Lawyers Association and is co-author of publications on insurance.

Mr. Matsumoto's list of community activities is impressive. He is or has been involved with the Japan American Citizens League, the National Asian Pacific American Bar Association, the Institute of Zen Studies, the Daihonzan Chozen-ji/International Zen Dojo, Big Brothers/Big Sisters, the Japanese Cultural Center of Hawaii, and the Legal Aid Society of Hawaii.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Ige, D.).

SCRep. 3522 Economic Development on Gov. Msg. No. 252

Recommending that the Senate advise and consent to the nomination of the following:

AQUATIC LIFE AND WILDLIFE ADVISORY COMMITTEE, COUNTY OF MAUI

G.M. No. 252 STEPHEN E. SMITH, for a term to expire June 30, 2002.

Upon review of the statement and resume submitted by the nominee, your Committee finds that the aforementioned nominee has been appointed on the basis of his integrity, and desire to make Hawaii better through his participation on the Aquatic Life and Wildlife Advisory Committee, County of Maui.

Testimony in support of the nominee was received from the Chairperson of the Board of Agriculture.

Stephen E. Smith is a fisherman and former member of the Maui Trailer Boat Club. He fishes commercially on weekends and is Vice President of Purchasing and Marketing at VIP Foodservice on the island of Maui.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, McCartney, Slom).

SCRep. 3523 Economic Development on Gov. Msg. No. 276

Recommending that the Senate advise and consent to the nomination of the following:

AQUATIC LIFE AND WILDLIFE ADVISORY COMMITTEE, COUNTY OF MAUI

G.M. No. 276 JOSEPH KALANI KAMANU, for a term to expire June 30, 2002.

Upon review of the resume and statement submitted by the nominee, your Committee finds that the aforementioned nominee has been appointed on the basis of his integrity, and desire to make Hawaii better through his participation on the Aquatic Life and Wildlife Advisory Committee, County of Maui.

Testimony in support of the nominee was received from the Chairperson of the Board of Agriculture.

Joseph Kalani Kamanu is both a fisherman and hunter. He is employed as a heavy equipment operator on the island of Maui.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, McCartney, Slom).

SCRep. 3524 Economic Development on Gov. Msg. No. 279

Recommending that the Senate advise and consent to the nominations of the following:

HAWAII AQUACULTURE ADVISORY COUNCIL

G.M. No. 279 GERALD R. CYSEWSKI, Ph.D., for a term to expire June 30, 2000;

MICHAEL ALEY, and PAUL K. BIENFANG, Ph.D., for terms to expire June 30, 2002.

Upon review of the resumes and statements submitted by the nominees, your Committee finds that the aforementioned nominees have been appointed on the basis of their professional credentials, integrity, and desire to make Hawaii better through their participation on the Hawaii Aquaculture Advisory Council.

Testimony in support of the nominees was received by your Committee from the Board of Land and Natural Resources.

Dr. Cysewski is the co-founder and Chief Executive Officer of Cyanotech Corporation located at the Natural Energy Laboratory of Hawaii. He is also on the Board of Directors of the Hawaii Aquaculture Association.

Dr. Bienfang is Senior Vice-President for Environmental Compliance and Technology with CEATECH USA, Inc., a publicly traded marine shrimp aquaculture company. He is an officer of the Hawaii Chapter of the American Fisheries Society, and is on the Board of Directors of the Hawaii Aquaculture Association and the Hawaii Association of Environmental Professionals.

Mr. Aley is President and co-founder of Big Island Abalone Corporation located at the Natural Energy Laboratory of Hawaii. He is a member of the World Aquaculture Society and the National Aquaculture Society.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, McCartney, Slom).

SCRep. 3525 Economic Development on Gov. Msg. No. 287

Recommending that the Senate advise and consent to the nominations of the following:

BOARD OF AGRICULTURE

G.M. No. 287 RALPH K. ISHIKAWA, BENJAMIN K. LINDSEY, AKIRA SAKIMA, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees will work with compassion and commitment to assist in administering the government functions related to agriculture. Your Committee further finds

that the nominees have been appointed based on their credentials, integrity, and a desire to make Hawaii better through their participation on the Board of Agriculture to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Your Committee received testimony in support of the nomination of Benjamin K. Lindsey from the Board of Agriculture, and the Office of the Governor.

Benjamin K. Lindsey is a state firefighter and a farmer specializing in growing organic vegetables in Kamuela, Hawaii. He has been a farmer for over twenty years, and has farmed open field vegetable crops, nursery plants, and poaha berries. Mr. Lindsey is a member of the Hawaiian Homes Homesteaders Association and the Kawaihae Canoe Club.

Your Committee received testimony in support of the nomination of Akira Sakima from the Board of Agriculture.

Akira Sakima is a retiree who has been an active member of Hawaii's agricultural community for many years. He began as a hog farmer in Waianae, and served as President of the Farm Bureau in the mid-1950s and remains a charter member. Mr. Sakima served as a member of the House of Representatives for eighteen years, most notably as Chair of the Education Committee and Chair of the Agriculture Committee. He served as a member of the Board of Education, and as past President of the Kalihi Businessman's Association, and past President of the Hawaii United Okinawan Association.

Your Committee received testimony in support of the nomination of Ralph K. Ishikawa from the Board of Agriculture, and the Hawaii Farm Bureau.

Ralph K. Ishikawa operates a dendrobium orchid business on the west side of Kauai. He is a retired educator who taught thousands of students in Hawaii's public school system for thirty-one years. He is a past member of the Wisemen's Club, and the Lions Club.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees has found the nominee to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, McCartney, Slom).

SCRep. 3526 Economic Development on Gov. Msg. No. 289

Recommending that the Senate advise and consent to the nominations of the following:

COMMUNITY-BASED ECONOMIC DEVELOPMENT ADVISORY COUNCIL

G.M. No. 289 JOYCE L. E. KAAIHUE, for a term to expire June 30, 1999; and

VINCE G. BAGOYO, Jr., DANIEL C. NAVARRO, and JANE H. TESTA, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees will work with compassion and commitment to assist in administering the government functions relating to community-based economic development. Your Committee further finds that the nominees have been appointed based upon their credentials, integrity, and a desire to make Hawaii better through their participation on the Community-Based Economic Development Advisory Council to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Your Committee received testimony in support of the nomination of Joyce L. E. Kaaihue from the Department of Business, Economic Development, and Tourism.

Joyce L. E. Kaaihue is a Community Development Lender and Government Lending Programs Credit Officer at Bank of Hawaii. Her current responsibilities include developing and maintaining relationships with government agencies, structuring credit requests to facilitate lending to benefit low to moderate income individuals and neighborhoods. Ms. Kaaihue has diplomas from the American Institute of Banking for Commercial Lending and Consumer Credit, and has successfully completed the National Community Development Lending School at the University of Washington. She received her Bachelor of Arts degree in Hawaiian Studies from the University of Hawaii.

Your Committee received testimony in support of the nomination of Vince G. Bagoyo, Jr. from the Department of Business, Economic Development, and Tourism.

Vince G. Bagoyo, Jr. is President of Lanai Water Co., Inc. He served as a member of the Maui County Council, and was Chair of the Planning and Economic Development Committee, and a member of the Public Works Committee, Budget Committee and Finance Committee. Mr. Bagoyo was also Director of the Maui County Department of Water Supply from 1984-1990, and Director of the Maui County Department of Human Concerns from 1982-1984. He received his Master of Public Administration degree from California State University, and his Bachelor of Arts degree in Political Science from Chaminade University. Mr. Bagoyo is presently a member of the American Water Works Association, Maui Economic Opportunity, Maui Community College Provost Advisory Committee, and the Homeless Shelter Fundraising Committee.

Daniel C. Navarro is President of Kauai Lagoons Resort Company. He served as Director of Finance for the County of Kauai from 1988-1991, and has worked as an Assistant Vice President and Bank Manager at Bank of Hawaii, Wong & Ako Management

Company, and at Cooke Construction. Mr. Navarro is an active member of the Hawaii Hurricane Insurance Board, Wilcox Memorial Hospital Board and Finance Committee member, Kapaa Rotary Club, Kauai Public Television, and Kapaa Businessman's Association.

Your Committee received testimony in support of the nomination of Jane H. Testa from the Department of Business, Economic Development, and Tourism.

Jane H. Testa is a Program Specialist at the Hawaii County Office of Aging, an administrative office which primarily functions to plan, contract, monitor, evaluate, advocate, train, coordinate services, and develop community services for the elderly. Ms. Testa also worked as an Education Center Counselor and Night Class Instructor at Honolulu Community College, and as a Program Director at Kalihi YMCA. She received her Bachelor of Arts degree in Secondary Education, and her Master of Education degree in Curriculum/Instruction from the University of Hawaii. Ms. Testa is active with the State Health Planning and Development Agency's Long Term Care sub-committee, the Hamakua-Hilo Coast Planning Assistance Team, the Executive Office of Aging Case Management Advisory Council, the Hillhaven Advisory Board, and the Kona Adult Day Center Advisory Board.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, McCartney, Slom).

SCRep. 3527 Economic Development on Gov. Msg. No. 292

Recommending that the Senate advise and consent to the nomination of the following:

BOARD OF DIRECTORS, HAWAII STRATEGIC DEVELOPMENT CORPORATION

G.M. No. 292 MICHAEL J. MCGIVERN, for a term to expire June 30, 2002.

Upon review of the statements submitted by the nominee, your Committee finds that the aforementioned nominee will work with compassion and commitment to assist in administering the government functions relating to strategic development for Hawaii. Your Committee further finds that the nominee has been appointed based upon his credentials, integrity, and a desire to make Hawaii better through his participation on the Board of Directors of the Hawaii Strategic Development Corporation to which he has been nominated.

Your Committee notes the following specific qualifications of the nominee:

Michael J. McGivern is an attorney specializing in commercial/business bankruptcy with the law firm of Kobayashi, Sugita & Goda. He earned his Bachelor of Science degree in Economics, and his Master of Science degree in Finance from the University of Illinois. After working as a commercial lending officer at the Continental Bank in Chicago, Illinois, he obtained his Juris Doctor degree from Indiana University, graduating Magna Cum Laude and earning the Order of the Coif. Mr. McGivern was in private practice with several law firms in Phoenix, Arizona from 1984-1996.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, McCartney, Slom).

SCRep. 3528 Economic Development on Gov. Msg. No. 304

Recommending that the Senate advise and consent to the nominations of the following:

STADIUM AUTHORITY

G.M. No. 304 SHIGETO HANDA, LARRY PRICE, Ph.D., and CHARLES T. TOGUCHI, for terms to expire June 30, 2002.

Upon review of the resumes and statements submitted by the nominees, your Committee finds that the aforementioned nominees have been appointed on the basis of their professional credentials, integrity, and desire to make Hawaii better through their participation on the Stadium Authority.

Shigeto Handa appeared before your Committee on his own behalf. He is an independent businessman who has been involved for many years in youth groups in the Pearl City area.

Larry Price, Ph.D, is one of Hawaii's most well-known scholar-athletes and radio personalities. He is the Chair of the Hawaii Sports Hall of Fame Commission and is a Special Assistant to the Governor for Sports Marketing.

Testimony in support of the nomination of Charles T. Toguchi was received from the Manager of the Aloha Stadium, the Chairman of the Stadium Authority, the Principal of Wahiawa Community School, the Hawaii State Teachers Association, and a former secretary to the OIA.

Mr. Toguchi has recently retired from public service. He has served as Superintendent of the Department Education and most recently Chief of Staff in the Office of the Governor.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, McCartney, Slom).

SCRep. 3529 Economic Development on Gov. Msg. No. 311

Recommending that the Senate advise and consent to the nominations of the following:

BOARD OF DIRECTORS, HIGH TECHNOLOGY DEVELOPMENT CORPORATION

G.M. No. 311 KENNETH T. KOIKE, for a term to expire June 30, 1999; and
RONALD H. KOBAYASHI, and ALTON H. MIYAMOTO, for terms to expire June 30, 2002.

Upon review of the resumes and statements submitted by the nominees, your Committee finds that the aforementioned nominees have been appointed on the basis of their professional credentials, integrity, and desire to make Hawaii better through their participation on the Board of Directors of the High Technology Development Corporation.

Testimony in support of the nomination of Kenneth T. Koike was received from Norman H. Suzuki.

Kenneth T. Koike has worked for Xerox Corporation since 1966 in various marketing and management positions. He has been the Xerox Pacific Chairperson for the United Way for over twenty-five years and the Pacific Chairperson for the Xerox Community Involvement Program for seventeen years.

Ronald Kobayashi appeared on his own behalf. He recently retired from the construction industry. He has served as President of the Building Industry Association, and as a Trustee of the University of Hawaii Foundation.

Testimony in support of the nomination of Alton H. Miyamoto was received from Representatives Ezra Kanoho and Bertha Kawakami, and the Executive Director of the High Technology Development Corporation.

Alton Miyamoto also appeared on his own behalf. An electrical engineer by training, he is the Manager of Planning and Regulatory Affairs for Citizens Utilities Company, Kauai Electric Division. He is also the vice-chairperson for the Kauai Economic Development Board.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 4 (Baker, Bunda, McCartney, Slom).

SCRep. 3530 Education on Gov. Msg. Nos. 243 and 299

Recommending that the Senate advise and consent to the nominations of the following:

BOARD OF REGENTS, UNIVERSITY OF HAWAI'I

G.M. No. 243 CHARLES NAINOA THOMPSON, for a term to expire June 30, 1999;
G.M. No. 299 WAYNE KAHO'ONEI PANOKE, for a term to expire June 30, 1999; and
WILLIAM C. BERGIN, D.V.M., M.S., and EVERETT R. DOWLING, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, and will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the Board of Regents of the University of Hawai'i to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Charles Nainoa Thompson is Executive Director of the Polynesian Voyaging Society, where he has devoted well over a decade to the revival of the knowledge and practice of traditional navigation through the teaching of such masters as Mau Piailug. Through the voyages of Hokule'a and Hawai'iloa, Mr. Thompson has captured the imagination of hundreds of thousands of people worldwide through the creative use of contemporary technology and communication to teach traditional values. In addition, Mr. Thompson is an instructor at the University of Hawai'i, Windward Community College, and the Department of Education. His many awards include the National Education Association's Educator of the Year for 1995, and he is a frequent contributor of scientific, educational, and cultural publications and active in a broad range of community organizations.

Wayne Kaho'one Panoke, the first student voting member of the Board of Regents, is completing his undergraduate degree at the University of Hawai'i where he is a member of Phi Theta Kappa National Honor Society and the Dean's List. He began his college career at Windward Community College as a non-traditional student in 1995, where he was active in student government and a wide

range of student organizations. In addition, Mr. Panoke is a lecturer in hula and oli, First Vice-President of Kualoa-He'eia Hawaiian Civic Club, a Cultural Specialist with Ke Ola Mamo, and a member of the Native Hawaiian Educational Council.

William C. Bergin, D.V.M., M.S., is a sole practice veterinarian on the island of Hawaii. A graduate of Chaminade University, with his D.V.M. from Kansas State University, Dr. Bergin established his first practice on the Big Island in 1968. He is a member of numerous professional associations and has been an active participant in a community organizations such as the Rotary Clubs of Kona Mauka and North Hawai'i, Waimea Community Association, and Parker School Advisory Board. Dr. Bergin served as Chairman of the Keiki-Hawai'i Rodeo Association for several years organized the Hawai'i High School Rodeo Association in 1987, and he is currently Second Vice-President of the National High School Rodeo Association.

Everett R. Dowling is President of Dowling Company, Inc., a Maui-based real estate development firm. His company's projects include the Kihei II Elementary School, Kulamalu in Pukalani, and South Maui Business Park. Mr. Dowling is an active member of the Maui Island Burial Council and Maui Chamber of Commerce, among others, and is a board member of Ka Lima O Maui as well as Babson College in Wellesley, Massachusetts.

Your Committee diligently questioned the nominees who appeared before the Committee about their roles on the Board of Regents, and believes that these four individuals bring a breadth of knowledge, experience, and commitment to the task of guiding the University of Hawai'i through a period of growth and change.

As affirmed by the records of votes of the members of your Committee on Education that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Fernandes Salling, Slom)).

SCRep. 3531 Education on Gov. Msg. No. 307

Recommending that the Senate advise and consent to the nominations of the following:

STATE FOUNDATION ON CULTURE AND THE ARTS

G.M. No. 307 JOHN M. HARA, PAULA ZOE HELFRICH, and RONALD E. BRIGHT, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, who will work with compassion and commitment to assist government. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the State Foundation on Culture and the Arts (SFCA) to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

John M. Hara is Principal, John Hara Associates Inc., Architects and has served as Chair of the SFCA for the last four years. Mr. Hara is a graduate of the University of Pennsylvania with a Bachelor of Architecture, an active corporate member of the American Institute of Architects (AIA), and has received seven AIA Excellence in Architecture Awards since 1974. In addition, Mr. Hara has served or serves on a number of Hawaii boards and commissions, including the Board of Public Broadcasting, the Hawaii Youth Symphony Association Board of Directors, and the Maui Community Arts and Cultural Center Art Advisory Committee.

Paula Zoe Helfrich was raised in Burma and attended school in India before graduating from Northwestern University in Illinois. Ms. Helfrich is currently General Manager/CEO of China Clipper Coffee Farm, and Corporate Concepts, an events and issues management company. She has traveled extensively in her career and is a member of the Pacific Islands Association and the Smithsonian Institute, Natural History Museum Association, and the National Association for Historic Preservation, among others.

Ronald E. Bright has long been active in Hawaii's cultural community and is well known for his theater work, including Castle High School's award winning program. He has been active in stage productions since his student days at the University of Hawai'i and has received many awards and honors as both an educator and mentor to young people, including the 1995 Milken Educator Award, the President's Award, Educational Theater Association in 1997, and the Paul Harris Fellow Award from Rotary International for the furtherance of better understanding among people of the world.

Your Committee believes these nominees bring a breadth of experience and community involvement that will be of great benefit to the work of the State Foundation on Culture and the Arts.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Ige, D., Ige, M., Solomon).

SCRep. 3532 Education on Gov. Msg. No. 317

Recommending that the Senate advise and consent to the nominations of the following:

BOARD OF DIRECTORS, RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAI'I

G.M. No. 317 SHIGEO IWAMOTO, and BRIAN T. TAMAMOTO, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, and will work with compassion and commitment to assist state government. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the Board of Directors, Research Corporation of the University of Hawai'i to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Shigeo Iwamoto retired recently as Executive Vice President and Claims Manager of Island Insurance/National Mortgage & Finance Company, after forty-five years with the company. He is currently an officer with Hawaii Claims Managers' Council, an arbitrator with Nationwide Arbitration, and a member of Hawaii Claims Adjusters Association. In addition, Mr. Iwamoto is currently a member of the Commission on Judicial Conduct and a board member of Hawaiian Host Candy. He has served on the Hawaii Supreme Court Disciplinary Council and is a graduate of the University of Hawai'i and Temple University in Philadelphia.

Brian T. Tamamoto is Director of Labor Relations with Aloha Airlines and has extensive experience in a broad range of personnel issues. He holds a Bachelor of Arts degree from the University of Hawai'i and has worked as an employee relations administrator at the University as well. Mr. Tamamoto is affiliated with the Joint Service Employers Council, the Society for Human Resources Management, and the Office of Federal Contract Compliance. In addition, he recently served on the board of the State Foundation of Culture and the Arts.

Your Committee diligently questioned the nominees who appeared before the Committee and believes that the knowledge and expertise of the nominees will be of great assistance to the Research Corporation of the University of Hawai'i.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Ige, D., Ige, M., Solomon).

SCRep. 3533 Human Resources on Gov. Msg. No. 232

Recommending that the Senate advise and consent to the nomination of the following:

LABOR AND INDUSTRIAL RELATIONS APPEALS BOARD

G.M. No. 232 CAROL K. YAMAMOTO, for a term to expire June 30, 2008.

Upon review of the resume and other background information submitted by the nominee, your Committee finds that Carol K. Yamamoto is currently serving in the position to which she is being nominated for another term. The nominee received a Juris Doctor degree from the University of Hawaii School of Law and a Bachelor of Art degree from Stanford University. Your Committee further finds that the nominee has been nominated based on her professional experience and qualifications.

Testimony in support of Carol K. Yamamoto was received from the Department of Labor and Industrial Relations, the Chairman of the Labor and Industrial Relations Appeals Board, several law firms, and three individuals.

A private citizen who appeared to be a workers' compensation claimant submitted testimony in opposition to the nominee. Your Committee carefully read the letter and has concluded that the vague criticisms are not detrimental to the nominee's appointment. The criticisms were directed at all members of the Labor and Industrial Relations Appeals Board. There was no specific incidence of bias or mistreatment mentioned in the letter.

Your Committee diligently questioned the nominee who appeared before your Committee about her current service on the Labor and Industrial Relations Appeals Board and her past service as its Executive Officer. Your Committee believes that the nominee adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 1 (Sakamoto).

SCRep. 3534 Commerce, Consumer Protection, and Information Technology on Gov. Msg. Nos. 194, 226 and 235

Recommending that the Senate advise and consent to the nominations of the following:

STATE BOXING COMMISSION OF HAWAII

G.M. No. 194 RANDOLPH B. AHLO, for a term to expire June 30, 2000; and
TED CANDIA, for a term to expire June 30, 2002;

CONTRACTORS LICENSE BOARD

G.M. No. 226 LESLIE ISEMOTO, and ALVIN T. KOBAYASHI, for terms to expire June 30, 2002; and

BOARD OF EXAMINERS IN OPTOMETRY

G.M. No. 235 MILTON N. HIGA, and DENNIS KUWABARA, O.D., for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, who will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the board or commission to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Randolph B. Ahlo, is a vice president and general manager of Holiday Inn with over sixteen years of experience in hotel management. He is also active on the board of directors of the Hawaii Hotel Association, the Waikiki Ho'olaulea Aloha Week Committee, and is a high school and P.A.C. flag football coach. Mr. Ahlo has been recognized by the Chamber of Commerce of Hawaii as the recipient of the Aloha Spirit Award.

Ted Candia, has been a self employed architect for thirty-one years, and is active with the Construction Specifications Institute and Maryknoll High School Alumni Association and Booster Club.

Leslie Isemoto, has been the president of Isemoto Contracting Company for the past year, and has previously been a manager in several capacities with the company for thirteen years. He is active with the Hawaii Island Contractors Association, the General Contractors Association of Hawaii, and community service organizations.

Alvin T. Kobayashi, has been the president of Oahu Construction Company for eighteen years and has previously been involved in the construction industry in various capacities for thirteen years. He is active with the Building Industry Association, Building Industry Labor Association, Operating Engineers Local 3, and the Masons Union Local 630.

Milton N. Higa, is an accountant with twenty-eight years of experience in accounting, with a Master of Science degree in administration.

Dennis Kuwabara, O.D., is an optometrist with twenty-one years of experience in the private sector and two years of experience in the United States Navy Medical Service Corps. He is active with the American Academy of Optometry, the American Optometric Association which honored him with the Optometric Recognition Award, the Hawaii Optometric Association which honored him with the Man of the Year and Optometrist of the Year Awards, and various community service organizations.

Your Committee diligently questioned Mr. Randolph Ahlo who appeared before the Committee about his role on the State Boxing Commission of Hawai'i and believes that Mr. Ahlo adequately responded to the Committee's inquiries.

Your Committee reviewed the testimony submitted on each of the nominees' behalf and believes that the support shown by the nominees' peers and colleagues attests to the nominees' professional integrity and dedication to their professions and the community.

As affirmed by the records of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Kanno, Levin).

SCRep. 3535 Commerce, Consumer Protection, and Information Technology on Gov. Msg. No. 211

Recommending that the Senate advise and consent to the nomination of the following:

PUBLIC UTILITIES COMMISSION

G.M. No. 211 DENNIS R. YAMADA, for a term to expire June 30, 2004.

Upon review of the resume and other background information submitted by the nominee, your Committee finds that Dennis R. Yamada holds Bachelors' of Science and Arts degrees and a Juris Doctor degree in Law from Drake University. Mr. Yamada also has extensive administrative and governmental experience, serving as a Representative from Kauai to the Hawaii State Legislature from 1970 through 1982, a Regent of the University of Hawaii from 1985 through 1993, a former president of the Kauai Jaycees, and a former board member of Hale Opio.

Your Committee received testimony in support of the nomination from Akinaka and Associates, Ltd., Watanabe, Ing and Kawashima, Pacific Management Consultants, Inc., staff of the Public Utilities Commission, and three private citizens.

Testimony submitted in support of the nominee indicates that Mr. Yamada is known as an individual with a innate ability to synthesize complex technical concepts with his legal knowledge, thus allowing him to comprehend and effectively decide on issues that often polarize participating parties. Your Committee further finds that testimony also indicated that Mr. Yamada has performed in his former positions and in his current term as a Commissioner to the Public Utilities Commission with integrity, superior judgment, and with an understanding of the people and their needs, desires, and concerns.

Your Committee diligently questioned Mr. Yamada on the experiences garnered in his former administrative capacities, his visions, and his priorities as a Public Utilities Commissioner. Based on this discussion, your Committee believes that the nominee adequately responded to the Committee's inquiries and would be a continuing asset to the Public Utilities Commission.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Kanno, Levin).

SCRep. 3536 Commerce, Consumer Protection, and Information Technology on Gov. Msg. Nos. 212 and 223

Recommending that the Senate advise and consent to the nominations of the following:

RADIOLOGIC TECHNOLOGY BOARD

G.M. No. 212 NICHOLAS JOHN GLADDIS, and RICHARD DE JOURNETT, M.D., for terms to expire June 30, 2001;
MARY E.C. OYADOMARI, for a term to expire June 30, 2002; and

STATE BOARD OF PUBLIC ACCOUNTANCY

G.M. No. 223 BRIAN M. IWATA, and GARY T. NISHIKAWA, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, who will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the board to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Nicholas John Gladdis, is a radiographer with eighteen years of experience in radiology, and is active in the Hawaii Society of Radiologic Technologist, American College of Cardiovascular Administrators, American Hospital Radiology Administrators, and various community services organizations.

Mary E.C. Oyadomari, is a radiologic technologist with twenty-four years of experience in radiology, and is active in various professional organizations.

Richard De Journett, M.D., has been a radiologist for eighteen years in the private sector, and served for eight prior years in the United States Army Medical Corps. He is active in the Radiologic Society of North America, Hawaii Radiologic Society, American College of Radiology, and the Hawaii Federation of Physicians and Surgeons.

Brian M. Iwata, is a certified public accountant with thirty-two years of experience in accountancy, and is active in the American Institute of Certified Public Accountants, the Hawaii Society of Certified Public Accountants, the Hawaii Association of Public Accountants, and various community service organizations.

Gary T. Nishikawa, is a certified public accountant with thirty-two years of experience in accountancy, and is active in the Hawaii Society of Certified Public Accountants where he received the Distinguished Public Service Award in 1987, the Institute of Internal Auditors, Hawaii Chapter, and various community service organizations.

Your Committee reviewed the testimony submitted on behalf of the nominees' and believes that the support shown by the nominees' peers and colleagues attests to the nominees' professional integrity and dedication to their professions and the community.

As affirmed by the records of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Kanno, Tanaka).

SCRep. 3537 Commerce, Consumer Protection, and Information Technology on Gov. Msg. Nos. 224, 230, and 234

Recommending that the Senate advise and consent to the nominations of the following:

STATE BOARD OF BARBERING AND COSMETOLOGY

G.M. No. 224 BARBARA M. KOKUBUN, and MILTON Y. MIGITA, for terms to expire June 30, 1999;
KENNETH R. JOYNER, LANCE M. MARUGAME, and RICHARD Y. MITSUMORI, for terms to expire June 30, 2000;
EDNA H. KANO, and ELAINE K. KIMURA, for terms to expire June 30, 2001;

ELEVATOR MECHANICS LICENSING BOARD

G.M. No. 230 LELAND M. GLASER, and DAVID BOBACK, for terms to expire June 30, 2002; and

MOTOR VEHICLE REPAIR INDUSTRY BOARD

G.M. No. 234 ROY T. OZAKI, and STUART C. LAU, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, and will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the board or commission to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Barbara M. Kokubun, is a barber and beautician with over seventeen years in the barber business.

Milton Y. Migita, is a military personnel officer assistant with twenty-four years of experience in various professions including operations officer in the United States Army. He has received the National Defense Service Ribbon and the Army Commendation Medal.

Kenneth R. Joyner, is a retired United States Navy veteran who has been the owner of Hair Fair Beauty Salon for twenty-four years.

Lance M. Marugame, is a barber and owner of The Lancers, with twenty-seven years of experience in the barber business.

Richard Y. Mitsumori, is a civil engineer with over twenty years of experience in engineering, and is active in the Hawaii Society of Professional Engineers, Big Island Chapter, where he was honored in 1984 as Engineer of the Year, the National Society of Professional Engineers, the Institute of Transportation Engineers, the American Public Works Association, the Hawaii Association of Public Work Officials, the International Municipal Signal Association, and various community service organizations.

Edna H. Kano, is a retired teacher with thirty-four years of service with the Department of Education, who is active in Alpha Delta Kappa, Kappa Chapter.

Elaine K. Kimura, has been a salon owner and operator for eight years as well as a legal secretary for fifteen years.

Leland M. Glaser, is an elevator constructor with thirty-eight years of experience in the elevator industry.

David Boback, is an Assistant District Director in the Wage and Hour Investigations Division of the United States Department of Labor, and a retired United States Navy veteran with twenty years of service. He is active on the Federal Executive Board.

Roy T. Ozaki, is the owner, manager, and technician of Roy's Kalihi Automotive Center and Towing with twenty-six years of experience in the automotive business, and is active in various professional organizations.

Stuart C. Lau, is self-employed in a building and landscape maintenance business with nineteen years of experience in property administration.

Your Committee diligently questioned Stuart Lau who appeared before the Committee, about his role on the Motor Vehicle Repair Industry Board to which he has been nominated, and believes that the nominee adequately responded to the Committee's inquiries.

Your Committee also reviewed the testimony submitted on behalf of the nominees' and believes that the support shown by the nominees' peers and colleagues attests to the nominees' professional integrity and dedication to their profession and the community.

As affirmed by the records of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Kanno, Tanaka).

SCRep. 3538 Commerce, Consumer Protection, and Information Technology on Gov. Msg. Nos. 236, 238, and 239

Recommending that the Senate advise and consent to the nominations of the following:

BOARD OF OSTEOPATHIC EXAMINERS

G.M. No. 236 HERBERT K. ENDO, for a term to expire June 30, 2002;

BOARD OF PHYSICAL THERAPY

G.M. No. 238 TIMOTHY F. OLDERR, M.D., for a term to expire June 30, 2002; and

BOARD OF PRIVATE DETECTIVES AND GUARDS

G.M. No. 239 GEORGE FREITAS, and GUY H. KAULUKUKUI, Ph.D., for terms to expire June 30, 2002.

Upon review of the resumes and other background information submitted by the nominees, your Committee finds that the nominees bring a unique range of skills, abilities, and experiences to the respective boards to which they are appointed.

Your Committee notes the following specific qualifications of the nominees:

Herbert K. Endo has served as the public member of the Board of Osteopathic Examiners since August 1994 and has been an active, contributing member of the Board. He possesses a clear vision of the purpose of the Board and diligently upholds its tenets.

Timothy F. Olderr, M.D., has been a licensed physician since August 1983, and has served as the public member on the Board of Physical Therapy since July 12, 1996. Dr. Olderr has proven himself to be a conscientious member who regularly participates in Board discussions.

George Freitas has served as the Chief of Police for the County of Kauai since 1995 and is an active member of the Board of Private Detectives and Guards. Chief Freitas is also a graduate of the FBI National Academy and is a licensed helicopter pilot.

Guy H. Kaulukukui, Ph.D., holds a Doctorate in Economics Education from Kansas University, a Master's Degree in Business Administration from Hawaii Pacific University, and a Bachelor's Degree in Economics from the University of Hawaii - West Oahu. Dr. Kaulukukui has actively participated in discussions and actions of the Board of Private Detectives and Guards during his first term as a Board member.

As affirmed by the records of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Kanno, Levin).

SCRep. 3539 Commerce, Consumer Protection, and Information Technology on Gov. Msg. Nos. 237, 277, and 281

Recommending that the Senate advise and consent to the nominations of the following:

BOARD OF PHARMACY

G.M. No. 237 ANGELINA E. RAMOS, and JOHN WILLIAM SZABO, for terms to expire June 30, 2002;

BOARD OF ELECTRICIANS AND PLUMBERS

G.M. No. 277 GREGORY S. ENDO, for a term to expire June 30, 1999;

SAM FAILLA, and JUNE UYEHARA-ISONO, for terms to expire June 30, 2002; and

BOARD OF MASSAGE THERAPY

G.M. No. 281 VICKI VON STROHEIM-SEAY, for a term to expire June 30, 2002.

Your Committee notes that Governor's Message No. 281 was amended by Governor's Message No. 332, dated April 24, 1998, which withdrew the name of Dawn Marie from the Board of Massage Therapy.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, and will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the board to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Angelina E. Ramos, is an accountant with thirty-two years of experience in accountancy, and is active in the National Association of Female Executives, the National Notary Association, and various community service organizations.

John William Szabo, is a pharmacy administrator with thirty-one years of experience in pharmaceuticals in the private sector and in the United States Army Reserves where he received the Army Achievement Award, the Army Commendation Award, Good Conduct Award, and the National Defense Award. Mr. Szabo is active in the American Society of Hospital Pharmacists, the Hawaiian Society of Hospital Pharmacists, the Hawaiian Pharmaceutical Association, and the American Military Surgeons of the United States.

Gregory S. Endo, has been a painting contractor for Endo Painting Service, Inc. for eleven years, and is active in the Maui Contractors Association, the General Contractors Association, the Painting and Decorating Contractors Association of Hawaii, and various community service organizations.

Sam Failla, is an electrical contractor with twenty-seven years of experience in electronics, and is active in the Pacific Electrical Contractors Association, the International Association of Electrical Inspectors, and various community service organizations.

June Uyehara-Isono, is an audiologist with twenty-one years of experience in audiology, and is active in the American Academy of Audiology and the Hawaii Academy of Audiology.

Vicky von Stroheim-Seay, is a manager in a staffing firm with twenty-two years of experience in various occupations. She is active in the Professional Women's Network, the Society of Human Resources Managers, the Hawaii Association of Temporary and Staffing Services, Small Business Hawaii, and various community service organizations.

Your Committee diligently questioned Mr. Gregory Endo and Mr. Sam Failla who appeared before the Committee about their role on the Board of Electricians and Plumbers to which they have been nominated and believes that the nominees adequately responded to the Committee's inquiries.

Your Committee reviewed the testimony submitted on behalf of the nominees' and believes that the support shown by the nominees' peers and colleagues attests to their professional integrity and dedication to their professions and the community.

As affirmed by the records of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Kanno, Tanaka).

SCRep. 3540 Commerce, Consumer Protection, and Information Technology on Gov. Msg. Nos. 240, 241, and 266

Recommending that the Senate advise and consent to the nominations of the following:

BOARD OF PSYCHOLOGY

G.M. No. 240 ROGER S. HAMADA, Ph.D., and LESTER K.M. LEU, for terms to expire June 30, 2002;

BOARD OF VETERINARY EXAMINERS

G.M. No. 241 AIMEE ANDERSON, and HERBERT M. RICHARDS III, for terms to expire June 30, 2002; and

REAL ESTATE COMMISSION

G.M. No. 266 CHARLES H. AKI, MICHAEL G. CHING, ALFREDO G. EVANGELISTA, and IRIS R. OKAWA, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, who will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the board or commission to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Roger S. Hamada, Ph.D., is a clinical psychologist with thirteen years of experience in the psychology field, and is active in the American Psychological Association, Hawaii Psychological Association, International Society for Traumatic Stress Studies, and the Society of Pediatric Psychology.

Lester K.M. Leu, has been an attorney in private practice for seventeen years, and is active on the Board of Directors of Iolani Alumni Association and involved in various community service organizations.

Aimee Anderson, has been a supervisor and cruelty investigator for the Maui Humane Society for ten years, and is active in the American Humane Association, National Animal Control Association, Collective Humane Agency Information Network, and Pet Assistance for Aids Patients.

Herbert M. Richards, III, D.V.M., is a veterinarian with nine years of experience, and is active in the American Association of Bovine Practitioners, the Society of Theriogenology, Cornell Feline Health Association, Hawaii Veterinary Medical Association, American Veterinary Medical Association, and Hawaii Island Humane Society.

Charles H. Aki, has been the president of Charles Aki Realty, Inc. for seven years, with eight years prior realty experience. He is active on the Hawaii Island Board of Realtors, Hawaii Association of Realtors, the National Association of Realtors, and the National Federation of Independent Business.

Michael G. Ching, is a real estate broker with twenty years of experience in the realty business, and is active on the Kauai Board of Realtors and the Hawaii Association of Realtors.

Alfredo G. Evangelista, has been an attorney in private law firms for fifteen years, and is active in the Hawaii State Bar Association, Court Annexed Arbitration Program, and various community service organizations.

Iris R. Okawa, is an attorney with twenty-three years of experience in the legal field, and is active in the Hawaii State Bar Association, the American Bar Association, and various community service organizations.

Your Committee diligently questioned Mr. Lester Leu and Ms. Iris Okawa who appeared before the Committee about their role on the Board of Psychology and the Real Estate Commission, respectively, and believes that the nominees adequately responded to the Committee's inquiries.

Your Committee reviewed the testimony submitted on behalf of the nominees' and believes that the support shown by the nominees' peers and colleagues attests to the nominees' professional integrity and dedication to their professions and the community.

As affirmed by the records of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Kanno, Levin).

SCRep. 3541 Commerce, Consumer Protection, and Information Technology on Gov. Msg. Nos. 308, 313, and 315

Recommending that the Senate advise and consent to the nominations of the following:

BOARD OF PROFESSIONAL ENGINEERS, ARCHITECTS, SURVEYORS, AND LANDSCAPE ARCHITECTS

G.M. No. 308 RUSSELL Y. J. CHUNG, for a term to expire June 30, 2001;

LAUREL MAU NAHME, MIKE Y. MIURA, GARY B. K. T. LEE, and KEN K. HAYASHIDA, for terms to expire June 30, 2002;

BOARD OF MEDICAL EXAMINERS

G.M. No. 313 CULLEN T. HAYASHIDA, Ph.D., GREGORY PARK, M.D., and JAMES S. TSUJI, M.D., for terms to expire June 30, 2002; and

STATE BOARD OF NURSING

G.M. No. 315 ROWENA TACHIBANA, L.P.N., JUNE M. HIRAKI, R.N., NAOMI MASUDA, JOANNE ITANO, Ph.D., and VALISA SAUNDERS, M.N., for terms to expire June 30, 2001.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, who will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the board to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Russell Y. J. Chung, is a landscape architect with nineteen years of experience in landscape architecture. He is a member of the American Society of Landscape Architects, the Council of Landscape Architectural Registration Boards, and various community service organizations.

Laurel Mau Nahme, is an architect with sixteen years of experience in architecture. She is a corporate member of the American Institute of Architects and a professional member of the American Society of Interior Designers.

Mike Y. Miura, is a civil engineer with thirty-eight years of experience in both the public and private sector, and formerly with the Special Foreign Activity Division of the United States Army, Corps of Engineers. He is a member of the American Society of Civil Engineers, the American Society of Military Engineers, and various community service organizations.

Gary B. K. T. Lee, is an attorney with twenty-four years of experience in the legal field. He is a member of the Hawaii State Bar Association.

Ken K. Hayashida, is a structural engineer with fourteen years of experience in engineering. He is a member of the Structural Engineers Association of Hawaii, the State Civil Defense Earthquake Advisory Board, the American Society of Civil Engineers, and Chi Epsilon Honor society.

Cullen T. Hayashida, Ph.D., is a director in home health care and a former assistant professor and lecturer at several universities. He is a member of the Hawaii Pacific Gerontological Society and received the Na Lima Kokua Award for Government Service in 1994, and a member of the Alzheimer's Association of Hawaii where he received the Community Service Award in 1988 and 1990.

Gregory Park, M.D., has been a physician in private practice for eighteen years. He is a member of the American College of Physicians and the American College of Preventive Medicine.

James S. Tsuji, M.D., has been a physician in private practice specializing in family practice for twenty-one years. He is a member of the American Academy of Family Physicians, the Hawaii Academy of Family Physicians, and chief of the Department of Family Practice at Queen's Medical Center.

Rowena Tachibana, is a licensed practical nurse with twenty-two years of experience in nursing, and is a Girl Scout Brownie junior leader.

June M. Hiraki, is a registered nurse IV and patient education coordinator with twenty-five years of experience in nursing. She is a member of the Hawaii Nurses' Association, the American Nurses' Association, and the Wound, Ostomy, Continence Nurses' Society.

Naomi Masuda, is a savings and loan branch manager with fifteen years of banking experience. She is a member of the Mortgage Lenders of Hawaii and a member of the Mayor's Downtown/Chinatown Task Force.

Joanne Itano, is a registered nurse and a member of the faculty at the University of Hawaii at Manoa. She is a member of Sigma Theta Tau, Gamma Psi Chapter, the Hawaii Educational Research Association, and the Oncology Nursing Society.

Valisa Saunders, is an advanced practice nurse with fourteen years of experience in nursing. She received her master in nursing with a gerontological nurse practitioner specialty in 1983, and is an assistant clinical instructor for graduate nursing students in clinical nurse specialist and nurse practitioner tracts at the University of Hawaii at Manoa. She is a recipient of various nursing awards.

Your Committee diligently questioned Russell Y. J. Chung, Laurel Mau Nahme, Mike Y. Miura, Gary B. K. T. Lee, Ken K. Hayashida, Cullen T. Hayashida, Gregory Park, James S. Tsuji, Naomi Masuda, and Valisa Saunders who appeared before the Committee about their role on the specific board to which they have been nominated, and believes that the nominees adequately responded to the Committee's inquiries.

Your Committee reviewed the testimony submitted on behalf of each of the nominees' and believes that the support shown by the nominees' peers and colleagues attests to the nominees' professional integrity and dedication to their professions and the community.

As affirmed by the records of votes of the members of your Committee on Commerce, Consumer Protection, and Information Technology that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 6. Noes, none. Excused, 2 (Kanno, Tanaka).

SCRep. 3542 Transportation and Intergovernmental Affairs on Gov. Msg. No. 264

Recommending that the Senate advise and consent to the nominations of the following:

STATE HIGHWAY SAFETY COUNCIL

G.M. No. 264 JAMES S. CORREA, RICHARD M. IGA, TRINETTE P. KAUI, and DAVID M. JORGENSEN, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees will work with compassion and commitment to assist in administering the government functions of highway safety. Your Committee further finds that the nominees have been appointed based upon their credentials, integrity, and a desire to make Hawaii better through their participation on the State Highway Safety Council to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Your Committee received testimony in support of the nominations of James S. Correa, Richard M. Iga, Trinette P. Kauai, and David M. Jorgensen from the Department of Transportation.

James S. Correa is a Captain in the Police Department, County of Hawaii. Mr. Correa is active with the Hawaii Island United Way as a Coordinator for the Puna district. He is a graduate of the University of Hawaii at Hilo. Mr. Correa has served the last four years on the State Highway Safety Council.

Richard M. Iga is a math teacher with the Department of Education, and has worked with children as an instructor for thirty-eight years. Mr. Iga's community service has included serving as Treasurer of the Hawaii Association for Intellectually Gifted Children, Director of the Salt Lake Community Association, Boy Scouts of America, the Adult Education Teachers Association, and the Hawaii Council of Teachers of Mathematics. He earned his Bachelor of Education and Master of Education degrees from the University of Hawaii. Mr. Iga has served the last four years on the State Highway Safety Council.

Trinette P. Kauai is a Property Manager for A&B Properties, Inc., on Kauai. Ms. Kauai has served as President of the King Kaumualii Parent Teacher Association, Treasurer of the Kauai District Parent Teacher Student Association, and on the Boards of Cub Pack 83 and 'Ae Kamali'i Preschool. She is a member of the Rotary Club of West Kauai, the Hawaii and National Association of Realtors, National Notary Association, and the Kauai Board of Realtors. Ms. Kauai has served the last four years on the State Highway Safety Council.

David M. Jorgensen is an attorney with the law office of Ing, Horikawa and Kuwada in Wailuku, Maui. Mr. Jorgensen is immediate past President of the Maui County Bar Association, and has served as President of the Hawaii Soccer Association, Vice Chair of the Maui Food Bank, and Treasurer/Vice President of the Maui Men's Soccer League. He received his Bachelor of Science degree in Marketing from Oregon State University, a Paralegal Certificate from the University of San Diego, and his Juris Doctor degree from the Northwestern School of Law at Lewis and Clark College.

As affirmed by the records of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Kanno).

SCRep. 3543 Transportation and Intergovernmental Affairs on Gov. Msg. No. 318

Recommending that the Senate advise and consent to the nominations of the following:

COMMISSION ON TRANSPORTATION

G.M. No. 318 WALTER Y. ARAKAKI, NORMAN K. TSUJI, WILLIAM H. CROZIER III, and EDWARD Y. HIRATA, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees will work with compassion and commitment to assist in administering the government functions related to transportation. Your Committee further finds that the nominees have been appointed based upon their credentials, integrity, and a desire to make Hawaii better through their participation on the Commission on Transportation to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Your Committee received testimony in support of the nomination of Walter Y. Arakaki from the Department of Transportation, the Building Industry Association of Hawaii, Hidano Construction, Inc., and one concerned citizen of Hawaii.

Walter Y. Arakaki is the Owner and President of Walter Y. Arakaki, General Contractor, Inc. Mr. Arakaki has been President of the Sand Island Business Association, President of the Building Industry Association, and a Management Trustee for the Laborer's Union/Trust Fund. He is affiliated with the Kalihi Business Association, and the Japanese Chamber of Commerce. Mr. Arakaki has served the last four years on the Commission on Transportation.

Your Committee received testimony in support of the nomination of Norman K. Tsuji from the Department of Transportation, and one concerned citizen of Hawaii.

Norman K. Tsuji is a retiree who resides in Hilo, Hawaii. Mr. Tsuji worked twenty-one years at the Department of Transportation, and upon his retirement held the position of a Visitors Information Program Specialist. He is a former member of the Commission on Transportation.

Your Committee received testimony in support of the nomination of William H. Crozier III from the Department of Transportation, the Pacific Resource Partnership, the Bank of Hawaii, and one concerned citizen of Hawaii.

William H. Crozier III is the Administrator of the Hawaii Operating Engineers Industry Stabilization Fund. Mr. Crozier has also worked with T&W Construction, Inc., the Operating Engineers Union, Local 3, and has been self-employed. He is a member of the Operating Engineers Union, Local 3, the St. Louis Alumni Association, and served in the United States Air Force for five years.

Your Committee received testimony in support of the nomination of Edward Y. Hirata from the Department of Transportation, and one concerned citizen of Hawaii.

Edward Y. Hirata is a Vice President at Hawaiian Electric Company, Inc. Prior to that, Mr. Hirata served as the Director of Transportation from 1986-1991. He also served as Managing Director of the City and County of Honolulu from 1978-1980, and Director of the City and County Public Works Department, and the City and County Building Department. Mr. Hirata has been an active participant with the American Society of Civil Engineers, American Waterworks Association, and the Hawaii Society of Professional Engineers. He is a member of Aloha United Way, Aloha Council of the Boy Scouts of America, the Alzheimers Association, and the Hawaii Employers Council.

As affirmed by the records of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Slom).

SCRep. 3544 Transportation and Intergovernmental Affairs on Gov. Msg. No. 320

Recommending that the Senate advise and consent to the nomination of the following:

ADVISORY BOARD ON VETERANS SERVICES

G.M. No. 320 SAMI LEIALOHA BOTELHO, for a term to expire June 30, 2001.

Upon review of the statements submitted by the nominee, your Committee finds that the aforementioned nominee will work with compassion and commitment to assist in administering the functions related to veterans services. Your Committee further finds that the nominee has been appointed based upon her credentials, integrity, and a desire to make Hawaii better through her participation on the Advisory Board on Veterans Services to which she has been nominated.

Your Committee received testimony in support of the nomination of Sami Leialoha Botelho from the Office of Veterans Services, and the Advisory Board on Veterans Services.

Sami Leialoha Botelho is a Customer Service Agent with Aloha Airlines. Ms. Botelho is also a retired Master Sergeant (E-7) with the United States Air Force, who served during the Vietnam War, and was also stationed in the Middle East during Operation Desert Shield/Desert Storm. She has worked as an Air Traffic Controller, Superintendent of Air Force Personnel Branch at Headquarters, United States Commander in Chief, Pacific Command, and also as Chief, Career Enhancement/Military Personnel Flight Quality Consultant at Hickam Air Force Base. Ms. Botelho is active in community affairs and has served as President of the Maili Kai Phase II Community Association, and as Co-Editor of the Maili Kai Community newsletter. She has also volunteered with the Waianae Neighborhood Board No. 24.

As affirmed by the record of votes of the members of your Committee on Transportation and Intergovernmental Affairs that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Chumbley, Fernandes Salling, Slom).

SCRep. 3545 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 298

Recommending that the Senate advise and consent to the nominations of the following:

LAND USE COMMISSION

G.M. No. 298 M. CASEY JARMAN, MERLE A.K. KELAI, and PRAVIN DESAI, AIA ASID, for terms to expire June 30, 2002.

Upon review of the resumes and other background information submitted by the nominees, your Committee finds that the nominees bring a unique range of skills, abilities, and experiences to the Land Use Commission.

Your Committee notes the following specific qualifications of the nominees:

M. Casey Jarman is currently an Associate Professor of Law at the University of Hawaii Richardson School of Law and is the Chair of the Sierra Club Legal Defense Fund. Mr. Jarman brings a wealth of legal knowledge in the area of environmental law and is the co-author of numerous publications on environmental and land use issues.

Merle A.K. Kelai is a Vice President for Matson Navigation Company and has served as past Director for the Chinese Chamber of Commerce of Hawaii and Delta Nu Alpha.

Pravin Desai is a principal of CDS International, a Hawaii-based multi-disciplinary design firm providing architectural, interior design, graphic design, and planning services to a broad range of clients in Hawaii. Mr. Desai has taught Interior Architecture at the University of Hawaii School of Architecture and has served as Vice President of the Hawaii Chapter of the American Society of Interior Designers. He has been active in several professional and civic organizations including St. Francis Hospice and is a member of the Governor's Construction Roundtable.

Your Committee diligently questioned the nominees on the experiences garnered in their respective fields, their visions, and their priorities as Board members. Based on this discussion, your Committee believes that the nominees adequately responded to the Committee's inquiries and would serve as assets to the Land Use Commission.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Anderson).

SCRep. 3546 Water, Land, and Hawaiian Affairs on Gov. Msg. No. 306

Recommending that the Senate advise and consent to the nomination of the following:

BOARD OF DIRECTORS, ALOHA TOWER DEVELOPMENT CORPORATION

G.M. No. 306 DAVID M. LOUIE, for a term to expire June 30, 2001.

Upon review of the resume and other background information submitted by the nominee, your Committee finds that the nominee brings a unique range of skills, abilities, and experiences to the Aloha Tower Development Corporation.

Your Committee finds that David M. Louie is a graduate of Occidental College and possesses a Law Degree from the University of California at Berkeley, Boalt Hall School of Law. Mr. Louie is currently a Partner in the law firm of Roeca, Louie & Hiraoka and is well respected amongst his peers.

Your Committee diligently questioned the nominee on the experiences, his visions, and his priorities as a member of the Aloha Tower Development Corporation's Board of Directors. Based on this discussion, your Committee believes that the nominee adequately responded to the Committee's inquiries and would be an asset to the Aloha Tower Development Corporation.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Anderson).

SCRep. 3547 Water, Land, and Hawaiian Affairs on Gov. Msg. Nos. 293, 294, 295, 296, and 297

Recommending that the Senate advise and consent to the nominations of the following:

ISLAND BURIAL COUNCIL, ISLAND OF HAWAI'I

G.M. No. 293 ROGER HARRIS, for a term to expire June 30, 2002;

ISLAND BURIAL COUNCIL, ISLANDS OF KAUAI AND NIIHAU

G.M. No. 294 GRACE H. KAMAI, B. KAIPO AKANA, TOM H. SHIGEMOTO, and BARBARA J. SAY, for terms to expire June 30, 2002;

ISLAND BURIAL COUNCIL, ISLANDS OF MAUI AND LANAI

G.M. No. 295 WILLIAM WAIOHU Jr., for a term to expire June 30, 2001; and
CHARLES K. MAXWELL Sr., and CLIFFORD JAMES NAE'OLE, for terms to expire June 30, 2002;

ISLAND BURIAL COUNCIL, ISLAND OF MOLOKAI

G.M. No. 296 PHILIP SOLATORIO and LOUELLA OPU'ULANI W. ALBINO, for terms to expire June 30, 2002; and

ISLAND BURIAL COUNCIL, ISLAND OF OAHU

G.M. No. 297 GWENDOLYN Y. PIKAKE PELEKAI, CAROLYN K. ABAD, CY M. BRIDGES, KALEIKOA KAE0, and EDWARD H. AYAU, for terms to expire June 30, 2002.

Your Committee notes that Governor's Message No. 334 requested that the nomination of John K. Hashimoto be removed from Governor's Message No. 294.

Upon review of the resumes and other background information submitted by the nominees, your Committee finds that the nominees bring a unique range of skills, abilities, and experiences to the respective boards to which they are appointed.

Your Committee notes the following specific qualifications of the nominees:

Roger Harris is a planning consultant and was the Director of Planning for the Hualalai Development Company. He possesses extensive land use planning and regulatory experience that spans over the past three decades.

Grace H. Kamai has been an employee of the State Department of Labor and Industrial Relations Unemployment Insurance Division for twenty-seven years and is a member of the State Council of Hawaiian Congregational Churches, the Kauai Council of Hawaiian Congregational Churches, the Aha Hui Kaahumanu Society, and the Waimea United Church of Christ.

B. Kaipo Akana served as at the NASA Tracking Station in Kokee, Kauai for thirty years until his retirement in 1991 and subsequent entry into self-employment. Mr. Akana has actively participated in discussions and actions of the Kauai and Niihau Island Burial Council during his current term as a Council member.

Tom H. Shigemoto holds a Bachelor's Degree in Urban and Regional Design from the University of Hawaii at Manoa and has been employed by Alexander and Baldwin Properties, Inc., since 1991. Mr. Shigemoto is also a Director of the Kauai Aloha United Way, a Director of the Kauai Economic Development Board, and a number of other community organizations.

Barbara J. Say is a Kauai resident who is currently serving her first term on the Kauai and Niihau Island Burial Council. During her first term on the Council, Ms. Say has actively participated in Council discussions and activities.

William Waiohu, Jr., is a lifelong resident of Maui and a former employee of Pioneer Mill, Ltd. Mr. Waiohu is also a member of Na Kupuna O Maui.

Charles K. Maxwell, Sr., is a lifelong resident of Maui and is currently a Hawaiian Cultural Consultant for the Maui Ocean Center. Mr. Maxwell is well known in the community as an expert on Hawaiian culture and is the State Director of Hui Malama I Na Kupuna O Hawaii Nei and many other Hawaiian, governmental, and community organizations.

Clifford James Nae'ole is currently employed as a Cultural Advisor for the Ritz-Carlton, Kapalua and is a student of hula and chant in Hula Halau Maui Nui O Kauhi A Kama. Mr. Nae'ole is currently serving as a member of the Island Burial Council for the islands of Maui and Lanai.

Philip Solatorio is a Hawaiian Cultural Supervisor for the Molokai Ranch Wildlife Park, has previously served as the Honorary Mayor of Molokai, and is a volunteer teacher of the Hawaiian language and culture to Molokai high school students.

Louella Opu'ulani W. Albino is a native speaker of the Hawaiian language, is the Head Teacher at Punana Leo O Molokai, and is a member of the Native Hawaiian Education Council on the island of Molokai.

Gwendolyn Y. Pikake Pelekai is a Program Administrator and Cultural Officer for the Office of Hawaiian Affairs and possesses a Master's Degree in Education from the University of Hawaii at Manoa and a Bachelor's Degree in Anthropology from the University of Hawaii at Hilo. Ms. Pelekai is a member with the Keepers of the Treasures, Washington D.C., the Waianae Valley Homestead Community Association, the Kahana Valley Advisory Committee, and the Hawaii Museums Association.

Carolyn K. Abad is a Secondary School Hawaiian History and Hawaiian Culture Teacher at the Kamehameha Schools and is a Doctoral candidate and a National Science Foundation Graduate Fellow in the University of Hawaii's Anthropology Department. Ms. Abad is the recipient of numerous awards and is a published author on Hawaiiana.

Cy M. Bridges is currently employed as the Manager of the Polynesian Cultural Center and is a member of numerous cultural and community organizations such as the Aloha Council of the Boy Scouts of America, Ko'olauloa Neighborhood Board, and the Hui Kapuna Pono Aloha.

Kaleikoa Kaeo is a teacher of the Hawaiian language with the University of Hawaii and is currently serving his first term on the Island Burial Council for the island of Oahu. During his first term on the Council, Mr. Kaeo has actively participated in Council discussions and activities.

Edward H. Ayau is currently employed by Bishop Estate as a cultural consultant and has served as a staff attorney to the U.S. Senate Committee on Indian Affairs in Washington D.C. Admitted to the Hawaii State Bar in 1989, Mr. Ayau has also used his talents in organizations such as Hui Malama I Na Kupuna O Hawaii Nei and the Keepers of the Treasures.

Your Committee diligently questioned the nominees on the experiences garnered in their respective fields, their visions, and their priorities as Board members. Based on this discussion, your Committee believes that the nominees adequately responded to the Committee's inquiries and would be assets to their respective boards.

Your Committee also notes that a number of the nominees have already served as members of the Island Burial Council and extends its appreciation to these individuals for continuing their service to the public.

As affirmed by the records of votes of the members of your Committee on Water, Land, and Hawaiian Affairs that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Baker, Fukunaga, Anderson).

SCRep. 3548 Judiciary on Gov. Msg. No. 327

Recommending that the Senate consent to the nomination of the following:

ARTEMIO C. BAXA to the Office of 2nd Judge, Circuit Court of the Second Circuit, for a term of Ten Years.

Upon review of the background information submitted by the nominee, your Committee finds that Artemio C. Baxa holds a Master of Comparative Law degree from the University of Chicago Law School and a J.D. degree from the University of Hawaii Richardson School of Law. Mr. Baxa has served as a Per Diem District Court Judge in the Second Circuit since 1995, is licensed to practice law in the Hawaii Supreme Court, in the Philippine Supreme Court and all lower courts in the Philippines. In addition, Mr. Baxa has served as a council member for the J. Walter Cameron Center, member of the Board of Directors for the Wailuku Main Street Association and Maui Community Arts and Cultural Center and legal advisor for Santa Marians of Hawaii.

Testimony in support of the nominee was submitted to your Committee by: the Department of the Attorney General; the Public Defender; the State Insurance Commissioner; Hawaii State Bar Association; Maui County Bar Association; Maui Filipino Community Council; Maui Economic Opportunity, Inc.; eighteen members of the legal community; and three private citizens. All testimony unanimously supported the nomination of Mr. Baxa by indicating that he is a fair-minded, intelligent, compassionate, and hard-working individual that is highly qualified to be a judge in the Second Circuit Court. Further, testifiers acknowledged that Mr. Baxa is a level-headed, thoughtful, and dedicated asset to his community and the embodiment of the term "public servant".

Your Committee members diligently questioned the nominee regarding his experience as an arbitrator, experience with civil law cases, and his qualifications to serve. In addition, your Committee questioned Mr. Baxa regarding his views on how to combat domestic violence, and the necessary requirements to attract qualified persons to serve in the circuit and district courts. Your Committee believes that the nominee adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 3 (Bunda, McCartney, Sakamoto).

SCRep. 3549 Government Operations and Housing on Gov. Msg. No. 267

Recommending that the Senate advise and consent to the nominations of the following:

RENTAL HOUSING TRUST FUND ADVISORY COMMISSION

G.M. No. 267 LESLIE Y. KURISAKI, for a term to expire on June 30, 2000;
CRAIG K. HIRAI, and RICHARD C. LIM, for terms to expire June 30, 2001; and
BETTY LOU LARSON, and STEPHEN K. KAWAHARA, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, who will work with compassion and commitment to assist in government. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the Rental Housing Trust Fund Advisory Commission.

Testimony in support of Leslie Y. Kurisaki was received from the Governor's Office, the Housing Finance and Development Corporation, and A & B Hawaii, Inc.

Ms. Kurisaki is currently a Senior Associate at Helber Hastert & Fee, Planners, a private planning consulting firm where she has worked for the past eleven years.

Testimony in support of Craig K. Hirai was received from the Governor's Office, the Housing Finance and Development Corporation, and the Hawaii Association of Realtors.

Mr. Hirai is an attorney and CPA and currently serves as Vice Chair for the Rental Housing Trust Fund Advisory Commission.

Testimony in support of Richard C. Lim was received from the Governor's Office, the Housing Finance and Development Corporation, the Hawaii League of Savings Institutions, General Growth Management of Hawaii, Inc., National Mortgage & Finance, Co., Ltd., one attorney who has had personal and professional associations with Mr. Lim, and one individual.

Mr. Lim is currently President of International Savings and Loan Association, Ltd., and has served as Chairman of the Hawaii League of Savings Institutions.

Testimony in support of Betty Lou Larson was received from the Governor's Office, the Housing Finance and Development Corporation, and the Affordable Housing and Homeless Alliance.

Ms. Larson currently serves on the Boards of the Hawaii Housing Development Corporation, the Affordable Housing and Homeless Alliance, Assisted Living Options Hawaii, and is a member of the Ke Ala Hoku (a Community Benchmarking Project).

Testimony in support of Stephen K. Kawahara was received from the Governor's Office, the Housing Finance and Development Corporation, and the Pacific Housing Assistance Corporation.

Mr. Kawahara is the Housing Director for the Steadfast Housing Development Corporation and is responsible for the development and property management of over thirty-five properties located throughout the State.

Your Committee diligently questioned the nominees who appeared before the Committee about their role on the Procurement Rental Housing Trust Fund Advisory Commission, the relevance of their previous experience, and the goals they wish to accomplish during their term on the board. Your Committee believes that the nominees adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 3550 Health and Environment on Gov. Msg. No. 254

Recommending that the Senate advise and consent to the nominations of the following:

HAWAII ADVISORY COMMISSION ON DRUG ABUSE AND CONTROLLED SUBSTANCES

G.M. No. 254 KENNETH L. TANO, for a term to expire June 30, 2000; and

VERONICA B. YAMANOHA, for a term to expire June 30, 2001.

Upon review of the statements submitted by the Department of Health, your Committee finds that the aforementioned nominees will work with compassion and commitment to assist in administering the government functions related to preventing the use and abuse of drugs and controlled substances. Your Committee further finds that the nominees have been appointed based upon their credentials, integrity, and a desire to make Hawaii better through their participation on the Hawaii Advisory Commission on Drug Abuse and Controlled Substances to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Kenneth L. Tano is a retired Commander with the Honolulu Police Department's Narcotics/Vice Division. He currently heads the Western States Information Network, and in that capacity, provides assistance to local, state, and federal law enforcement agencies in investigation and prosecution of criminal activities that cross jurisdictional boundaries. Mr. Tano's expertise in law enforcement, particularly involving the manufacture, distribution, and sale of controlled substances, will provide valuable insights into the day-to-day activities, as well as the trends affecting our state and counties.

Veronica B. Yamanoha is an Educational Specialist who provides career, educational and financial aid counseling to Maui County residents. Her knowledge of the Maui community enhances perspectives represented on the Commission, particularly with respect to college age students, who are considered to be a high risk substance abuse age group.

As affirmed by the records of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Chun Oakland, Metcalf).

SCRep. 3551 Health and Environment on Gov. Msg. No. 257

Recommending that the Senate advise and consent to the nomination of the following:

STATEWIDE HEALTH COORDINATING COUNCIL

G.M. No. 257 GERI MARULLO, for a term to expire June 30, 2001.

Upon review of the statements submitted by the State Health Planning and Development Agency, your Committee finds that the aforementioned nominee is a volunteer, willing to serve without compensation, who will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominee has been appointed based upon her professional credentials, integrity, and a desire to make Hawaii better through her participation on the Statewide Health Coordinating Council to which she has been nominated.

Your Committee notes the following specific qualifications of the nominee:

Geri Marullo is the Chief Executive Officer of Child and Family Services, one of the largest nonprofit social services agencies in the State. She has a Master of Science degree in nursing from the University of Hawaii, and is currently working on her doctorate from the same institution. Prior to her position with Child and Family Services, Ms. Marullo served as the Chief Executive Officer of the American Nurses Association headquartered in Washington, D.C. Her numerous accomplishments include public stewardship as a Deputy Director in the Department of Health, as well as Director of the Hawaii Nurses Association. She currently serves on the American Nurses Board, the Hawaii Nurses Board, the United States Department of Health and Human Services' Advisory Committee on Nursing Board, and is an appointee of President Clinton to the Federal Salary Council.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3552 Health and Environment on Gov. Msg. No. 258

Recommending that the Senate advise and consent to the nominations of the following:

HONOLULU SUBAREA HEALTH PLANNING COUNCIL

G.M. No. 258 DANIEL A. BARRETTO, for a term to expire June 30, 1999;

ROBERT Y. HEE, for a term to expire June 30, 2001; and

MARIAN G. MARSH, LANE K. UCHIMURA, and STELLA M.Q. WONG, for terms to expire June 30, 2002.

Upon review of the statements submitted by the Administrator of the State Health Planning and Development Agency, one of the nominees, an individual active in the health care industry, and the resumes submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, who will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and desire to make Hawaii better through their participation on the council.

Your Committee notes the following specific qualifications of the nominees:

Daniel A. Barretto is an independent businessperson. He has a Bachelor of Arts degree from Columbia University. He formerly served as the Assistant General Manager and Director of Operations for Planet Hollywood Honolulu. Mr. Barretto is active as the president of the Friends of Foster Kids and a past member of Big Brothers/Big Sisters. In addition, he is a two-time All-American football player (Second Team) and has a private pilot's license.

Robert Y. Hee is the Vice President of Kapiolani Medical Specialists, a subsidiary of the Kapiolani Health System. He has a Master of Business Administration degree from the University of Hawaii. Mr. Hee is active with the Healthcare Financial Manager Association and serves as a board member with a number of community service organizations including the Interfaith Ministries of Hawaii, Medical Shared Services of Hawaii, South Seas Christian Ministries, Manoa Youth Baseball League, and Kapiolani-Straub Children's Center.

Marian G. Marsh is the Director of Collective Bargaining for the Hawaii Nurses' Association. She has a Bachelor of Science degree in nursing from Hawaii Loa College. Ms. Marsh is an active and well-respected member of Hawaii's nursing community. She was a manager with the Columbia Broadcasting System in New York City before transitioning to the nursing profession as an expert in neonatal care. Ms. Marsh has been an active member of the Statewide Health Coordinating Council.

Lane K. Uchimura is a Vice President of Fletcher Pacific Construction Company, Ltd. and was formerly associated with E.E. Black, Ltd. He is a graduate of the University of Hawaii at Manoa. He has served as the chairperson of the Honolulu Subarea Health Planning Council for the past year.

Stella M.Q. Wong is the Executive Director of Catholic Charities Elderly Services. Ms. Wong has a Master of Social Work degree and a Bachelor of Science degree in human development. Ms. Wong was a part of the core management team at Interim Services of the Pacific. In 1995, Ms. Wong was recognized as the Outstanding Medical Social Worker of the Year. She is active with the National Association of Social Workers, Honolulu Committee on Aging, and College of Tropical Agriculture Alumni Association.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3553 Health and Environment on Gov. Msg. No. 259

Recommending that the Senate advise and consent to the nominations of the following:

WEST OAHU SUBAREA HEALTH PLANNING COUNCIL

G.M. No. 259 ALAN ARAKAWA, for a term to expire June 30, 2000; and

LAURIE A.B. OISHI and JOHN V. SCHLEIF, for terms to expire June 30, 2002.

Upon review of the statements submitted by the State Health Planning and Development Agency, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, and will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the West Oahu Subarea Health Planning Council to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Alan Arakawa is vice president at Castle & Cooke Homes Hawaii, Inc. He has a Master of Business Administration degree from the University of Hawaii. In his role at Castle & Cooke, Mr. Arakawa oversees planning and residential development in the fastest growing region of Oahu. He is active with the Leeward Oahu Transportation Management Association serving as its President and Vice-President. He was a member of the inaugural class of the Pacific Century Fellows Program.

Laurie A.B. Oishi is the Director of the Customer Field Services Division of Hawaiian Electric Company. She graduated summa cum laude with a Bachelor of Science degree in medical radiology from Northern Arizona University. Ms. Oishi has also been with the radiology departments of Kapiolani Medical Center for Women and Children, as well as St. Francis Medical Center. She is an executive board and committee member of the International Brotherhood of Electrical Workers, Local 1260, and active with the Hawaiian Electric Company community programs, and the Waiialua United Church of Christ.

John V. Schleif is the Administrator of St. Francis Medical Center West. He has a Master's degree in Hospital and Health Administration from the University of Iowa, and a Master of Divinity degree from the Luther Theological Seminary of Minnesota. Mr. Schleif has also served in senior management positions at Kapiolani Medical Center, the Queen's Health System, and Immanuel Medical Center in Nebraska. He is also a Fellow of the American College of Healthcare Executives, and a member of the Elua Alii, the Chamber of Commerce, the Rotary Club of Honolulu, the Aloha Medical Mission, the Lutheran Church of Honolulu, the Bishop Museum Association, and the Honolulu Academy of Arts.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3554 Health and Environment on Gov. Msg. No. 260

Recommending that the Senate advise and consent to the nominations of the following:

WINDWARD OAHU SUBAREA HEALTH PLANNING COUNCIL

G.M. No. 260 JOHN E. AOKI, M.D., for a term to expire June 30, 2000; and

CLIFTON C. CASSITY, MELODY S. FANNING, and GREGG OISHI, for terms to expire June 30, 2002.

Upon review of the statements submitted by the Administrator of the State Health Planning and Development Agency and one of the nominees, and the resumes submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, who will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and desire to make Hawaii better through their participation on the council.

Your Committee notes the following specific qualifications of the nominees:

John E. Aoki, M.D., is a physician in private practice in Kailua. He is a graduate of the University of Washington School of Medicine. He is board certified in family practice and sports medicine. Dr. Aoki is a member of the American Academy of Family Physicians' Board of Governors, the American Medical Association, and the Honolulu County Medical Society. He has been active with the Kailua Neighborhood Board and the American Cancer Society and is the current team physician for the Kalaheo High School and University of Hawaii men's baseball teams.

Clifton C. Cassity is the marketing director of The Ponds at Punaluu, an assisted living community. Mr. Cassity is a trained and licensed paramedic and has training in neuropsychiatric services. He was formerly with Hawaii Air Ambulance, International Life Support, the City and County of Honolulu's Department of Health, and Molokai General Hospital. Mr. Cassity was a coach for La Pietra's Intermediate girls' basketball team. He received the Soldier of the Cycle Award while serving in the United States Army.

Melody S. Fanning is the clinic manager of Kaiser Permanente's Windward Area. She has a Master of Public Health degree, with an emphasis on community health education, from the University of Hawaii at Manoa. She is a board member and past president of the Hawaii Society for Public Health Education. Ms. Fanning is a member of Phi Kappa Phi Honor Society and has received two awards for her accomplishments in total quality management.

Gregg Oishi is a certified public accountant who is vice president and chief financial officer of Kapiolani Health. He has a Bachelor of Arts degree from the University of Hawaii. Mr. Oishi has been a noted member of Hawaii's healthcare industry serving as the past president of the Healthcare Financial Managers Association, Hawaii Chapter, and the past chairperson of the Healthcare Association of Hawaii's Acute Care Reimbursement Committee.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3555 Health and Environment on Gov. Msg. No. 262

Recommending that the Senate advise and consent to the nominations of the following:

KAUAI COUNTY SUBAREA HEALTH PLANNING COUNCIL

G.M. No. 262 KENNETH VILLABRILLE, for a term to expire June 30, 2000;
ABEL MEDEIROS, for a term to expire June 30, 2001; and
JOSEPHINE C. DUVAUCHELLE and KALEINANI M. LARSEN, for terms to expire June 30, 2002.

Testimony in support of the nominees was received from the State Health Planning and Development Agency.

Your Committee notes the following specific qualifications of the nominees:

Kenneth Villabrille is the central payroll accountant for the County of Kauai's finance department. He brings to the Council extensive background in finance and accounting as well as experience along with public sector budget analysis.

Abel Medeiros has served as an elected official both in the State House of Representatives and on the Kauai County Council. He worked for McBryde Sugar Company and the Kauai Pineapple Company. He is a veteran of the U.S. Army and retired as a captain in the Army Reserve.

Josephine Duvauchelle has a Master's of Science degree in nursing from the University of Hawaii. Before retiring, Ms. Duvauchelle served as Director of the Nursing Program and the division chair of Health Education at Kauai Community College.

Kaleinani Larsen presently heads the Kauai office of the Hawaii Community Foundation. She has been an instructor with the University of Hawaii College of Tropical Agriculture and Human Resources and a Coordinator of Social Services at Maluhia Hospital.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3556 Health and Environment on Gov. Msg. No. 263

Recommending that the Senate advise and consent to the nominations of the following:

MAUI COUNTY SUBAREA HEALTH PLANNING COUNCIL

G.M. No. 263 JOHN ORNELLAS, for a term to expire June 30, 1999; and
THOMAS ALBETE, CHERYL C. GARCIA, GLENN S. IZAWA, CATHERINE NOBRIGA KIM, KATHLEEN L. STREET, GUY M. SUGINO, M.D., ANN K. TAKAKURA, and SARAJEAN A. TOKUNAGA, for terms to expire June 30, 2002.

Testimony in support of the nominations was received from the State Health Planning and Development Agency.

Your committee notes the following specific qualifications of the nominees:

John Ornellas is the property manager for the Lanai Company, Inc. He is the past president of the Lanai Lions Club and is also active with School Community Based Management on Lanai. He is certified in purchasing management and lead base paint inspection.

Thomas Albete is the director of nursing at Hale Makua in Wailuku. He is active with the Hawaii Association of Directors of Nursing and the Hawaii Nurses Association. Mr. Albete has also worked at Straub Hospital and Clinic.

Cheryl C. Garcia is a Human Resource Aide with the Maui Electric Company and a graduate of Kapiolani Community College. She brings to the Council experience in personnel matters as well as knowledge of social and health issues on Maui.

Glenn S. Izawa is a social worker with the Department of Human Services on Molokai. He is a member of the National Association of Social Workers, a board member of the Molokai Health Foundation, and Chairperson of the Molokai Community Services Council.

Catherine Nobriga Kim is one of the principles of Maui Soda and Ice. She is a past Chairperson of the Maui County Subarea Health Planning Council. She has also served on the Mayor's Advisory Board on the Status of Women.

Kathleen L. Street is a public health nurse with the Department of Health for Hana District on the island of Maui. She has a BSN from the University of Hawaii, Manoa and brings to the Council knowledge of the Hana area and the health issues facing the community.

Dr. Guy M. Sugino is a physician in private practice on Maui. He is a graduate of the George Washington University School of Medicine and did his residency at the University of California at Irvine. He has worked with the Indian Health Service of the U.S. Department of Health and Human Services.

Ann K. Takakura presently works for the Maui Electric Company. She is a member of the Board of Directors of the Friends of Maui Memorial Hospital and the Japanese Cultural Society of Maui.

Sarajeen A. Tokunaga, a graduate of the University of Hawaii, has volunteered for organizations such as the Friends of Maui Memorial Hospital and Hale Makua. She is actively involved in furthering the development of high technology on Maui, including telehealth initiatives.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalf, Tam).

SCRep. 3557 Health and Environment on Gov. Msg. No. 272

Recommending that the Senate advise and consent to the nominations of the following:

BOARD OF CERTIFICATION OF OPERATING PERSONNEL IN WASTEWATER TREATMENT PLANTS

G.M. No. 272 KENNETH T. ISHIZAKI, and LEWIS CURTIS TINDALL, for terms to expire June 30, 2002.

Upon review of the statement submitted by the Director of Health and the resumes submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, who will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and desire to make Hawaii better through their participation on the board to which they were nominated.

Your Committee notes the following specific qualifications of the nominees:

Kenneth T. Ishizaki is the vice president of Engineering Concept, Inc. He has been a member of several professional and community organizations including the Hawaii Water Pollution Control Association, American Society of Civil Engineers, American Water Works Association, and Environmental Council. He has a Bachelor of Science degree and Master of Science degree from the University of Hawaii. Mr. Ishizaki served in the United States Army and was awarded the Bronze Star and the Purple Heart medals. He is a current member of the Board of Certification of Operating Personnel in Wastewater Treatment Plants.

Lewis Curtis Tindall is a wastewater treatment plant operator with the County of Hawaii who has also worked for the City and County of Honolulu in the same capacity. He holds Category I, II, III, and IV licenses for wastewater treatment plant operators, and has been an instructor at the Statewide Wastewater Operator Training Center. Mr. Tindall is a member of the Water Environmental Federation and Hawaii Water Pollution Control Association. He received his technical training at the Mercer County Vocational and Technical School, United States Naval Training Center at Great Lakes, Illinois, California State University at Sacramento, and Michigan State University. Mr. Tindall served in the United States Navy and was awarded the Sea Service Ribbon. He is a current member of the Board of Certification of Operating Personnel in Wastewater Treatment Plants.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Metcalfe, Tam).

SCRep. 3558 Government Operations and Housing on Gov. Msg. No. 265

Recommending that the Senate advise and consent to the nominations of the following:

BOARD OF DIRECTORS, HOUSING AND COMMUNITY DEVELOPMENT CORPORATION

G.M. No. 265 DON FUJIMOTO, and NADINE K. NAKAMURA, for terms to expire June 30, 2000;
KURT H. MITCHELL, for a term to expire June 30, 2001; and
DONALD K.W. LAU, and WESLEY R. SEGAWA, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, and will work with compassion and commitment to assist in government. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the board of directors of the Housing and Community Development Corporation.

Your Committee notes the following specific qualifications of the nominees:

Don Fujimoto, is currently the vice-president of the Dowling Company where he is responsible for project engineering, management, and construction. He holds a Bachelor of Science degree in Civil Engineering from the University of Hawaii. Mr. Fujimoto is also a member of various professional and community organizations.

Testimony in support of Don Fujimoto was received from the Governor's Special Assistant for Housing, Hawaii Housing Authority, Pacific Housing Assistance Corporation, Pacific Management Consultants, Inc., Affordable Housing Corporation of Maui County, Pacific Resource Partnership, M&E Pacific, Inc., Alexander & Baldwin, Inc., and one individual.

Donald K.W. Lau is the Vice President and Manager of Commercial Real Estate Services for Bank of America, FSB, and has over 25 years in banking and financing work experience. Mr. Lau is also involved in many various professional, community, and social organizations.

Testimony in support of Donald K.W. Lau was received from the Governor's Special Assistant for Housing and the Housing Finance and Development Corporation.

Kurt H. Mitchell is the Chairman and Chief Executive Officer of Kober/Hanssen/Mitchell Architects, Inc., and is also a Principal-in-Charge and Design Principal on many of the firm's projects, including shopping centers, office buildings, restaurants, and planning studies. Mr. Mitchell is also involved in many various professional, community, and social organizations.

Testimony in support of Kurt H. Mitchell was received from the Governor's Special Assistant for Housing, the Hawaii Housing Authority, and American Institute of Architects Hawaii State Council.

Nadine K. Nakamura has worked as a project coordinator with the Pacific Housing Assistance Corporation, a land use planner for the department of land utilization for the city and county of Honolulu, and a planner for the department of transportation for the city and county of Honolulu. Ms. Nakamura also holds a Master's degree in Urban and Regional Planning from the University of Hawaii and a Bachelor of Science in Public Affairs from the University of Southern California.

Testimony in support of Nadine K. Nakamura was received from the Governor's Office, Housing Finance and Development Corporation, Housing Agency for the County of Kauai, Pacific Housing Assistance Corporation, and two individuals who have had personal and professional associations with Ms. Nakamura.

Wesley R. Segawa is the principal of Wesley R. Segawa & Associates and is responsible for organizing, planning, directing, and controlling all of the administrative, marketing, financial, and engineering aspects of the firm. The firm provides structural engineering, civil engineering, and construction management services. Mr. Segawa also holds a Bachelor of Science in Civil Engineering and is a member of many professional, community, and social organizations.

Testimony in support of Wesley R. Segawa was received from the Governor's Office and the Hawaii Housing Authority.

Your Committee diligently questioned the nominees who appeared before the Committee about their role on the Board of Directors of the Housing and Community Development Corporation of Hawaii, the relevance of their previous experience, and the goals they which to accomplish during their term on the board. Your Committee believes that the nominees adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Government Operations and Housing that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 3. Noes, none. Excused, 1 (Matsunaga).

SCRep. 3559 Human Resources on Gov. Msg. No. 312

Recommending that the Senate advise and consent to the nominations of the following:

STATEWIDE INDEPENDENT LIVING COUNCIL

G.M. No. 312 LYN A. PASAK and LINDA WONG, for terms to expire June 30, 1999;

RANDALL M. LICHTER, for a term to expire June 30, 2000; and

MICHAEL S. FLORES, ROY GLEN THOMAS, and CARRICK WONG, for terms to expire June 30, 2001.

Upon review of the resumes and other background information submitted by each nominee, your Committee finds that each nominee is qualified to be appointed to the Statewide Independent Living Council. Your Committee further finds that each nominee has been nominated based upon the nominee's professional credentials, integrity, and a desire for public service through participation on the Statewide Independent Living Council.

Your Committee notes the following specific qualifications of the nominees:

Lyn A. Pasak is a vending stand operator at Hilo Airport. She has a background in sales and marketing and has worked with handicapped individuals. She is a volunteer with the Vocational Rehabilitation and Services for the Blind Division of the Department of Human Services. She has a Bachelor of Arts degree.

Michael S. Flores is Director of Multifamily Housing for the U.S. Department of Housing and Urban Development. He is a former Director of the Mililani Neighborhood Board and Director of the National Association of Housing and Redevelopment Officials (Hawaii Chapter). He received a Bachelor of Science degree from the University of Southern California and a Master of Public Administration degree from the Washington Public Affairs Center.

Roy Glen Thomas is the owner of C.H.P. Medical, located on Kauai. His company provides medical equipment to individuals, hospitals, and nursing homes, filling the needs of persons with multiple handicaps, para/quadruplegics, and frail elderly. He was previously with the Rehabilitation Hospital of the Pacific as a physical therapist. He also worked for the Life Care Center of Hilo where he created a "Restorative Care" program designed to rehabilitate and restore the physical capabilities of nursing home residents.

Carrick Wong is formerly with United Airlines in reservations. She is a graduate of the University of Hawaii.

Linda Wong is a school food service manager at Kuhio Elementary School. She has a background in food and beverage management. She received degrees from Kapiolani Community College and attended the University of California at Long Beach and at San Jose.

Randall M. Lichter was formerly with W.H. Fiddler. He serves on the Med QUEST Technical Advisory Group and has done volunteer work at Queen's Medical Center.

Testimony in support of all nominees was received from the Department of Human Services.

Your Committee diligently questioned the nominees who appeared before your Committee about their qualifications and commitment to the position to which they have been nominated. Your Committee believes each nominee adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 3560 Human Resources on Gov. Msg. No. 316

Recommending that the Senate advise and consent to the nominations of the following:

STATE ADVISORY COUNCIL ON REHABILITATION

G.M. No. 316 MARK Y. YABUI, LILLIAN Y. SHIBATA, and STERLING KRYSLER, for terms to expire June 30, 2000; and

CHARLES E. CONANT, MARY ANN DEVORE, PETER L. FRITZ, KIMBERLY BALANON, LOURDES P. MUGAS, SHARON SHORE, MARGUERITE SIVAK, and ANNA MARIE SPRINGER, for terms to expire June 30, 2001.

Your Committee notes that Governor's Message No. 326 dated April 21, 1998, withdrew from consideration by the Senate, the nomination of Peter L. Fritz to the State Advisory Council on Rehabilitation which was included in Governor's Message No. 316.

Upon review of the resumes and other background information submitted by each nominee, your Committee finds that each nominee is qualified to be appointed to the State Advisory Council on Rehabilitation. Your Committee further finds that each

nominee has been nominated based upon the nominee's professional credentials, integrity, and a desire for public service through participation on the State Advisory Council on Rehabilitation.

Your Committee notes the following specific qualifications of the nominees:

Charles E. Conant is a volunteer in the corrections field. He belongs to the Ainaloa Community Association in Pahoehoe, Hawaii. His background is as a self-employed mason.

Mark Y. Yabui is a Coordinator with the Hawaii Centers for Independent Living. He was formerly a project assistant with Winners at Work. His community service includes service on the State Developmental Disabilities Council. He received a degree from Hawaii Pacific University.

Mary Ann Devore is a volunteer with the Vocational Rehabilitation and Services for the Blind Division of the Department of Human Services. She has been a volunteer with Maui Culture and the Arts. She has training and experience in clerical and office work.

Kimberly Balanon is a volunteer with Vocational Rehabilitation and Services for the Blind Division of the Department of Human Services. She has volunteer experience with the Respite Task Force of the Child and Adolescent Division of the Department of Health and the Salvation Army Family Treatment Services Advisory. She has work experience with the Protection and Advocacy Agency of Hawaii as a client advocate and the Learning Disabilities Association of Hawaii.

Lourdes P. Mugas is an Independent Living Specialist with the Hawaii Centers for Independent Living, where she provides services in advocacy, housing, benefits entitlement, personal assistance services, peer counseling, information and referral, and independent living skills training to permanently disabled consumers. Her community activities include membership on the Bishop's Advisory Board for Persons with Disabilities. She received a Bachelor of Science degree from St. Paul College (Philippines) and is currently enrolled in the Graduate Program in the School of Social Work at the University of Hawaii.

Lillian Y. Shibata is an Equal Employment Opportunities Specialist with the U.S. Army Garrison, Hawaii. She was previously with the federal Department of Health and Human Services. She received a Bachelor of Arts degree and a Master of Human Resources degree.

Sharon Shore is formerly an art teacher and therapist with the State of Hawaii. She is currently a member of the Statewide Independent Living Council. She has been the Hawaii representative on the Advisory Council to the National Multiple Sclerosis Society. She received an Associate of Arts degree from Kapiolani Community College and a Bachelor of Fine Arts degree from Chaminade University.

Marguerite Sivak is a disabled homemaker with experience in human resources management in various companies and charitable organizations. She received a Bachelor of Science degree in Business Administration from Indiana University.

Sterling Kryslar is a computer consultant for Kryslar Consulting. He is currently involved in several community volunteer organizations, including the Spinal Cord Injury Support Group, Community Advisory Committee for Hawaii Assistive Technology and Training Project, Community Advisory Committee for Community Long Term Care Branch, Community Advisor Committee for Prime Care Services, Hawaii, Board Member for Hawaii Centers for Independent Living, and Technical Advisory Group for Med QUEST. Testimony in support of this nominee was received from Jim Skouge, an Assistant Professor at the University of Hawaii in disabilities studies who specializes in assistive technology training and services.

Anna Marie Springer was appointed to the State Advisory Council on Rehabilitation in 1996. She is also on the Board of Directors of the Easter Seal Society of Hawaii and Access Aloha Travel. Her professional background is in retail lending and credit counseling, most recently at American Savings Bank.

Your Committee diligently questioned the nominees who appeared before your Committee about their qualifications and commitment to the position to which they have been nominated. Your Committee believes each nominee adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 3561 Human Resources on Gov. Msg. No. 321

Recommending that the Senate advise and consent to the nominations of the following:

STATE COMMISSION ON THE STATUS OF WOMEN

G.M. No. 321 MARY JO SWEENEY, EDEAN V. KAM, and VALLI KANUHA, for terms to expire June 30, 2002.

Upon review of the resumes and other background information submitted by each nominee, your Committee finds that each nominee is qualified to be appointed to the State Commission on the Status of Women. Your Committee further finds that each nominee has been nominated based upon the nominee's professional credentials, integrity, and a desire for public service through participation on the State Commission on the Status of Women.

Your Committee notes the following specific qualifications of the nominees:

Mary Jo Sweeney is a community health nurse for the Kauai District Health Office. She is currently the President of the Kauai Rural Health Association and the Kauai Children's Justice Committee. Her background is in public health nursing. She received a Bachelor of Arts degree from San Francisco State University, a Bachelor of Science degree from Sacramento State University, and a Certificate in Public Health and a Masters in Nursing degree from the University of Hawaii.

Edean V. Kam is Manager of the Four Seasons Resort Hualalai. Her professional career is in hotel management. She is a member of Hawaii United Island Way and Maui Business and Professional Women's Club. She received a Bachelor of Business Administration degree from the University of Hawaii.

Valli Kanuha is an Assistant Professor in the School of Social Work at the University of Hawaii, where she is also a consultant, trainer, and psychotherapist. She is the founder of the Asian and Pacific Islander AIDS Coalition and co-founder of the UH-Hilo Women's Association. She received a Bachelor of Arts degree from the University of Wisconsin, a Master of Social Work degree from the University of Minnesota, and a Doctor of Philosophy degree in social welfare from the University of Washington.

Your Committee diligently questioned the nominees who appeared before your Committee about their qualifications and commitment to the position to which they have been nominated. Your Committee believes each nominee adequately responded to the Committee's inquiries.

As affirmed by the record of votes of the members of your Committee on Human Resources that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 4. Noes, none. Excused, 2 (Fukunaga, Anderson).

SCRep. 3562 Education on Gov. Msg. No. 256

Recommending that the Senate advise and consent to the nominations of the following:

HAWAII HISTORIC PLACES REVIEW BOARD

G.M. No. 256 ROY K. ALAMEIDA, JOYCE N. CHINEN, Ph.D., ROBERT J. HOMMON, Ph.D., RICHARD K. PAGLINAWAN, and NANCY LYMAN PEACOCK, for terms to expire June 30, 2002.

Upon review of the statements submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, and will work with compassion and commitment to assist in administering the Hawaii Historic Places Review Board. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and a desire to make Hawaii better through their participation on the Hawaii Historic Places Review Board to which they have been nominated.

Your Committee notes the following specific qualifications of the nominees:

Roy K. Alameida is an employee of the Kamehameha Schools Bishop Estate and has extensive knowledge of Hawaiian history and culture. He holds both undergraduate and masters degrees from the University of Hawai'i in Hawaiian history and Hawaiian studies and has published articles in the field. Mr. Alameida is active in numerous cultural and community organizations, including the Royal Order of Kamehameha I, Aloha Week, Kamehameha Schools Alumni Association, O'ahu Chapter, and educational organizations.

Joyce N. Chinen, Ph.D., is an Associate Professor of Sociology at West Oahu College and holds undergraduate and graduate degrees in sociology from the University of Hawai'i. Her research involves sociological issues of Hawaii and she was recently guest editor for "Women in Hawaii" a special issue of Social Protest in Hawaii. Dr. Chinen is active and has held office in a number of local and national professional organizations, such as the Hawaii and American Sociological Associations and the Association for Asian American Studies.

Robert J. Hommon, Ph.D., is Pacific Area Archaeologist for the National Park Service. He holds graduate degrees in anthropology from the University of Arizona and has been active in the preservation of Hawaii's archaeological past for over twenty years. Dr. Hommon has held leadership positions in the Society for Hawaiian Archaeology and is active in several professional archaeological and other scientific organizations.

Richard K. Paglinawan is a cultural consultant with several local organizations, including the Queen Emma Foundation, and has served in a variety of government positions over the years. He holds both undergraduate and masters degrees from the University of Hawai'i and is recognized for his expertise in a wide range of cultural traditions, including ho'oponopono and lua, the art of Hawaiian self defense. Mr. Paglinawan has extensive knowledge in Hawaiian medicinal plants, Hawaiian place names and legends, and historical sites of Polynesia and Hawaii, to name only a few. He is active in a wide range of professional, community, and cultural organizations.

Nancy Lyman Peacock, president of her own architectural firm, holds a Bachelor of Architecture from Cornell University and has over twenty years experience in Hawaii. She is actively involved in a number of professional and community organizations, including the Hawaii State Council of the American Institute of Architects, the City and County of Honolulu Special Design District Advisory Committee, the Honolulu Zoological Society, and Punahou Alumni Association.

Your Committee diligently questioned the nominees who appeared before the Committee about their roles on the Hawaii Historic Places Review Board and believes that the nominees demonstrated a continuing commitment to protecting Hawaii's historic places through the work of the Board.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 5. Noes, none. Excused, 3 (Fernandes Salling, Iwase, Solomon).

SCRep. 3563 Economic Development on S.R. No. 23

The purpose of this resolution is to condemn destructive fishing practices and to support the Oceanic Institute's Marine Ornamental Finfish Program.

Your Committee has amended the measure by deleting its title and substance and replacing them with provisions that request the Department of Business, Economic Development, and Tourism to coordinate with the Hawaii Visitors and Convention Bureau, the National Quarterback Club, the NFL Pro Bowl Committee, the Hawaii High School Athletic Association, the Department of Education, the University of Hawaii athletic staff and booster clubs, the Hawaii Winter League Baseball Association, and the Quarterback Club of Hawaii to work out arrangements to host the next National Quarterback Awards Dinner in Hawaii during the Pro Bowl week.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 23, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 23, S.D. 1.

Signed by the Co-Chairmen on behalf of the Committee.
Ayes, 8. Noes, none. Excused, 2 (Bunda, Tanaka).

SCRep. 3564 Health and Environment on Gov. Msg. No. 309

Recommending that the Senate advise and consent to the nominations of the following:

BOARD OF DIRECTORS OF THE HAWAII HEALTH SYSTEMS CORPORATION

G.M. No. 309 RICHARD E. MEIERS, for a term to expire June 30, 2002; and

THOMAS T. MITSUNAGA, and MICHAEL H. LYONS II, for terms to expire June 30, 2001.

Your Committee notes that Governor's Message No. 339 dated May 1, 1998, withdrew from consideration the nomination of GILFORD M. SATO, which was also included in Governor's Message No. 309.

Upon review of the statement submitted by the Administrator of the State Health Planning and Development Agency, and the statements and resumes submitted by the nominees, your Committee finds that the aforementioned nominees are volunteers, willing to serve without compensation, and will work with compassion and commitment to assist in administering various government functions. Your Committee further finds that the nominees have been appointed based upon their professional credentials, integrity, and desire to make Hawaii better through their participation on the board to which they were nominated.

Your Committee notes the following specific qualifications of the nominees:

Richard E. Meiers is the president and chief executive officer of Healthcare Association of Hawaii. Mr. Meiers is a Diplomat of the American College of Healthcare Executives, a member of the American Hospital Association, the American Society of Association Executives, and the Rotary Club of Honolulu. He also has actively participated on the Hawaii Health Council, School to Work Opportunities Executive Council, Aloha United Way, Hawaii Health Systems Corporation Regional Public Health Facility Management Advisory Committee, Organ Donor Center of Hawaii, and numerous other professional, community, and charitable organizations. Mr. Meiers has a Bachelor of Arts degree from DePaul University and a Master of Arts degree in hospital administration from Baylor University. He served in various medical corps capacities in the military during a thirty-year career culminating in his retirement at the rank of Colonel. He is the recipient of numerous awards and decorations during his military career and received the 1996 Distinguished Alumni of the Year Award from the U.S. Army/Baylor University Program in Health Administration.

Thomas T. Mitsunaga is a retired former business manager of the Dole Company on Lanai. Mr. Mitsunaga is a member of the Lanai City Lions Club, Maui Medical Advisory Board, and Lanai Community Hospital Board of Trustees. He has been active in numerous community organizations including the Boys Scouts, Little League, Parent Teacher Student Association, Lana'i Community Association, Lana'i Tennis Club, Lana'i Golf Association. Mr. Mitsunaga has also served on the Moloka'i-Lana'i Red Cross Committee, Lana'i High and Elementary Band Boosters Board of Directors, Lana'i Planning Advisory Committee, Lana'i Shoreline and Open Space Advisory Committee, State Commission on Children and Youth, Maui County Police Commission and Special Olympics Committee. He is the recipient of the "1981 Outstanding Service Award" for Maui county.

Michael H. Lyons II, is a Senior Vice President and Regional Manager for the Bank of Hawaii where he has been employed for nearly 39 years in various administrative and managerial capacities. Mr. Lyons holds a Bachelor of Science degree from Williams College and is an alumnus of the University of Washington Pacific Coast Banking School and Stanford University School of Business. He has been active with the Kahului Rotary Club, Maui County Council of the Boys Scouts of America, Maui Chamber of Commerce, J. Walter Cameron Center, Maui Economic Development Board, Fred Baldwin Memorial Foundation, Lahaina Restoration Foundation, Maui United Way, Lodge Maui Free & Accepted Masons, Maui Chapter #5 OES, Maui Scottish Rite Bodies, Maui Shrine Club, Aloha Court #1 ROJ, Maui Quarantine Fund, and Maui Community College. Mr. Lyons is the recipient of the 1984 Bank of Hawaii Kaialulu Award for Community Service, the 1989 Small Business Administration Financial Advocate Award (Hawaii), and the 1996 Distinguished Sales & Marketing Award from the State of Hawaii Sales & Marketing Executives Association.

Your Committee diligently questioned the nominees who appeared before the Committee about their role on the specific board, commission, or committee to which the nominees were nominated and believe that those nominees recommended for advise and consent herein adequately responded to the Committee's inquiries.

As affirmed by the records of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominees, has found the nominees to be qualified for the positions to which nominated and recommends that the Senate advise and consent to the nominations.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 2 (Chun Oakland, Metcalf).

SCRep. 3565 Health and Environment on Gov. Msg. No. 310

Recommending that the Senate advise and consent to the nomination of the following:

HAWAII COUNTY SUBAREA HEALTH PLANNING COUNCIL

G.M. No. 310 BEVERLY SORENSEN, for a term to expire June 30, 2000.

Upon review of the statements submitted by the nominee, your Committee finds that the aforementioned nominee is a volunteer who will work with compassion and commitment to assist in administering government functions relating to health. Your Committee further finds that the nominee has been appointed based upon her professional credentials, integrity, and a desire to make Hawaii better through her participation on the Hawaii County Subarea Health Planning Council to which she has been nominated.

Your Committee notes the following specific qualifications of the nominee:

Beverly Sorensen is the owner of Services O Sorensen, a consulting firm in Hilo, Hawaii. She attended Hawaii Pacific College, Whitworth College, and the University of Hawaii at Hilo. Ms. Sorensen is also active in various community and professional organizations including the Hawaii Island Chamber of Commerce, Japanese Chamber of Commerce, and the Hilo Medical Center's Home Health program.

As affirmed by the record of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 2 (Chun Oakland, Metcalf).

SCRep. 3566 Health and Environment on Gov. Msg. No. 314

Recommending that the Senate advise and consent to the nomination of the following:

STATE COUNCIL ON MENTAL HEALTH

G.M. No. 314 NANCY WRIGHT SLAIN, for a term to expire June 30, 2001.

Upon review of the statement submitted by the nominee, your Committee finds that the aforementioned nominee will work with compassion and commitment to assist in administering the government functions relating to mental health. Your Committee further finds that the nominee has been appointed based upon her credentials, integrity, and a desire to make Hawaii better through her participation on the State Council on Mental Health to which she has been nominated.

Your Committee notes the following specific qualifications of the nominee:

Nancy Wright Slain is the owner of People Skills for Professionals in Kailua, Hawaii. Prior to Ms. Slain operating her own businesses in Hawaii and in Houston, Texas, she worked at Kamehameha Schools and Iolani School as a Teacher Trainer and English Teacher, respectively. Ms. Slain earned her Bachelor of Arts degree in English from Hallins College and Master of Arts degree in English from the University of Chicago. She has taken courses from Harvard University and the University of North Carolina. Ms. Slain is a member of the American Association of University Women and is listed in the "Who's Who Among Students in American Universities and Colleges" in 1968 and 1969.

As affirmed by the records of votes of the members of your Committee on Health and Environment that is attached to this report, your Committee, after full consideration of the background, character, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Signed by the Co-Chairmen on behalf of the Committee.

Ayes, 4. Noes, none. Excused, 2 (Chun Oakland, Metcalf).